A Tale of Ecumenism and Diversity.

Economic and Trade Policies of the New Left.

Diana Tussie and Pablo Heidrich

(19/12/2006)

dtussie@flacso.org.ar
pheidrich@flacso.org.ar
FLACSO Buenos Aires
Área de Relaciones Internacionales
Programa en Instituciones Económicas Internacionales
Tucumán 1966, p. 7, Buenos Aires, Argentina, 1025
5238-9300

Introduction

The leftist tide that appears to be sweeping the Americas south of the Rio Grande has given rise to controversies of old as well as new vintage ranging from whether the policies are good or bad and for whom, how sustainable they are and how this tide resembles or differs from the left or the populism of yesteryear. The main objective of this chapter is to analyze these questions and place them in the context of the larger debate which is the overall topic of the book.

After almost two decades of technocratic reforms, and with commodity prices soaring, in one country after another leftist administrations are coming to power. This seems to be a response for a region caught between two sets of closely related challenges: on the one hand, rising mass mobilization, and, on the other, strong public (but not elite) discontent with reform strategies, questioned by their failure to generate high levels of growth, to incorporate disenfranchised groups and to promote more equitable patterns of income distribution.

Is there an economic policy intrinsic to the new tide of left of center governments? If so, what are their goals and policy instruments? Could their analysis contribute to our understanding of the nature of those administrations? We propose to focus on this latter point, while using the dual challenges of rising mass mobilization and social demands as the backdrop to the unsettling tensions that usually undermine economic strategies. We thus assume that policies require a new balancing act that can address popular dissatisfaction and social equity as fully integrated issues, and in that light, economic and trade policies are central to the very identity of governments in current discussions in the region.

For example, Nestor Kirchner in Argentina comes from the Peronist party, the quintessential populist movement, one that given its capacity to control both the electorate and organized labor, over a fifty years time span has been able to go from the historical populist nationalism of Peron to the neoliberal conservative policies of Carlos Menem[1]. Kirchner is however to most local and foreign observers today a leftist president by virtue of his economic policies (The Economist, 11/14/06). In contrast Lula da Silva in Brazil and Michelle Bachelet in Chile are both presidents elected on leftist and center-left tickets but both have been systematically accused of holding on to orthodox or neoliberal economic policies by domestic and foreign critics (Jaguaribe, 2006). Lula founded the Partido da Trabahadores, the largest leftist organization in Brazil, and Bachelet is a long standing political figure of the Chilean Socialist Party, a member of the ruling Concertación there. All these three presidents have their just or

[1] Weyland (1999) and others have advanced the argument that Menem's administration, as well as Salinas' in Mexico and Fujimori's in Peru were in fact populist governments with neoliberal agendas. While in this chapter, we look at the inclination of some new left governments in Latin America are following populist trajectories, the possibility of an amicable relationship between populism and neoliberal agendas are not denied in terms of economic and trade policy.

unjust labels of leftist pale when compared to other leaders, such as Chávez from Venezuela and Morales from Bolivia, who claim for themselves the role of modernizing and boosting up" true Socialism to the XXI century in the region" (Touraine, 2006). They have both introduced important reforms in their economies and display very radical discourses, announcing even more changes to come.

We confront then a double paradox. Leaders who were not envisaged as leftists are seen nowadays as that and others that were supposed to be leftists are in fact perceived as not being so. Meanwhile, others claim to be the true leftists in every speech and take high-profile measures in order to prove it, seemingly in countercurrent with the evident dismissal of socialism worldwide since the 1990s as a strategy of economic development. For those living in Latin America today as well as those observing it close up from outside, the discussion of what is to be leftist while in office is then in great part due to the content of economic policies. But is there a discernible trend in the economic policy of the present left? Have specific leftist practices been adapted to the advent of globalized capitalism? If so, how? Can the contours of policies be defined or do they resist definition? Can detected particularities be condensed into a unity of sorts to characterize the present trend? The objective is to revise the contemporary discussion in a manner which both understands differences over time and between countries to account for the wide array of down to earth economic policies that are now practiced.

A conceptual framework: a left looking window or looking left from a window?

Historically, the political left in Latin America has identified with goals of social justice, economic development, national emancipation and socio-economic equality

(Castañeda, 1994). In terms of policies, it advocated redistribution of wealth through progressive taxation, structural reforms (such as agrarian reform), the expansion of welfare services, the protection and expansion of workers' rights, a strong participation of the state in the process of industrialization and hostility to foreign capital (Panizza, 2005a). The left has had however very few chances to be in office in the past, with Arbenz in Guatemala in the 1950s, Allende in Chile in the 1970s, the Sandinistas in Nicaragua, and Alan García in Peru in the 1980s[2]. All tried to implement some or all of the above policies with these goals in mind, but were victims of their own financial mismanagement and, finally political destabilization that ended in the meltdown of their government, with high costs for those very populations they had meant to bring improvement to. Judging by past experience one might have thought then that leftist economic policies were a dead end and that their proponents would most likely never be returned to office.

In fact, from the ashes these parties (and on occasion the same leaders) have been voted back into office but in a transformed manner. Their ultimate goals may remain nominally the same but their old policies to attain those goals have been jettisoned. Not only are the new leftist governments taking account of the interplay over time of the collapse of socialism and broad structural economic changes. There has also been a sizeable learning process. The origins of learning and adaptation started in the late 1980s, due to two watershed experiences. One was the advent of a pro-market set of reforms under the Washington Consensus with neoliberal or centrist technocratic governments in the 1990s, which fundamentally changed the political economy of the

[2] Cuba is the exception as Fidel Castro has ruled with a socialist agenda uninterruptedly since 1959. Such experience was influential on Latin American leftists in the 1960s and 70s, but its influence has dramatically receded with the democratization of most Latin American countries since the 1980s. However, Castro´s social and economic policies have been brought back as examples lately, but then only by Chávez in Venezuela and to a lesser extent, by Morales in Bolivia.

region, specifically the relations between states and markets, as well as capital and labor, profoundly opening these countries to international trade and financial flows. The second is that the political left (except in Chile and Costa Rica) was only able to gain local government postings during that same period, managing states or provinces such as Rio Grande do Sul in Brazil and large metropolis such as Buenos Aires, Rosario, Montevideo, Bogota, Mexico City and Sao Paulo. The combination of both experiences implied an adjustment of perceptions to the new reality, where the policies to achieve those objectives of social justice and economic development would have to be necessarily adapted (Panizza, 2005b)[3] .

The structural adjustment of the 1990s drastically reduced (but did not eliminate) state ownership in the economy, liberalized prices for essential goods and services, and most importantly, opened up the economies to external competition. In addition, the leftist parties' experiences at local government during that decade of reforms provided lessons on what an effective agenda for social policy those could be, albeit its extrapolation to a national administration could still be tricky.

The resultant then was not "the end of history" but the translation of lessons learnt into new economic conditions and a new climate of opinion composed, on one hand of a positive consensus born from the experiences in local government (i.e. the need to step up public investment in health and education, to bring the state back in to coordinate the provision of physical infrastructure and energy and other measures assisting the overall

[3] At a more global level, the Latin America left has also had to cope with the dismissal of the Soviet Union and its "real" socialism. In terms of demonstration effect, Soviet economic policies were eventually shown to have produced much less development that it was believed before, with much higher side-effects, such as environmental degradation and inefficient use of resources. In terms of possible alliances, it definitely cancelled the remote possibility of integrating to an alternative system to the one dominated by the United States.

competitiveness of the economy); and, on the other, of a negative consensus derived from the critique of neoliberalism (i.e. a moratorium on privatizations, stricter regulation of private monopolies, and a halt to further unilateral trade liberalization).

But the learning from the neoliberal experiences of the 1990s has been much more impressive and far reaching than that. In fact, it transcends the repetitive chorus of leftist politicians criticizing those reforms now and it informs the most substantial debates on macroeconomic policy in today's Latin America. The main lesson is that massive fiscal deficits, just as current and trade deficits, are unsustainable over time. No amount of continuous pro-market reforms can feed the expectations of future gains of foreign and local investors for ever. Eventually, even the most neoliberal governments can lose favor if they do not balance the fiscal and monetary books. That is the lesson learnt from Menem's Argentina, Battle's Uruguay, Cardoso's Brasil, Frei's Chile, Salinas' Mexico and several others. In all those cases, financial crises provoked by these governments' systematic lack of concern for deficits or contagion from crises in countries with similar vulnerabilities brought them political disfavor. And that is precisely the juncture where the political left has come to power in most Latin American countries. In a period shorter than 2 years after each financial crisis brought about by this macroeconomic mismanagement of either right wing or center right governments, leftist parties or candidates won the first presidential elections that took place. In a world of integrated trade and capital markets, floating currencies and volatile financial markets the limits of the possible sting is in everyone's mind. Even more so for government's either on a leftist ticket or attempting to follow leftist policies.

The alternative then has been to construct a government that can uphold an agenda with a leftist heart, with policies that emphasize local responses to cover social deficits, but remain fiscally conservative, not merely due to the primacy of previous lessons of the 1970s and 1980s left, but to adequately compete with the party that was previously in office, showing the electorate that in fact a left of center administration can be *more* socially sensitive *and more* economically responsible. Both components, a social heart and a responsible pocket, play at once, and have key electoral importance. These must be made compatible walking on the tightrope of the day to day running of economic affairs once in office.

The dividing line between the left and populism is often blurred in the region and more so in an era of mediatized and globalized politics. For some influential authors, populism is “the very essence of the political “(Laclau: 2005:222), “the mirror of democracy” (Panizza:2005a: 99); the construction of a people is “the political operation *par excellence*” (Laclau, op cit: 153). Even with this positive view of populism as an almost necessarily recurrent development, there is no *a priori* guarantee that the people as a historical actor will be constructed around a progressive identity; yet the fact is that populism can represent “the people” as an oppressed part of a divided society makes for the recurrently blurred dividing lines in a continent marked by extreme income inequalities, poverty and political polarization.

Populism, to a certain extent even more than the left, in Latin America, has a long and ample history allied to charismatic leaderships. Nonetheless, the background conditions favoring the birth of populist options have not been wiped out; they revive with relative ease in contexts where social and economic demands remain unsatisfied, political parties suffer from recurrent discredit and there is a general lack of trust in equal treatment before the law. The gap between what democracy ought to mean and what it actually means remains extremely wide. Such realities applied equally to mainstream parties unable to conduct urgent economic reforms in the late 1980s and early 1990s, also overwhelmed by populist new comers, such as Fujimori in Peru or Collor de Melo in Brazil.

One could say that populist manners are never really put aside in some leftist governments due to their assessment that status quo institutional arrangements ought to take a back seat to other urgencies such as redistribution of wealth in Bolivia and Venezuela and jump starting economic growth in Argentina. That assessment is grounded on the recent experiences of severe institutional crises in these democracies, with revolts in these three countries and lack of voters' turnout in Venezuela and Argentina. This analysis also implies that a populist detour from democracy "in order to save it" is however temporary because once these grievances or lacks are addressed and there is a certainty that they would continue to be addressed by non-populist political alternatives, the populists can be defeated in elections. This is however a slippery road, as electoral competition is highly sensitive to the consequences of economic policies and especially, to the disregard for institutions.

For the purpose of analyzing the economic policies of the new leftist administrations in Latin America, we only consider populism as a style of government that regards economic policies as tools with specific *political* goals in mind, and not necessarily to take stock of economic realities. For such populism, these political goals are, in order of importance, to mobilize support within organized labor and lower-middle-class groups, to obtain complementary backing from domestically oriented (largely small and medium sized) businesses, and to isolate politically the landed oligarchy, foreign enterprises and big business. The corresponding economic policies are, also in order of importance, neo-Keynesian budget deficits to stimulate domestic demand, nominal wage increases plus price controls to affect income redistribution, and exchange-rate controls and appreciation of the currency to control inflation and to raise wages and profits in non-tradable-goods sectors (Dornbusch and Edwards, 1991). In trade policy, populist policies would go along lines such as the increase of real rates of protection via non-tariff barriers, or outright raising of tariffs to consolidated levels, grandstanding and nay saying posturing in trade negotiations to derail multilateral and regional trade talks, arbitrary controls on sources of hard currency, affecting trade volume and flows, plus conflating trade negotiations with declarations of standing up or caving in to American interests, or other sources of foreign capital present in the domestic economy. This account is based on the historical record of past populist experiences, usually recalled when suggesting that some of the current left of center governments are just reborn populists.

Having defined what we mean by leftist economic policies, their stated goals and learning process while out of office, as well as the persistent populist traditions of Latin America, we focus now into two complementary exercises. We analyze first the external face of these leftist governments, namely, their foreign trade policies, as a way to observe their relationship patterns with the global economy. Such reading allows us to see them as a whole, expressing their similarities and differences towards each other at once. We will analyze then their national economic policies, country after country, to see in a comparative form what their similarities and differences are grounded on domestically.

Trade Policy: that wild side of the Latin American Left

In Latin America, as anywhere else, the trade policy process has unique distributional features which we need to take into account when thinking about the conformation of political regimes. Under import substitution in this region, for example, it was politically easier to turn to high tariffs to protect mobilized working and middle class constituencies form international market shocks than to instrument efficient systems of social welfare in times of crises (Kaufman and Stallings, 1991). The emphasis on the domestic market justified measures then destined for all types of wage support. Business and labor were able to fix a price structure which favored that Keynesian social compact, drawing together domestic producers and workers. The international distributional effects of trade were at that time undercover; if and when they emerged, business and labor met on the same side in favor of retaining protection, sustaining high wages and domestic consumption. But when layer after layer of trade protection was finally shed, as in the 1990s reforms in Latin America, the international price structure became internalized and the international negotiations that followed had an evident and immediate impact on prices and incomes.

Once the phase of unilateral trade opening was completed in the 1990s, gains in efficiency were absorbed and productivity for those sectors that survived the opening were impressive. Latin America changed from a region with low exports concentrated in just a few primary goods, to one where a widening range of manufactures and processed commodities drives foreign trade growth. Such strong development has come however short in at least three important dimensions: exports have grown less than those of other developing regions, especially East Asia and Eastern Europe, resulting in less global importance for Latin America; exports have remained very sensible to external protectionism in North America and the European Union; and finally, but most important, the growth in exports of Latin American countries have not been able finance the even stronger growth in imports, product of the unilateral opening of the 1990s, making debt financing an essential support for these policies.

Such triple challenge was taken on aggressively by private actors, pushing governments to improve their trade policymaking. The conditions were ripe when Latin America was overridden by a series of financial and economic crises in the 1998-2002 period, and trade deficits contributed greatly to mark countries as economically vulnerable. This showed that the previous policy of just opening unilaterally and making “open regionalism” with neighbors was insufficient to generate balanced trade accounts.

Therefore, and in order to sustain present levels of openness to trade, governments have focused instead on signing preferential and reciprocal trade agreements at the bilateral and subregional levels. The main drivers of this are the new “heroes” of trade policy: the exporting firms, which lobby governments on which preferences to seek and what markets to target. In Latin America, this may mean often but not always the traditional “export oligarchies” of yesteryear linked to the exports of commodities , and new ones such as those linked to metallurgy and telecoms.

Beyond that symbolism, there is an undiluted requirement on governments to seek reciprocity in all negotiations, bringing new teeth to Latin American negotiators, and that should not be confused with political (leftist) militancy. But, on the other side, the incidence of reciprocity means that the gains obtained abroad for a given export require a “concession” in the domestic market. Hence, this process leads to heightened import competition and increased domestic sensitivity to the adjustment process, a combination that in a democratic setting cannot be wished away (Gilligan, 1997).

As most tariffs have already been reduced drastically in the region, trade negotiations are no longer just about trade but about exchanging concessions, including other areas related to it such as investors’ rights, intellectual property rights and government procurement. That is particularly the case in the FTAA and in the bilateral deals bargained with the United States, but also in those between Mercosur and the European Union. To the extend that Latin American countries still have a willingness and capacity to employ those policy instruments, they are relevant bargaining chips to obtain market access in the markets their exporters desire.

Trade has thus, over this period since the crises, acquired an unprecedented salience in domestic politics. The emergence of articulate international coalitions and domestic pressure groups now constrain government action and require intense efforts of interest articulation. The common tendency to view trade negotiations as straight liberalization with cheating taking place on all sides fails to capture the complexity of the reciprocal bargaining game in place. The weaving of negotiating positions has thus become not merely a technical task but moreover a touchy political one in a game that pits export oriented winners against import competing losers.

The current governments of Brazil and Argentina, in particular, have often been portrayed as reluctant participants in trade negotiations, and especially in the American project to create the Free Trade Area of the Americas (FTAA). Several reasons lie behind this image. In the first place, both are sizeable economies with dense domestic markets; both are the least open economies of the region with the highest average regional tariff (14.3%) and with exports accounting for less than 20% of GDP. Local business interest in the hemispheric initiative has been lukewarm and according to public opinion polls, mostly indifferent. A referendum in 2002 organized in Brazil by more than 60 civil society organizations with the support of the National Confederation of Catholic Bishops revealed that more than 90% of the people that cast a vote were opposed to the FTAA and in favour of quitting negotiations altogether.

Brazil stands apart in other respects too. Brazil's main exports to the US, which range from relatively high tech goods such as aircraft, tractor-parts, explosion engines and telecommunications equipment; low skilled labour intensive goods such as footwear, and semi-processed natural resources like sugar, orange juice, and iron ore, have often been the target of the wide gamut of US protectionist instruments (tariff peaks, antidumping and countervailing duties, to name a few). That has been the case, for instance, with orange juice, footwear, apparel and sugar exports.

The demand for attention to these issues is not necessarily anti-liberalization altogether. While the export gains may be embraced, they are not done at all costs, but with a demand to obtain access to markets which could conceivably generate some economic growth, perhaps in exchange for limited openings of some segments of the market. At the core is a developmentalist reaction to repackage trade adjustment, a concern with distribution which accepts inevitability but seeking to manage potentially destructive aspects with continuous counterproposals, as often expressed by Brazil and the other Mercosur countries in the Doha Round of the WTO. Ultimately the aim is an attempt at consensus-building with the new players capable of holding the balance, an attempt to bring together the external face of the government together with the concern with development and social justice at home.

All through these negotiations Brazilian posture towards the US has been critical but knowledgeable and never as confrontational as Venezuela's. The distinction is important. Economic isolation is not on the cards. The aim is to preserve the domestic market while at the same time opening access for business abroad. Such policy direction is evident in the Brazilian efforts to build the South American Community of Nations, bringing together the countries of the Andean Pact with those of Mercosur, through initiatives of energy integration and development of physical infrastructure (Giacalone, 2006). While it might constitute a direct challenge to US desires of hemispheric free trade, it is seen in Brazil as the simple projection of national exporters' interests in regional markets. Such initiative does have the support of Argentina, also interested in expanding its exports to the region, while it waits out US agricultural protectionism, a search for balance that is long standing in Brazil and therefore pre-dates the present administration. No doubt some of Lula´s achievements in this regard owe much to his predecessor, Fernando Henrique Cardoso.

The fact that these initiatives were put together by right of center governments in Brazil (Cardoso) and Argentina (De la Rua) does not stop new leftist administrations from following up on them, to strong public support. Indeed, such continuity shows the increase in export lobbying as the engine of policy, a general trend at the heart of our argument. With disparate degrees of intensity it has acquired force in all countries, even directing some to making alliances with the United States. But in all cases, the incidence of these agreements on inequality and income distribution has become the issue of first order priority in polarized political campaigns.

In an opposite direction, away from regional integration, Chile, Peru and Uruguay have strong exporting interests that see themselves as able to enter the US market in spite of American protectionism. Their production mix, anchored on fresh produce, as opposed to traditional agricultural exports, and small size, for the case of Uruguay, are the basis for such understanding. Chile was an early mover on this regard, signing with the United States a free trade agreement in 2003, Peru negotiated from 2004 onwards and the new leftist government of Alan Garcia, elected in 2005, voted it through congressional approval. Uruguay had tried negotiating with the US as well since 2003, and again, the new government of Tabare Vazquez has continued that policy, in spite of strong domestic and Mercosur opposition. As a consequence of such resistance, Tabare Vazquez recently re-shuffled the initiative to signing a trade and investment framework agreement.

The turn to open economies, in sum, is seen as quite a good thing in the long run by almost all leftist governments in Latin America. But their different directions, towards a regionalist or a bilateralist posture in trade negotiations, is to be read in function of their objective exporting interests, much beyond the current political sign of their governments. What remains intrinsically political are the ways to deal with the transitional costs and the collective action problem derived from trade negotiations. In highly unequal societies with an impaired tax base, such as these in Latin America, these costs place a major limit on the capacity of governments to deal with the distributive pressures that stem from sudden income loss, when economies open up to trade.

As a way of comparison, in the small open Scandinavian economies, the expansion of welfare transfers has been part and parcel of liberal trade policies, being applied especially to even out the differential gains and losses associated with international market shocks and trade shifts (Gourevitch, 1989). Since such welfare state models and the taxation policies they require are difficult, if not impossible, to implant in Latin America, the new left-leaning governments must seek to redress the social imbalances with a patchwork quilt of policies, some social transfers, some provision of social goods and some political limits to the free reign of market forces. Governments there juggle with the two competing forces typified by Karl Polanyi´s classic volume as a 'double movement' in which two organizing principles interact one with the other. Each principle sets specific institutional aims, has the support of discernible social forces and uses its own distinctive methods:

> 'The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez faire and free trade as its method; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most

> immediately affected by the deleterious action of the market...' (Polanyi, 1944:132).

This double movement may be the hallmark of the post- reform age in this region. In the next section we look at how governments now deal with the pincer movement unleashed by trade shifts in an era of rocket high export prices and heightened social demands.

Looking at the Colors and Sizes of Leftist Administrations

This section compares the national experiences of leftist governments in Latin America, starting with those perceived as leftist, such as Kirchner's in Argentina, continuing with those self-defined as leftist, such as Lagos´ and Bachelet's Chile, Lula's Brazil and Tabare Vazquez` Uruguay, and ends with those claiming to be leftist, such Chávez´ Venezuela and Morales` Bolivia. In all cases, there is a marked difference made between intending to carry out a leftist agenda of social justice and self-determination at the micro level and the macro policies employed to manage the economy at large. The resultant is that while the first provides improvement in social indicators, those can also be achieved by across the board macro policies; and the results of the latter ones, could be much strengthened by having a social policy to go with. These reflections are not alien to a liberal approach to politics, central to Western thought, as summarized by John Rawls (1973) in "The principle of efficiency cannot serve alone as conception of justice" (see p. 71).

With this reflection as a back drop, we now propose to depict the different trajectories of these governments and their specific economic policies. We start with Argentina, where Nestor Kirchner took office in May 2003, with an economy just beginning to recover from its deepest crisis in history, and the consequent levels of poverty and unemployment it brought[4]. His macroeconomic administration has focused on pumping up fiscal surpluses, even after accounting for debt payments, keeping the currency undervalued to help the recovery of local industry and maintain a trade surplus, and controlling the inflationary adjustments of the devaluation done by the previous administration of Eduardo Duhalde. These three policies account for the dramatic upswing of the economy, growing at 8.5% yearly until 2007. Such accumulated growth more than recoups the losses accrued in the recession that marked the last years of the Carlos Menem and Fernando De la Rua administrations and the final meltdown of the Convertibility scheme.

The achievement of the fiscal surplus included a very hard renegotiation of the foreign debt, in default since 2002. Kirchner managed in 2005 to get over 76% of bondholders of such debt of $100 billions to accept a reduction of 65% in the value of their bonds, thus reducing the weight of the total debt of Argentina to less than 60% of the GDP (EIU Argentina Country Report, June 2007). This made possible that the government could expand its budget for public investment in infrastructure and subsidies for transportation and energy services, at the same time that restarted paying up its reduced debts, all while keeping a fiscal surplus. Notoriously, the fiscal largesse of Kirchner has not reached public sector employees and the pension system, where salaries are still 40% below their 2001 levels, after adjusting for inflation. Public employment has

[4] GDP fell between 1998 and 2002 by a total of 20.7%, unemployment reached 24%, and poverty, 60% (ECLAC Statistical Annex, 2006)

expanded less than 5% since 2003, also underlying the emphasis on putting monies on public works to promote the private level of economic activity (EIU Argentina Country Report, June 2007).

Investments in public infrastructure have accompanied increases of private investment in manufacturing and services, eventually reducing unemployment from 20.4% in 2003 to 9.7% in 2007. The ensuing policy reaction has been a dramatic reduction in welfare expenses, especially in the plan designed by the previous administration of Eduardo Duhalde, of minimum income for the unemployed, from 2.5 million beneficiaries to just 600,000. Besides, all beneficiaries are now to be moved to a World Bank designed program that provides checks only to those doing retraining or proving to be actively looking for employment. Such trust in the benefits of a private-led recovery are partially confirmed in a reduction of poverty from 57% in 2003 to 27% today, a level considered still too high for historical standards in Argentina (ECLAC, 2006b).

As the economy is visibly overheating from such speed of growth, the government since the end of 2005 has applied price controls to those goods measured in the state’s inflation index. It has also created certain export controls, to reduce the translation of exports` international prices, measured in dollars, to local prices, for similar goods, measured in devalued pesos. Those sectors are beef, corn and wheat, accounting for over 10% of the total exports. His fiscal tightness has stopped any reductions in taxes, increased during the last efforts to prop up the Convertibility in 2001 and to manage the aftermath of its demise, in 2002. Most visible among those, are taxes on exports of primary goods, such as soybeans and petroleum.

Such macroeconomic conventionalism – strong fiscal accounts, competitive currency, and emphasis on physical infrastructure – moves on without going into any neoliberal measures, such as further privatizations of state banks or nuclear plants, as demanded by the IMF since 2002 but patently also, without going into large scale nationalizations, currency controls, or large real wage increases (Ramirez Gallegos, 2006). In fact, his populist rhetoric criticizing the IMF role in Argentina's crisis, and the complicity of international banks against his debt negotiations are in the strongest possible contrast with his mainstream macroeconomic policies and his visible disregard for social policy, as an instrument to reduce poverty. He seems to believe that markets indeed are the answer to accelerate economic growth in Argentina, of course, under his rather severe "guidance", in the guise of selective price controls and some export taxes.

Lula da Silva provides the starkest possible contrast to Kirchner and that shows in the uneasy relationship between the two presidents, visibly affecting the lack of progress in Mercosur, for example. Since Lula took office in Brazil in 2003 as well, his promotion of socially conscious policies has radically changed the role of the state there, now providing minimum income levels to some 44 million people, or 25% of the population, through the Bolsa Familia program (Hall, 2006). His government has also made very systematic efforts to direct the little fiscal investment monies available at the federal level to building running water and schools in the most impoverished areas of the Northeast of the country. Such efforts have paid out in reducing poverty nationally from over 30% to less than 25% in the last three years, a remarkable achievement when one considers that unemployment has increased from 8% to 10% in that same period, according to official figures (ECLAC, 2006).

These efforts to carry out a leftist agenda have however been accompanied by economic policies that have benefited most the richest segments of society, especially those related to the financial sector. Lula has maintained extremely high interest rates in an effort to reduce inflation levels, high at 17% when he took office to barely 3%, today. The price for that is to have sky-high interest rates in real terms that have increased the financial sector profits to record levels, while manufacturing and agricultural businesses suffer increasing costs just to borrow operating funds, and turns them away from further productive investment (EIU Brazil Country Report, June 2007). In fact, the economy of Brazil, long known for its vitality, has grown at 2.3% per year in the presidency of Lula at the second lowest rate in the whole of Latin America, only better than Haiti, immersed in civil strife[5]. While the economy barely expands at the rate of population growth and can not possibly generate enough jobs for its new workers, short term financial flows have moved to the country at breathtaking speed, now accounting for over 50% of the financing of the Brazilian state domestic debt, and whose profits were made tax-free by Lula in 2006, a benefit not even local investors receive (Bloomberg, 14/11/06).

To finance such debt, now totaling over 65% of the GDP, between domestic and foreign, his government has had to issue more and more bonds, eventually paving the road to a large crisis in the next years. The only way out would be a reduction of fiscal expenditures in other items beyond debt payments, such as state wages and pensions, but Lula da Silva has emphasized that such changes will not happen under his clock (Economist, 10/10/06). In fact, during his presidency, state employment has grown at 2% per year, especially in state enterprises, such as Petrobras (17,000 new jobs, or 25%

[5] According to the Financial Times, Brazil can no longer be considered part of the BRIC economies, the group pooling together the largest and most dynamic of the developing world, such as China, India and Russia, due to its low rate of growth and continuous fiscal deficits (9/13/06).

of the firm’s workforce), Banco do Brasil, and others. Brazil, with one of the youngest populations in Latin America, already has a large retirement pension deficit, equivalent to 2% of the GDP. Still, Lula, after initially limiting pension benefits in 2003, has increased pensions since over 17%, more than compensating total inflation rates since 2003 (Bloomberg, 7/21/06)).

In sum, Lula’s government has followed a leftist agenda to deal with social problems, especially in terms of giving aid to the poorest sectors of the population, generating state jobs and increasing pensions. In macroeconomic policy, his fiscal largesse, has however contributed to an increasing debt, whose interest payments now consume over 8% of the GDP or 20% of total fiscal expenditures (IMF Balance of Payment Statistics, 2006). To sustain that, he has increased the size of the state in the economy to 40% of the GDP but without investing much in public infrastructure or in production-friendly measures, such as softer credits (Valor, 10/26/06). His monetary policy, with high real interest rates, has attracted foreign investors ready to finance him in return for high, quick profits, at the cost of an overvalued Brazilian currency. That in turn has lowered employment, brought in lots of imported manufactures and reduced Brazilian competitiveness. Only high export prices for Brazilian primary goods, such as soybeans, sugar, iron ore and coffee, have reduced the impact of these policies on the overall sustainability of Brazil (EIU Brazil Report, 2006).

His government seems to believe that repeating some of the irresponsible management of previous centrist administrations of the 1990s can today be electorally forgiven only if social policies are put well in place, and on a scale unseen before in Brazil. Such vision was certainly confirmed in his reelection in 2006, when the Northeast voted for the first time massively for his party, after decades of supporting conservative clientelist parties, while the industrialized South and the agricultural exporter Center voted strongly against him (Amaral, 2006). Only the fear Lula awoke of the supposedly privatizing tendencies of his neoliberal opponent allowed him to win in a second round, however. This was the political dictum on his policies and as such, it is very valuable insight on the electoral value of economic and social policies of such important left of center administration. It remains to be seen whether he will keep markets' favor, or as it has happened to other neoliberal and centrist governments before, they will turn on him when they decide he can not really continue to afford favoring the poorest and the richest at once, and in such radical manner.

Ricardo Lagos and Michelle Bachelet's administrations offer in comparison a rather moderate lesson on what being leftist might be like. Lagos had a much more difficult time to rule than Bachelet, as the Chilean miracle looked gone or suspended in 1998, when its economy went into recession. After 15 years growing at the East Asian speed of 7%, the GDP fell in 1998, and has grown since at only 3.2% on average, way below the rate for all developing countries and just as good as mediocre performers in Latin America, such as Ecuador or El Salvador. The response of Lagos to that crisis was to reduce capital controls for financial flows, allow the currency to devalue and argue strongly against the monetarist approach of his central bankers, bent on increasing interest rates to contain inflation (Weintraub, 2002). He held a strong preference for higher inflation if that reduced the effect of the recession on unemployment, in the classic Keynesian sense. He also argued for fiscal deficits to finance public investments, a luxury no other Latin American country could afford, due to the small amount of government debt of Chile.

Lagos was not able to advance more of a true leftist agenda, such as a modernization of labor laws (enacted by Pinochet´s dictatorship) and large increases in the budget for education and public health due to the weakness of his Concertacion alliance. His partners in the alliance systematically vetoed those initiatives, just as much as the rightist opposition parties, afraid that more rights for workers and more state expenditures could stifle the hand of the market in Chile (Economist, 5/3/01). The strong reaction from the business community against those measures, and Lagos' critical rebukes to them, definitely affected the investment climate in the country, contributing to its slow recovery from 1998-9 crisis, finally completed in 2003.

The good fortune of high commodity prices, that has also helped other Latin American countries, has assisted Chile more than any other[6]. Its main export, copper, accounting for over 60% of total exports in 2006, has skyrocketed, with its price growing by 310% since the lows of 2001. Bachelet arrived in that rapidly improving context and but has not continued her predecessor lines, focusing instead on cosmetic measures to improve the efficiency of social expenditures. She has adamantly refused to provide any substantial increases in public education and health expenditures, producing the largest demonstrations in Chile's history this year, when over half million students protested her education policy (The Economist, 6/22/06) . She remained focused instead on keeping the new found government surpluses abroad for the use of future generations. In contrast to Lagos, she has not objected to the appreciation of the currency, to the detriment of non-copper exporters (of wines, fruits and textiles) or the very high real interest rates that favor financial over productive sectors (Financial Times, 5/9/06). As

[6] According to ECLAC annual trade report, high commodity prices explain for the 2003-2006 period over 70% of the growth in Chilean exports, 60% of Venezuela's, 50% of Brazil's and close to 20% for Uruguay and Argentina (ECLAC 2006c).

in Brazil, the economy is growing timidly, and while poverty is low in Chile by regional standards, around 20%, there has been no improvements since 2001, six years ago, a break in the tendency of previous Concertacion governments, that eventually brought it down from over 40% in 1990 (ECLAC, 2006 b).

It was therefore no coincidence that in the 2004 elections, her opposition mounted a very serious challenge with a populist billionaire, Sebastian Piñeira, who campaigned credibly on the failures of the Concertación to reduce poverty and especially, to deal with increasing social inequality (COHA, 2005). Interestingly, Piñeira made the argument that slowness in the reduction of poverty and inequality were relevant causes for the slower economic growth of the country in the last years, an idea that belongs to the most traditional critiques of the Latin American left to neoliberal governments.

Tabaré Vazquez in Uruguay, illustrates an interesting mix of features already seen in the previously described leftist administrations. As Lula and Bachelet, he follows a careful line in welcoming foreign investment and promoting the benefits of a careful management of fiscal and trade accounts. This is reflected in the strong flows of financial capital back to Montevideo since he took over, appreciating the currency, just as in Brazil and Chile, against the US dollar. Building on the measures taken by the previous centrist government, Vazquez has overseen a recovery of the economy and important reductions in unemployment. That, combined by strong investments in social services and subsidies, in the range of $100 million, has contributed to a reduction in poverty from 22% to 17% (ECLAC, 2006b). But just as Mr. Kirchner, the main thrusts of his government are in the provision of public infrastructure to accelerate economic growth, such as optic fiber for telecommunications, sea port improvements and roads to assist the development of the new surging sector, cellulose plants.

Just as Lula and Bachelet, Vasquez must carry on the weight of having been chosen on an officially “leftist” ticket and thus, be expected to follow leftist policies. He therefore shares the fate of being strongly criticized domestically by sectors of his electorate and his own party for following policies that do too little to reduce social inequality, favor foreign financial capital and in trade, as explained before, seem too close to the United States (COHA, 2006). Ironically, is Mr. Kirchner who, chosen on a typically populist ticket of Peronism, surprised his country with policies soon branded as leftist, a label he has never admitted to, preferring to be called, just as his “officially” leftist colleagues, a “pragmatist”.

These nuances are impossible to apply to the rambunctious administrations of Hugo Chávez, the most senior of this new left, and Evo Morales, one of the newest comers to this club. Both claim to be socialist nowadays, and engage in deep institutional changes of their countries politics and economics, harboring desires for radical change. Their speeches point to achieving strong changes in the distribution of wealth, as well as of income, setting strict limits to the influence of foreign capital and repeat their perception of a threatening United States. Their deeds, in economic policy, provide however a more interesting window to assert their claim to be the “true” leftists of this era in the region.

Chávez took office already 8 years ago, in a context of deep recession induced by very low oil prices ($12 per barrel in 1999, compared to $70 in June 2007), and of popular dissatisfaction with the political and economic establishment that had ruled the country since the 1950s. While in his first years he made radical reforms in the politics of the country, with a new constitution, filled the judiciary with his supporters and attempted to organized unions close to his party, he left the economy rather untouched. In fact, he maintained the policies of the previous administration, gradually reducing trade tariffs, keeping the Bolivar convertible and real interest rates very high to curb inflation via orthodox measures. He continued to receive foreign investment, at a pace of $3bn per year from 1999 until 2001, largely to the oil industry and did not tighten up regulation in any important economic sector (Business Week, 9/20/99). His approach to poverty reduction was however from the beginning very decisive, hiking expenditures in public education and health, establishing a system of transportation subsidies and most importantly, a system of state-owned and worker-operated food markets and drug stores, to cheapen basic goods for the poorest sectors of the population. In contrast, he slashed public funding for physical infrastructure, such as roads, ports and energy transportation, all projects historically privileged by Venezuelan governments to buy support among the wealthiest elite, mostly dedicated to serving public contracts (Ellner and Hellinger, 2003).

These socio-economic policies, plus his verbal sparring and aggressive rhetoric against the establishment of Venezuela soon brought in the open support of Fidel Castro, who offered to exchange doctors and teachers for the poorest sectors in Venezuela, for oil for Cuba. They also brought a radicalization of Chávez opposition that attempted in 2002, *a coup de etat*, headed by the main business leaders. When that failed, the opposition promoted soon after a strike in PDVSA, the state oil company, against Chávez insatiable desire to control it. Even thought that coup and following strike did not succeed, the conflicts have continued as Chávez main response since has been to radicalize his economic plans (Fletcher, 2003).

And what he has followed since 2002 is a three pronged strategy, clearly along the broad lines of Latin American historical populism: one initiative is to redefine the contracts with foreign oil companies to isolate PDVSA internationally, a second is to foster the growth of cooperative-state industrial and agricultural firms, and the third is to “migrate” Venezuela from the Andean Common Market to Mercosur. All measures are accompanied by a policy of keeping the currency overvalued to maximize private consumption (of imported goods, ironically) of salaried workers, currency controls to impede capital flight, and very lax fiscal and monetary policies to accelerate the economic recovery from the depression caused by the 2002 strike and coup attempt. This cocktail has produced a dramatic recovery in the GDP, growing at 8% per year since 2004 until now. High oil prices have certainly helped, mostly to expand the budgets allocated to social policies and the funding for the new cooperative sector (Economist, 7/30/2005).

As often happens to such populist experiments, the results are in the short term very impressive, unemployment has fallen from 25% in 2003 to just 11% today, poverty from over 60% in 2002 (it was 52% in 1998) to less than 35% now and there is an unprecedented consumption and construction boom driving the economy to clear overheating, expressed in an inflation rate of over 15% for 2006, under much stricter controls than Kirchner would ever dream of having, down in Argentina (ECLAC, 2006b). The apparent success of this policy is most evident in the fact that for the first time, Chávez faced a serious challenger to the presidency this December, Manuel

Rosales, who is a avowed populist, promising to expand social expenditures even more and converting the increased funds for public education and health into cash vouchers to be given directly to the poorest sectors of the population, thus fuelling even more the consumption boom. That would be a rather “privatized” but equally populist ending to the supposedly socialist Bolivarian revolution of Chávez.

A more recent but often similar populist experiment is that of Evo Morales in Bolivia. After a year in power changes in economic policy have been very few, and several of them in a rather counterintuitive direction. For example, he decreed the nationalization of the oil and gas industry, but calling on foreign investors in this sector to accept new contracts that would turn them from owners of hydrocarbon reserves into providers of services for exploitation. After months of heavy bargaining, Morales eventually achieved his goal, with all foreign companies signing up to the new rules. This, plus a raise in taxes on that industry he had promoted while in opposition in 2005, has finally moved the Bolivian state from a deficit situation of 2.3% of the GDP in 2004 to a surplus of 5% in 2006 (ECLAC, 2006a).

The big surprise is that such massive increase in fiscal income has not been accompanied by a corresponding *populist* increase in expenditures, as in Venezuela. Instead, Morales has voiced his preference for following Bachelet’s example, setting up a stabilization account abroad with the surplus funds (The Economist, 12/13/06). The second surprise is that the Bolivian state, after decades of depending on foreign aid from European NGOs and the US government, no longer needs either and these agencies have lost their influence in Bolivian policymaking, as well as withdrawn their essential policy capacities from Bolivian ministries. Therefore, Morales government has lost the capacity to channel those extra funds to social policy because his own bureaucracy is unable to do it. In that context, Morales policy is to redistribute not income, but wealth proceeding with plans to nationalize mining, and redistribute agricultural land in the eastern provinces. Whether his administration has the capacity to instrument those changes, as opposed to implementing policies for gradual social improvement, remains an open question.

The following chart summarizes the above points, spelling out the ample diversity of specific policies being applied by current leftist administrations. This chart underscores the considerable pragmatic blending that goes on and hence the difficulty of conceptualizing the phenomena of the new left in a dichotomist fashion as far as economic and trade policies are concerned.

	Monetary Policy	**Exchange Policy (currency value)**	**Fiscal Position (after debt payments)**	**Debt Administration**	**Social expenditures**	**Support for FTA with the US**	**Support for Regional Integration**
Lula	Tight	Overvalued	Deficit	High, increasing	High	No	Yes
Lagos	Loose	Devalued	Deficit	Very low	High	Yes	No
Bachelet	Tight	Overvalued	Surplus	Nil	Low	Yes	No
Tabare Vazquez	Tight	Overvalued	Deficit	High, but decreasing	High	Yes*	No
Chávez	Loose	Overvalued	Deficit	Low, and decreasing	Very high	No	Yes
Morales	Tight	Overvalued	Surplus	High, but decreasing	Low	Yes*	Yes
Kirchner	Loose	Devalued	Surplus	High, but decreasing	Low	No	Yes

*Vazquez has expressed opposition to the FTAA as its project stands today, but is inclined to sign a trade and investment framework agreement (TIFA) with the United States. Morales has asked for the continuation of the current level of trade preferences the US grants to Andean countries as part of its drug eradication policy in that region.

Conclusions

The picture drawn in this essay shows the emergence of a fresh ideational disposition, and in contrast with the agenda of the 1990s, a clear turnaround from the confidence in the cure all ability of markets. There are also very stark differences with the old left associated with import substitution, state capitalism, and over-expansionary macroeconomic policies. Considerable social learning shows the extent up to which specific leftist inclinations have been pragmatically adapted to new structural conditions. And economic policies show a strong awareness that volatile world markets can only be ignored at their own peril.

Two readings can be done from this progression. One is of a tidy order, commending some good leftist administrations for their apparent acceptance of globalized market forces, while deriding some others that intend to put some limit to those same forces. This understanding overstates political measures of economic nature supposedly favoring global markets, such as trade agreements with the United States or privatizations, and those limiting them, such as selective price controls or contract renegotiations with foreign investors. We have argued that in the realm of economic policies this categorization does not provide an accurate picture. To take the example of Morales: while bent on re-negotiating state contracts with foreign firms his administration shows no distaste for a bilateral trade agreement with the United Sates; moreover he has not caved in to pressures to follow in Chávez´s footsteps and withdraw from the Andean Common Market, or commit massive amounts of fiscal revenues to social policies.

A more accurate painting requires standing clear of over-dichotomization, still taking account of the search for a new balance between states and markets, thus ordering leftist administrations across the more realistic analysis of their central economic policies, including the whole array of trade policy options and constraints, and especially, the resultant from fiscal and monetary policies, these last two being the genuine and most objective indicators of these administrations leanings and structural constraints, more relevant today than ideological likes and dislikes. In light of the arguments made earlier, this experience should not be altogether surprising. Pragmatic policies are those that package sound economic principles around national constraints and opportunities. Since these national circumstances vary, so do the policies that work. True, the shadow of Chávez, not quite a pragmatic figure, looms large in the Americas today. But Chávez´s Venezuela (or oil-rich Venezuela for that matter) is in a league of its own and not a safe benchmark from which to draw generalizations elsewhere in Latin America.

The many examples provided here, of qualitative and quantitative nature, imply that the left today in Latin America incorporates such diversity of policies and leanings that the whole concept of *left* is rather narrow to account for all of them in a conclusive manner. National characteristics, and the timing of these countries' recoveries from previous neoliberal experiments in the 1990s could provide an interesting alternative explanation. For example, those countries most negatively affected, such Bolivia and Venezuela, moving towards radicalized experiments of a populist tone, others less affected, such as Argentina to milder expressions of leftist policymaking (and verbal populism), and the least affected, such as Uruguay and Brazil, remaining with similar economic and trade policies as in the nineties plus much stronger social policy components. Only Chile seems to be backsliding under Bachelet, in its road to creating a government that is as socially sensible as macroeconomically sound.

All told, if we are to point out the single coincidence in this diversity, there is a very significant one: the emergence of a pragmatic belief in a role for state management. Such belief is not an unhealthy development for democracy, and even for the markets, as it injects in politics a sense that hope is not vane for confronting the enormous social demands in Latin America. It is also positive for market economics, as social expectations are no longer overplayed on them, and business can concentrate on doing business: produce and compete with each other. This points to a road where, within the context of a continued market liberal regional order and a mostly market liberal global economy, the scope for real clashes of interest and of values will remain wide, and it is in fact here that we will continue to see the deepest changes. Politics may now be allowed to come into its own, either on the left or on some other current: as such we urgently need now nuanced concepts to take account of this interplay over time, and across countries and their particular circumstances.

Bibliography

Amaral, R. (2006) Ministro quer Bolsa Familia maior em 2o governo Lula, Reuters, 10/23/06.

Bloomberg (2006) *Brazil Cuts 2006 Social Security Deficit Forecast*, 7/21/06.

Castañeda, J. (1994), *Utopia Unarmed: the Latin American Left After the Cold War*. Vintage Books, New York.

Castañeda J. (2006) "Latin America's Left Turn"; *Foreign Affairs*, August 2006.

COHA (2005) The Lagos Legacy and Chile's Upcoming Elections, Press Release, 10/11/05. Washington, DC.

COHA (2006) Uruguay's Tabare Vazquez: Pink Tide or Political Voice of the Center? Press Release, 3/04/05. Washington, DC.

Dornbusch, R. and Edwards, S. (1991) *The Macroeconomics of Populism,* . in "The Macroeconomics of Populism in Latin America" R. Dornbusch and S. Edwards, (eds) University of Chicago Press. Chicago, Illinois.

ECLAC (2006a) *Estudio económico de América Latina y el Caribe 2005-2006* (estadística). Santiago, Chile: Economic Commission for Latin America and the Caribbean.

ECLAC (2006b) *Panorama social de América Latina y el Caribe*. Santiago, Chile: Economic Commission for Latin America and the Caribbean.

ECLAC (2006c) *Panorama de la inserción internacional de América Latina*. Santiago, Chile: Economic Commission for Latin America and the Caribbean.

EIU. (2006 and 2007) Argentina, Bolivia, Brazil, Chile, Uruguay and Venezuela Country Reports. Economist Intelligence Unit, London, UK.

Ellner, S. and Hellinger, D. ed. (2003) *Venezuelan Politics in the Chávez Era: Class, Polarization and Conflict*. Boulder and London: Lynne Rienner Publishers.

Fletcher, S. (2003) PDVSA workers oppose takeover of PDVSA by Chávez. *The Oil and Gas Journal*, vol 101. no. 3, pp. 29-31.

Gourevitch, P. (1989) *Politics in Hard Times: Comparative Responses to International Crisis*. Ithaca, NY: Cornell University Press.

Giacalone, R. (2006) La Comunidad Sudamericana de Naciones: ¿una alianza entre izquierda y empresarios? *Revista Nueva Sociedad*, vol. 202, pp. 74-87.

Gilligan, M. (1997) *Empowering Exporters.* Ann Harbor. MI: University of Michigan Press.

Hall, A. (2006) From Fome Zero to Bolsa Familia: Social Policies and Poverty Alleviation under Lula. *Journal of Latin American Studies*, vol. 38: 4, pp 689-710.

IMF (2006) Balance of Payments Statistics CD-Rom, Washington, DC: International Monetary Fund.

Jaguaribe, H. (2006) "Hasta ahora, Lula ha sido un Vargas retórico". (Interview with Helio Jaguaribe). Córdoba, Argentina, 3/31/06.

Kaufman, R. and Stallings, B. (1991)" The Political Economy of Latin American Populism", in R. Dornbusch and S. Edwards.(eds), *The Macroeconomics of Populism in Latin America*" University of Chicago Press. Chicago, Illinois.

Laclau, (2005) *Politics and Ideology in Marxist Theory: Capitalism, Fascism and Populism.* London, UK: Verso Publishers.

Panizza, F. (2005a) The Social Democratization of the Latin American Left, *Revista Europea de Estudios Latinoamericanos y del Caribe*, vol 79, pp. 95-104.

Panizza, F. (2005b) Unarmed Utopia Revisited: The Resurgence of Left-of-Centre Politics in Latin America, *Political Studies*, vol. 53, 716–734

Polanyi, K. (1944) *The Great Transformation: The Political Origins of Our Time*. Beacon Press, Ney York.

Ramirez Gallegos, F. (2006) Mucho más que dos izquierdas. *Revista Nueva Sociedad*, vol. 205, pp. 30-45.

Rawls, J. (1973*), A Theory of Justice*. Oxford University Press. Oxford, UK.

Santiso, J. (2006) *Latin America's Political Economy of the Possible: Beyond Good-Revolutionaries and Free-Marketeers.* Cambridge, MS and London: Massachussets Institute of Technology Press.

Touraine, A. (2006) Entre Bachelet y Morales: ¿existe una izquierda en América Latina? *Revista Nueva Sociedad*, vol 205, pp. 46-57.

Valor, 26/10/06, *A expansao dos gastos públicos*. (Maria Clara R. M. do Prado)

Vilas, C. (2005) La izquierda latinoamericana y el surgimiento de regímenes nacional-populares. *Revista Nueva Sociedad*, vol. 197, pp. 84-100.

Weintraub, S. (2002) Chile as a Template. *Issues in International Political Economy*. vol. 35. Washington, DC: Center for Strategic International Studies.

Weyland, K., (1999) Neoliberal Populism in Latin America and Eastern Europe, *Comparative Politics*, Vol. 31. no. 4, pp 379-401.