

Democracy, Political Parties and Globalization in Latin America

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Department of International Development
University of Oxford

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I – Introduction

The predominant view on Latin America within both academic and media circles today is that, over the past few years, there has been a general and strong movement towards the Left in several countries.

Evidence of that trend would be plentiful. The election of Presidents Hugo Chávez, in Venezuela; Luiz Inácio Lula da Silva, in Brazil; Néstor Kirchner, in Argentina; Tabaré Vázquez, in Uruguay; and, more recently, Evo Morales, in Bolivia, would all be part of one and essentially the same wave of left-leaning politicians.

According to this reasoning, the nineties was a decade marked by the triumph of the "Washington Consensus" in Latin America, and the current decade represents precisely a reaction to the alleged failure of the so-called "neo-liberal" economic policies. There is a strong and undeniable element of truth in that perception.

Reality, though, does not fit into a single newspaper headline. It is usually more complex. For the fact remains that, in Latin America, individual country circumstances and capabilities have resulted not in a common, but rather in different national responses to the challenges of our troubled times.

The purpose of my lecture today is therefore to try to shed some light on this widely disseminated perception that Latin America has turned Left as a bloc, as if all countries have been subjected, one by one, to the same inescapable tidal wave leading to a backlash against the excesses arguably committed in the name of the market economy not long ago.

II – The 90's. A decade of change in Latin America

Let me begin by putting current political developments into historical perspective. The eighties and, especially, the nineties were decades of accelerated change in Latin America. In the political sphere, military rule was replaced by democracy in virtually all countries in the region, raising hopes, true or false, of a better life for everyone.

From the very beginning, democracy was considered by Latin Americans as something more than a better political architecture. It was a system that would bring prosperity with it. In the economy, import-substitution models, with a strong presence of the State, had long been showing signs of exhaustion. Those models

could no longer be an engine for growth as they had been in the past. In fact, annual GDP growth in Latin America averaged 3.0 % and 2.9% respectively in the sixties and seventies, with a combined real growth of almost 80% during those twenty years.

This performance was not repeated afterwards. The eighties witnessed negative growth in the region. It was said to be the "lost decade" for Latin America.

By the time leaders such as Ronald Reagan and Margaret Thatcher emerged, by the time the West won the Cold War, a new international economic order had already become discernible.

Globalization was the name of that order, one that had very little, if anything, in common with the platform that had been advanced by developing countries in the sixties and seventies, within the framework of North-South talks. Globalization is not supposed to be more just.

Globalization is meant to be only a more efficient system for allocating means of production worldwide, and it called for increasingly unimpeded international flows of capitals, investment and goods.

Globalization itself, as a concept, has never been at the negotiating table. It was not the object of classical intergovernmental talks.

Agents of globalization are the markets and investors. Its drivers are expanded production scales, corporate strategy and the development of global consumption patterns.

Latin America was somehow trapped in the late eighties/early nineties. Most countries in the region were late converts and late comers to the globalization process.

This can be partially, and only partially, explained by the relative success of inward-oriented economic programs that had brought some measure of industrialization and growth in the sixties and seventies, but could no longer do the job in the nineties.

Latin American countries rushed to make up for lost time. They had to rush against the background of increased competition - particularly from Asia, from Eastern Europe, and from within Latin America - for productive investment coming from the OCDE economies. In order to attract foreign investment, Latin American nations were compelled to do their homework.

By the turn of the century, all of them had completed a vast agenda of reform that included, among others, the following points:

- Firstly, economies were opened and tariffs lowered, thereby causing the relative degree of protection in Latin American economies to decrease substantially. Local industries had to adjust rapidly and become more productive in order to face external competition. Along this process, probably millions

of unskilled workers were laid off across the region without any safety net protection. To the extent that these workers could not be absorbed by the dynamic sector of the economy - a modern sector of the economy was indeed created in several countries and in some cases thrived -, they were incorporated into a growing mass of unemployed persons living on the brink of society;

- A second topic on the economic reform agenda was privatization, especially of public utilities. The State-owned companies lacked the resources, both human and financial, needed to maintain basic infrastructure updated and with competitive prices;
- A third element of the reform process was fiscal adjustment. This has forced the State to shrink its aid programs and to concentrate its activities where it cannot be replaced, as the provider of basic services in the areas of health, education and housing.

Many analysts and politicians interpreted these first-generation reforms and the reorientation of State actions as something that was not highly needed, nor desirable on its own merits.

They saw reform as either the search, politically-motivated, for a "minimal State" inspired by "neo-liberal" ideals, or as an unwanted imposition from abroad, as implied by the very unfortunate name of "Washington Consensus" that was frequently (and wrongly) used to describe the components of the process in Latin America.

Having been one of the protagonists in the region during that period, I can say that there was much more realism and lucid choice than ideological bias in the implementation of the agenda for reform in Latin America.

Reform was and remains possibly the only way, whether we like it or not, to help countries in the region become integrated in the world economy, with any real chance of success.

In today's world, there is no alternative to integration. The expected outcome of the reform process was indeed a leaner State. But a State that, while leaner, was also more efficient and better equipped not only to provide services to the population, but also to offer a reliable regulatory framework within which companies, consumers and economic agents in general could operate freely, under clear and stable rules.

Stability and predictability of rules were not only a pre-requisite for attracting foreign investment. They were also what Governments in Latin America were seeking for themselves, for their own citizens, for their own companies.

Not all countries in Latin America have been successful in integrating themselves into the global economy. This was never an equal opportunity game. Conditions were dissimilar from the start.

Larger economies as well as those countries having invested more heavily in education or having gone more

deeply into structural adjustment stood a better chance.

Mexico, Brazil and Chile, for instance, were able to reap the promised fruits of globalization, having positioned themselves as modern and/or big economies. They received an enormous inflow of foreign investment, particularly from multinational corporations.

A group of medium-sized economies, including Argentina and Colombia, are at a halfway point. They can still make substantial progress and become more fully integrated into the world economy; but they can also go backwards. Their future will depend on the choices they make.

Finally, smaller and less advanced economies undoubtedly lost with globalization, especially in South America. I am referring to countries such as Peru, Bolivia, Ecuador, and Uruguay. This would probably be the case of Venezuela as well, were it not for the oil price bonanza of the past few years.

Central American countries, for their part, found their own way through all of this: they managed to negotiate preferential access conditions to the US market for their exports. That may be good enough for their smaller economies.

The legacy of the nineties in Latin America may be summarized as follows:

- The region was swept by economic reform. Growth, albeit a very small one, resumed. GDP increased 1.4% annually in the nineties as compared to a 0.3% decline in the eighties. Wealth has been unevenly shared both among Nations and within each Nation. Latin American economies have grown more dual, more unequal, with a higher level of unemployment, of informality, and of crime in increasingly deteriorated and untidy urban agglomerations. Many young people live in hopelessness;
- Democracy was restored in all countries in the region, and regional mechanisms for the promotion and protection of democratic institutions were set up. This was a positive step. There is no escaping the sentiment, however, that democracy remains fragile in several places;
- Possibly as a combination of the two previous elements, that is to say, economic reform and restored democracy, economic integration became a dominating feature of Inter-American relations. Regional, sub-regional and bilateral trade agreements were signed or given a new impulse. NAFTA and MERCOSUL were created in the nineties. So was the Community of Andean Nations. The negotiating process of the FTAA was also launched in the mid 90's and was scheduled to be complete by now. From an economic viewpoint, the nineties could very well be described as the decade of economic integration in Latin America. If not always a reality, integration was certainly a collective aspiration, one to be gradually and steadily implemented. Summitry became a routine in regional diplomacy. That was something new and welcome;
- In a nutshell, despite its ups and downs, the nineties presented a positive balance overall for Latin

America.

That legacy could have been a springboard for an even more favorable decade now if economic reform had not lost momentum, if democracy had been continuously strengthened and if economic integration had been further deepened. Unfortunately, that does not seem to be the case.

III – The Current Decade. Turning Left?

The current decade has seen new leadership in Latin America. Most of the new leaders in the region boast leftist credentials. Several of them used, during their electoral campaigns more than in power, inflammatory rhetoric. They have voiced anger.

Why has this attitude earned them success in the ballot box?

An interesting study on the state of democracy in Latin America released last year by the UNDP, the United Nations Development Program, offers some hints. Its main conclusion is that promises for a better life that democracy carried with it are still to come true for most Latin Americans.

Ladies and Gentlemen,

No one lives forever on unfulfilled promises, on thwarted hopes. That situation described by the UNDP report has given rise to a pervasive sentiment of revolt, of fatigue, of outrage in many parts of Latin America. That sentiment constitutes the breeding ground for real scenarios that may eventually pose a threat to democratic rule, to the continuation of reform, to the strengthening of institutions.

As I have already said, democracy has so far survived economic stagnation and has outlived institutional crises in Latin America over the past twenty years. And the military, having spread violence in the past, remain today in the barracks, with no plausible chance to make a comeback.

Currently, candidates for any major elected post in Latin American countries do not challenge democratic principles openly. Democracy has been formally preserved. But there is no denying it has been weakened lately.

The door has been opened to demagoguery, and to a kind of populism that is heavily tinged with nationalism. Political speech has dangerously shifted from rational discourse to the vagueness of grand rhetoric and empty phraseology. This is a risk to democracy that one underestimates at his own peril.

Let us not see Latin America, however, as a uniform political landscape. Differences probably matter more than commonalities in recent developments in the region. Hugo Chávez, Tabaré Vázquez, Néstor Kirchner, Luiz Inácio Lula da Silva, Evo Morales and Michelle Bachelet have origins as different as can be and have also very diverse personal backgrounds.

Let us take the case of Chile. This is a country that I know very well, as I lived there in the sixties as an exile, and the outgoing President Ricardo Lagos is a close friend of mine.

Chile is a good example of continuity of reform. It has been ruled by the same coalition of parties since General Pinochet was ousted from power. Recently-elected Michelle Bachelet is the fourth President elected by "concertación democrática", an alliance of chiefly Socialists and Christian Democrats.

These are solid and traditional parties in Chile. Together, they have been leading an almost silent revolution in a country that is probably the best success story in Latin America, combining economic growth under the rule of law, sensible policies and social programs, and the strengthening of democratic institutions.

The fact that Ms. Bachelet is a Socialist, as were also Salvador Allende and Ricardo Lagos, means only that traditional political parties still have a role to play in Latin American life if, as is the case with the Chilean Socialists, they can adapt themselves, if they take into account changes on how mass democracies operate presently, and if they deliver the services expected by the population.

Delivery capacity has nothing to do with Left and Right considerations. By contrast, Presidents Chávez of Venezuela and Tabaré Vázquez of Uruguay represent the failure of the old political establishment and party politics in their respective countries. They personify the answer to a population who has grown unhappy and suspicious of the same old faces in the same old parties.

Vásquez, for instance, is the first President in Uruguay, in almost a hundred years, not to have been elected by either the Colorado or the Blanco established parties, with the exception of the military rulers, who were not, of course, elected.

Chávez, for his part, is a military man. He has no real political party affiliation and has always presented himself as an outsider from the political establishment. If he has been lucky enough to be able to rely on high oil prices, at the same time he has found how tough it can be to govern without solid institutions.

We have had our fair share of outsiders in Brazil too. Fernando Collor in the nineties and Jânio Quadros in the sixties did not belong to any strong party. Both were elected on a campaign founded on heavy criticism of traditional politics and of fighting corruption. Both presented themselves as saviors of the country.

Both soon discovered, upon taking office, that they would have difficulty governing without making use of the very traditional institutions of representative democracy that they had criticized. Both did not complete their terms.

President Kirchner is an altogether different story. He is a Peronist in a country where most important politicians still claim to be the heirs of Juan Domingo Perón, a former President who died more than thirty years ago.

How loyalty to Perón translates into concrete Government programs is not evident. Peronism is far from meaning any coherent set of policies. President Carlos Menem was also a Peronist in the nineties, as was Eduardo Duhalde more recently. If anything, Peronists are not die-hard leftists.

In Argentina, it was a centenary political party, the "Unión Cívica Radical", which was eventually demoralized after the arrested tenure of President Fernando de la Rúa.

President Lula, in Brazil, is again a unique case. He comes from a strong and disciplined Party, the PT (or Workers' Party). Having outlined a clear power strategy, which has been severely handicapped by recent scandal allegations, the PT lacks both a Government program and managerial capacity.

Leftist ideology is an important ingredient at the level of speech and certain practices of the PT administration; pragmatism and realism prevail, however, in economic policy.

Finally, there is Evo Morales. In addition to being an outsider in politics, he has portrayed himself as a representative of the oppressed and poor indigenous populations of Bolivia.

This raises another very serious issue: that of the national identities in certain countries such as Bolivia, Ecuador, Peru, Guatemala or even Southern Mexico.

If national identities are far from being consolidated in those countries, what to say about democracy, about choosing Left or Right? Does this have any real meaning there?

Bolivian voters have chosen a leader of coca growers who has indigenous ancestry. They elected one of their own for the first time. This is the true meaning of the election of President Morales.

There seems to be, in a nutshell, more diversity than unity among Latin American leaders of the Left. Do not look for ideological consistency among them. Do not try to find coherence between discourse and practice.

Most of them have not been questioning the economic reform measures implemented by their predecessors, with the possible exception of Hugo Chávez. In some instances, as in my own country, the heavily attacked orthodoxy and austerity of economic policy have been deepened. Similarly, the Economy Minister of Uruguay has just disclosed the intention of his Government to negotiate a free trade agreement with the US, in isolation from its Mercosul partners.

What I see in Latin America is really less a movement towards the Left, which is however there for anyone to see, than a widespread dissatisfaction caused by two separate and yet interlinked reasons:

- The first and more obvious reason is insufficient economic growth. I will not deal with this question today;

- The second and less obvious reason is the systematic failure of traditional institutions of representative democracy not only to meet the demands of an increasingly informed and frustrated society, but also to close the gap between the poor and the rich in a region where it is alarmingly wide.

IV – The dilemmas of democracy in contemporary mass societies. The case of Latin America

Let me turn now to the dilemmas of democracy in contemporary mass societies and examine how they impact on Latin America today. There is a changed reality of democracy in the world today.

People are not satisfied any more with the mere formalities of democracy, however important they may be. People want more than the rituals of voting. They want more than abstract formulations. They want to be part of the process.

People are better informed than ever and experience a higher sense of political freedom. They want a greater say in public matters. They want to handle things with their own hands, for they mistrust the establishment.

That is why traditional forms of political representation are at a stalemate in mass democracies.

The voter does not identify himself solely with the ideas of any one political party. I have, by the way, written a recent article for Foreign Policy magazine dwelling on the challenges traditional political parties have to overcome if they are to continue playing a significant role.

Citizens today have multiple interests and identities. They may be, to use terminology better employed to describe class or ideological divides, workers or "bourgeois", belong to the Left or Right.

But equally or more relevant to them is their ethnic origin, their age group, their religious creed, their sexual orientation, their consumption patterns, their life stories.

Evo Morales defines himself primarily as a representative of the poor indigenous peoples of Bolivia. By the same token, Lula sees himself as a self-made man who was first a migrant from the poor Northeastern Brazil to wealthier São Paulo and, later on, a workers' leader who founded a political party. Social mobility is an important element of his life story and he wants to extend it to all Brazilians.

This array of loyalties allows for multiple and overlapping identities. Quite often, citizens want their specific interests to be advanced by non-governmental organizations that participate in the political process. Or they simply communicate directly with the authorities involved, or take to the streets in protest, or else express their opinions in newspapers or on websites.

All these forms of legitimate expression have a bearing on the shaping of public policy in a modern

democracy. The vote in the ballot box remains vital. But it has become part of a wider and more complex game.

The outcome of the democratic process is decisions or rules that reflect the give and take of conflicting interests and values. The more open and transparent the process, the more legitimate it is.

Maybe democratic governance is a more appropriate term than democracy to describe that process. What matters is not a fluid "will of all," but the participation of all concerned in the deliberation.

Ladies and Gentlemen,

Seen against this background, Latin America is again a diversified landscape where vibrant democracies co-exist with frail political systems.

In some countries, there are abundant signs of a serious crisis of democratic governance. By way of illustration, may I mention only Bolivia, Ecuador and Costa Rica. In all of them, formal democracy has been barely preserved over the past few years.

At the other extreme, I think I can mention my own country, Brazil. A society has been formed in Brazil that thinks and acts independently, irrespective of whoever holds political power. It is a society of urban masses with low and yet increasingly sophisticated consumption patterns.

It is an organized society that is used to exerting pressure, political pressure, to try to obtain whatever it wants. Pressure and legitimate lobbying are routine practices in Brazilian democracy. Ours is in brief an "open" society, unjust and yet an open society, marked by high levels of social mobility.

The dynamism of our open society calls for more efficient and less arrogant actions by the State. It calls for partnership where there was imposition, dialogue where there was a monologue, autonomy where there was bureaucratic centralism.

It demands flexibility, a spirit of constant negotiation, tolerance, respect. It requires diversity of vision. It can do without saviors who pride themselves on being the bearers of a messianic ideology.

Our society condemns corruption and would not condone any form of delusional explanations for acts of corruption. It is saturated with self-congratulatory and otherwise empty speech. Whoever does not take into account this change in Brazilian society will surely pay a high price in elections.

V – Conclusion. The Way Forward

Coming back now to the broader Latin American scene, one may wonder what is still missing to consolidate democracy once and for all in the region.

I have a very simple answer to that. Latin America needs to deepen the reform process of the nineties rather than to halt it.

Reform is an unfinished business in Latin America. It has been stopped at a midway point. It must go beyond economic policy (where there is still much room for improvement after all) and be extended to areas of the State that are closely associated with the smooth operation of institutions.

We have a State that has been only partly renovated. At best, dynamic economies and vibrant societies coexist, in the political sphere, with institutions that are archaic, methods that are old, practices that are dysfunctional. Delivery of adequate State services remains elusive.

At worst, corruption may be endemic and the State simply does not exist for all practical purposes. On this second wave of reforms, these are in my view the more relevant or more pressing points:

- Firstly and foremost, I see ample scope for political reform. I mean by that the creation of more efficient and more legitimate mechanisms by which people may channel their demands and voice their concerns, by which political parties and elected politicians may become more accountable for the actions they take on behalf of voters, by which Government officials may be exposed to a dialogue with taxpayers and citizens;
- Political reform will certainly demand more stringent criteria for the creation of political parties, higher degree of party discipline and coherence, fewer and better structured parties, smaller electoral districts allowing for the voter to establish a closer link with the politician of his/her choice. I think that stronger and more representative political parties will continue to be needed, if only as a counterpoint to demagogues and populists, to the so-called outsiders who respect no allegiance other than to their own ambition;
- Finally, political reform in Latin America will demand an expanded space for democratic deliberation, in which actors representing civil society directly will have a greater say. I am referring to NGOs, trade unions, industry associations, minorities, and so forth; Reform of justice would be the second point of the agenda for reform. The rule of law must be enforced. It should be as simple as that. It is not, however, in Latin America.

Where the judiciary exists and acts independently, it does not take decisions speedily. As the saying goes, justice delayed is justice denied. Only to illustrate the point, I will give you a personal example. Last week I received the proceeds from a case that I have finally won. My lawyers had initiated that particular case in 1982. I received the proceeds, not an astronomical amount by the way, 24 years afterwards, a lifetime.

In addition to the slowness of justice, vast segments of society do not have the financial means to take their cases to court. Justice is expensive. And the population feels helpless frequently, preferring not to make use of the justice, having to pay expensive lawyers only to wait several years for an outcome that is far from

certain in most cases. The perception that justice works "only for the rich" is common in Latin America. The frequent formalism and corporatism of Judiciary members contribute to reinforcing this negative perception of one of the three essential pillars of democracy.

The third element of the reform would be combat against corruption. There is little I can add to what is common knowledge about the issue. I am convinced that corruption is the chief cause for the growing undermining of Congress and public institutions in some countries in Latin America.

The fourth element is related to public security. Violence is widespread in Latin America, both in towns and in the countryside. More often than desirable, violence is practiced directly by the State, or with its connivance, or by its omission. The population feels not only unprotected. Sometimes it is police forces themselves that blackmail ordinary people. No society can survive fear. No society can believe in democracy when it feels threatened by the very authorities who are supposed to offer it protection.

Finally, the ideal of economic and political integration must be resurrected lest it disappears for lack of progress and tangible results.

The integration of economic spaces in Latin America is at a stalemate at the moment. Mercosul is a case in point. Integration in Latin America has been chiefly driven by economic considerations. It seems that political decisions are now taking precedence, representing, in my view, a risk of reversing what has already been accomplished.

If integration does not make sense on economic terms, citizens and/or business prefer not to go further down the road of integration. The negative votes cast in France and in the Netherlands on the referenda on the Constitution for the European Union is partly a reaction to the fear that Frenchmen and Dutchmen had of moving ahead politically without knowing clearly what the effects would be on their pockets at the end of the day.

It is time in my view to move ahead with economic and political integration in Latin America. They should go hand in hand.

Let me now come to my concluding remarks.

I remain optimist about Latin America. But I do not underestimate the challenges ahead. The way forward will take a lot of hard work and difficult choices. Economic reform was the easy part, so to say. Now we must implement reform in other areas of the State and change some ways we behave.

Progress is likely to be slower. Frustration may ensue. But this is what we have to do if we do want to continue taking a justified pride in our democracy. It is my belief and my hope that, if reform is given a new lease of life, Latin America will not move Right or Left. It will simply move forward.