ABSTRACT

The purpose of this article is to discuss the impact of the current economic crisis on development strategies in Latin America, and the ways in which redefinitions of the notion of development have transformed Latin American politics during the period of democratization. The article examines, specifically, the rise of the neoliberal movement in Latin America and its impact on policy-making, parties and electoral politics. It argues that in spite of the electoral inroads recently made by neoliberal parties, political organizations of the New Right remain weak, either because they are the product of unstable political coalitions with a slim chance of surviving electoral defeat, or because the renewal of populist parties has pre-empted the growth of neoliberal parties.

INTRODUCTION

In the 1980s Latin America witnessed a wave of democratization in the midst of the region's most severe economic crisis this century. Given the predominance of political theories that linked democracy to economic development, this trend took many Latin Americanists by surprise. Modernization theory, for example, accorded a strong correlation to democracy and socioeconomic development. Using a variety of socioeconomic indicators related to industrialization, urbanization and education, Lipset (1959) stressed the positive relationship between socioeconomic development and democracy, arguing that education and wealth led both to moderation and tolerance. Subsequent and more sophisticated quantitative research also stressed this positive relationship (Cutright, 1963; Cutright and Wiley, 1969; Bollen, 1979; and for a review of this literature, see

Dependency theory also tied democracy to economic prosperity although in contrast to the more optimistic outlook of modernization theory, dependentistas in the 1960s and 1970s argued that democracy was not viable in the midst of the widespread poverty and exploitation that characterized Latin America (Frank, 1969; Dos Santos, 1970).

In spite of this, democracy developed in Latin America at a time when poverty had not only persisted but had intensified. Puzzled by this, scholars focused their attention on the process of democratization, and an avalanche of studies reflecting a wide range of theoretical and methodological positions were published in the 1980s (O'Donnell et al., 1986; Baloyra, 1987; Malloy and Seligson, 1987; Drake and Silva, 1988; Diamond et al., 1989). In an effort to move away from economic reductionism some authors emphasized the significance of political variables in accounting for the transition. O'Donnell (1986), for instance, stressed the ideological shifts in favour of democracy as a result of the discredit of military governments, while Diamond and Linz (1989) emphasized the critical role of political leaders in establishing and consolidating democracy. Other authors, Huntington (1984) and Wiarda (1989–90, 1990) among them, revisited modernizationist arguments and saw the rise of democratic rule as the by-product of favourable international conditions (the pro-democratic stance of the United States, in particular) and of domestic socioeconomic progress that preceded the wave of democratization. The most critical analysts of the transition, including Petras (1986), voiced concerns and even scepticism about the democratic nature and stability of the newly-installed civilian regimes given the depth of the economic crisis. In short, for those who emphasized the significance of political variables, democracy was viable even in the midst of highly adverse economic conditions as long as the people — the élites in particular — remained committed to the democratic ideal. For those who linked the future of democracy to socioeconomic prosperity, whether modernizationists or Marxists, short of an economic recovery democracy was bound to face serious obstacles in Latin America.

Although this debate remains theoretically unsettled, the nature of the correlation between economic performance and democracy is only one part of the complex relationship between economics and politics. Thus, rather than examining the origins and fate of democracy in the light of a specific economic performance, this article discusses the impact of the current economic crisis on changing
notions of development, and the continuing struggles over the meaning of development in the context of Latin American democratization. More specifically, the article examines shifts in development ideologies from developmentalism to neoliberalism which took place in the 1980s, and the ways in which these changes have affected party and electoral politics in a newly-democratized Latin America. It is because development is so central to the notion of democracy, and because it is a concept charged with political meanings that it is worth examining the Latin American visions of development during the process of democratization. The field of development has traditionally been dominated by studies assessing the impact of development policies on specific economic sectors or social groups (e.g. the agrarian economy, peasants, women), while much less is known about the role of development ideologies in the political process.

The first part of the article briefly discusses different notions of development that have influenced Latin American politics in recent decades. This is followed by a discussion of the rise of neoliberalism in Latin America. Here I distinguish between neoliberal policy-making and neoliberal politics in an effort to unravel the specificity of the neoliberal movement in Latin America. The final part of the article examines the impact of changing notions of development on party and electoral politics.

**CHANGING NOTIONS OF DEVELOPMENT: FROM DEVELOPMENTALISM TO NEOLIBERALISM**

Since its inception in the social sciences, development has been a contested concept: no agreement has ever been reached on what it means and how we measure it (Barnett, 1989; Pieterse, 1991). Interestingly enough, it is the lack of consensus on its definition that has made development so central in framing political debates in Latin America since the 1950s. Thus, while developmentalist policies implemented in the 1960s under the auspices of the Alliance for Progress were nurtured by modernization theory, the revolutionary movements that erupted in the 1960s and 1970s were inspired by dependency theory. While the guise changed, shifting from reformist to revolutionary and vice versa, what remained consistent from the 1940s to the 1970s was the centrality of the state in the process of development: this was true for governments of both
Right and Left, civilian and military. Indeed, developmentalism, regardless of its ideological colouration, viewed the state as the main agent for economic, social and political progress. Consequently, governments played an active role in the economy, implementing their own versions of Keynesian economics as promoted by the United Nations Economic Commission for Latin America (ECLA).

In the 1950s ECLA economists began conceptualizing the problems of Latin American development in terms of biases in the international trade system. They argued that because Latin American economies had been historically subordinated to core countries they had failed to develop a strong internal market. Hence, the need to promote an inward model of development which emphasized import-substitution industrialization and which relied on an interventionist state. To achieve development, argued ECLA economists, domestic industries ought to be protected and redistributionist policies such as land reform implemented, in order to expand the internal market (for reviews of these ideas, see Klarén, 1986; Kay, 1989, 1991). Inspired by ECLA principles, Latin American governments promoted and subsidized import-substitution industrialization, invested heavily in infrastructure, and pursued agrarian reforms of sorts.

It is beyond the scope of this article to discuss the specific policies that were implemented in Latin America as part of the developmentalist efforts. What can be said, however, is that the policies adopted in each country depended upon the nature of its economy and the internal balance of power. Moreover, the policies adopted encouraged certain kinds of political coalitions in support of the regime in place. This led to considerable diversity in terms of specific developmentalist strategies. While populist regimes were distributionist and fostered a politics of compromise between business, labour and the state, bureaucratic-authoritarian (B–A) regimes (Brazil being the paramount example) were highly exclusionary, favouring large business and high-level civilian and military bureaucrats at the expense of popular sectors (O'Donnell, 1973).

The mixed outcomes of the developmentalist policies informed by ECLA are well-known today: highly subsidized and import-dependent industrialization, economic growth and expansion of the internal market in the early phases of import-substitution industrialization, growth of the middle class, sporadic popular revolts demanding further incorporation, authoritarian responses at times to contain social unrest (the case of the B–A regime in the
Southern Cone countries for instance), a mounting foreign debt and persistent economic dependency. Some of these problems were by no means new in the 1980s; they were evident in the early 1960s and soon became the target of criticism. Indeed, it was dissatisfaction with the inward-looking perspective of ECLA and not just with the core-centric views of modernization that prompted the formulation of dependency theory.

With a distinctive Marxist orientation, dependency theorists endorsed major structural reforms and the de-linking of Latin American economies from exploitative world trade patterns (Frank, 1969; Furtado, 1970). Unlike modernization theory, which viewed development as the outcome of values and institutions favourable to entrepreneurship, or the ECLA approach which saw it in terms of internal growth once the right policies were implemented, dependency theorists endorsed (explicitly or implicitly) a socialist model of development that broke away from a capitalist-dominated international system. Consequently, dependency theory quickly moved both the theory and practice of development to the left of the political spectrum.

Dependency theory, however, did not remain static through the 1960s and 1970s; neither was it a homogeneous body of literature. By the early 1970s it had acquired new twists as the dependency approach underwent important transformations. Cardoso (1973), refining his earlier views, argued that stagnation was not the only possible outcome of dependent development. On the contrary, some development (associated-dependent development) was possible within the confines of international capitalism. Specifically, he argued that foreign investment in manufacturing could generate some growth and dynamism in the local economy, which could in turn improve the standard of living of middle and upper income groups as well as the overall supply and demand of consumer goods. Within this new theoretical framework development was neither the result of reproducing in the periphery a comprehensive process of development as had occurred in advanced capitalist economies, nor was it the product of de-linking Latin American economies from the international system. Instead, development could occur, at least partially, within the structures of international capitalism. To acknowledge this, argued Cardoso, was important in order to adequately assess the nature of the new authoritarianism (bureaucratic-authoritarianism) that swept the Southern Cone of Latin America in the 1960s and 1970s, and the possibilities for democratic
transition and consolidation in the 1980s. Yet the problem, and Cardoso failed to address this, was that the debt burden and the collapse of export-commodity prices made social mobility increasingly difficult in Latin America in the 1980s. Needless to say that oil shocks, the recession in advanced economies and higher interest rates in creditor nations in the 1970s also proved disastrous for Latin America.

It was the convergence of the negative economic effects of developmentalism and the recession of the mid-1970s that led to a dramatic shift in development thinking throughout Latin America by the mid-1980s (Chile was the exception, as the neoliberal trend began here in the 1970s under the military regime). Instead of putting the blame on international capitalism as dependency theory had done, or on the cultural values which hindered entrepreneurship as modernization theory had proposed, the state (more concretely, big, inefficient, corrupt and indebted governments) increasingly became the target of criticism. Thus in the 1980s pro-market statements came from different quarters: agencies like the International Monetary Fund (IMF), foreign governments, a growing number of Latin American economists and intellectuals and some segments of the business class.

In the midst of a rapid economic decline and the exacerbated poverty resulting from the economic crisis, neoliberalism — the emphasis on the market as the optimal space for the production and distribution of wealth and as the optimal vehicle for social mobility — became increasingly important as a discourse of modernity in Latin America. In addition to pressure from international agencies to privatize and liberalize the Latin American economies, think tanks and research groups flourished throughout the region in an effort to publicize neoliberal views. The Peruvian Institute for Freedom and Democracy (ILD) led by Hernando de Soto, author of the best-seller *The Other Path* (1989), symbolized this trend well. The message was loud and clear: the market must be freed from the constraints imposed by highly inefficient governments. Like their counterparts elsewhere, Latin American neoliberals equated less government intervention with more individual freedom and greater economic prosperity.

The Peruvian novelist and former presidential candidate Mario Vargas Llosa expressed the new development thinking as follows:
What is really new is that perhaps for the first time, here and there in Latin America, in the midst of the great economic crisis that confronts us, and perhaps as a consequence of it, encouraging signs of pragmatism and modernity have appeared. With few exceptions . . . hardly any governments dare to persist in the 'Cepalist' and keynesian model of the fifties and sixties that still causes such havoc. And a renewed liberalism, in the classical meaning of the term, is opening up a path through the whole continent. It is a salutary response to the models of 'development from within' and the famous politics of 'substitution' of imports of lamented memory. (Vargas Llosa, 1991: 23)

This passage nicely captures the assessment of contemporary Latin American society that lies at the heart of Latin American neoliberalism: first, that the economic crisis served to unravel the problems inherent in developmentalism, and second, the notion that a renewed liberalism was a good sign of pragmatism and modernity. In other words, for neoliberals developmentalism had hampered development, and only a free-market economy guaranteed the road to prosperity. For them, the main problem of Latin America was not dependency but the burden of an inefficient and corrupt state that prevented growth and modernization (see de Soto, 1989; Vargas Llosa, 1991). As the economic crisis deepened and external pressures to deal with the debt problem increased in the early 1980s, a number of Latin American governments began, willingly or unwillingly, to adopt neoliberal programmes. Political parties and political movements began proclaiming allegiance to the neoliberal ideal. In every case, a neoliberal ideology came to challenge (and in part replace) old views of development centred around the notion of an economically powerful state.

By the late 1980s state-led developmentalism had suffered a major blow. This was expressed economically in the adoption of adjustment measures such as trade liberalization, devaluations and wage freezes, designed to improve trade balances and reduce budget deficits to meet foreign debt obligations (Canak, 1989). Within a context of strengthened market forces and private enterprise, these changes transformed both the organization of most Latin American economies and the structure of opportunity for most segments of society (Ghai and Hewitt de Alcántara, 1990). It might be mentioned in passing that with the exception of those who established links with the international economy — whether through the export sector, private savings or migration — the economic adjustments proved catastrophic. The combined effect of inflation and
devaluation made it impossible for the average citizen to even maintain his/her original standard of living.

Politically, the changes were significant and diverse. For example, adjustment measures dramatically changed the pattern of state-class relations. Forced to manage a deep economic crisis with limited resources, governments of different ideological orientations found it increasingly difficult to deliver goods and services and to moderate social conflicts; hence the rise in popular unrest in the 1980s (Walton, 1989). At the party level there were also significant changes, with some populist parties like the Institutional Revolutionary Party (PRI) of Mexico, influenced by the party technocracy, adopting a neoliberal agenda. A sudden surge of popularity swept through neoliberal parties and political movements such as Mexico's National Action Party (PAN), traditionally a small right-wing party with strongholds in Northern Mexico, and the Democratic Front (FREDEMO), a coalition of parties in Peru which nominated Mario Vargas Llosa as presidential candidate for the 1990 elections.

**NEOLIBERALISM IN LATIN AMERICA: POLICIES OR POLITICS?**

In the mid-1970s, during the early stages of the prolonged economic crisis that still affects Latin America, individual countries found themselves in a difficult position. Widespread discontent with authoritarian regimes prevailed throughout the region, yet there was little agreement as to what kind of economic programme should be implemented once the military left office. Moreover, with the worsening of the economic situation in the early 1980s, newly-established civilian governments found themselves with few resources to confront a powerful community of international creditors determined to collect their debts. Thus, military governments as well as their civilian successors endorsed versions of the IMF adjustment programme, which stressed domestic mismanagement as the cause of payment problems and domestic adjustment (reduction of government expenditures, curtailment of public subsidies, devaluations and trade liberalization) as a way out of the crisis (Pastor, 1987).

By the end of 1983, about a year after Mexico's threatened default, seventeen Latin American and Caribbean countries had entered into adjustment agreements with the IMF: ten countries had
signed stand-by agreements and seven had signed agreements under the Extended Fund Facility. Yet, as Ground (1986) argues, many governments were still reluctant to sign agreements that were not fully to their liking. IMF adjustments were particularly troublesome because they concentrated on domestic policies (belt-tightening) with little regard for the adverse international conditions that could undermine the success of domestic efforts. Additionally, many of the IMF measures curtailed state power, which carried obvious political costs. In the first half of the 1980s, many Latin American governments found themselves signing agreements that were, for the most part, not to their liking.

The responses of the various governments to the crisis and to the IMF differed. Some, like Mexico’s de la Madrid administration, sought to comply with external commitments and embrace foreign prescriptions, while others, like Peruvian president Alan Garcia, took a critical stance toward the international banking community by projecting and promoting nationalist and populist sentiments. Regardless of the specific response to the IMF, however, most Latin American governments were trapped in a difficult situation. The recovery that was expected to arrive after adjustment policies were in place did not materialize, apart from a small recovery in 1983–4, the international banking system did not respond favourably to the adjustments made by Latin American governments and interest rates in the creditor nations remained high (Feinberg, 1988). Instead of prosperity, Latin America witnessed further economic decline and impoverishment as a result of the externally-enforced adjustment programmes implemented in the early 1980s (Ghai and Hewitt de Alcántara, 1990). This no doubt represented a major blow for the technocratic approach to the debt crisis promoted by the IMF, which assumed that all it took to overcome the economic crisis was the decisive action of governments to liberalize their economies.

By and large, civilian governments were torn between the need to meet international pressures and the domestic demands for economic improvements; between engaging in highly exclusionary technocratic politics or in societal-based democratic politics. Indeed, the analytical distinction between technocratic neoliberal policymaking and democratic politics is important in order to understand the complexities and contradictions of neoliberalism in Latin America. On the one hand, the association of neoliberalism with highly unpopular IMF economic policy was likely to have a negative impact on the neoliberal movement; on the other hand, a
technocratic approach to neoliberal reforms was antagonistic to a broadly-based democratic project (Conaghan, 1989a, b).

While adjustment programmes failed to bring about economic recovery, development discourse acquired new twists in Latin America. The notion that the market, not the state, was the source of wealth and welfare began to be carefully articulated; this time not by government bureaucrats or international technocrats, but by local intellectuals and politicians. An important attempt to weaken the legitimacy of the patronage state and promote a neoliberal agenda beyond the sphere of policy-making was the publication of Hernando de Soto's *The Other Path* (1989). This was an eloquent presentation of an anti-statist, neoliberal vision with a potential populist appeal based on the specific social conditions of Peru. De Soto's anti-statism was rooted in a critique of the inefficient state, inefficient not just for the rich but also for the poor who constantly defy the bureaucratic authority of the state by taking illegal possession of land, by failing to pay taxes or to register their businesses. Emphasizing the creativity of these 'informals' (generally the self-employed poor), de Soto sought to highlight the inefficiency of state management and therefore the need to limit state power. Given the popular rejection of IMF-prescribed neoliberal policies as illustrated by the riots that ensued in various countries throughout the 1980s, de Soto's manifesto provided an important intellectual impulse for neoliberalism as an informing ideology of the New Right. This was a discursive strategy aimed not simply at proposing policy prescriptions, but also at reconstructing political identities with a neoliberal reference. *The Other Path* was the most elaborate attempt to link neoliberal ideas (pro-market, anti-big government) to the conditions of the capitalist periphery with its emphasis on the independent entrepreneur (the 'informals') as the social basis of a neoliberal transformation (see Durand, 1990, for a detailed analysis of the Peruvian experience).

The attempt to introduce neoliberal ideas into the discursive practices of Latin America had a major impact on the political process as Latin American countries began electing civilian governments. In particular, it helped extend the debate on neoliberalism from the technocratic to the electoral arena. This was important because neoliberal policies had initially been imposed from the top down, through the policy-making process, with little regard for popular needs and aspirations. Conceived as a broadly-based political project, however, neoliberalism was not simply restricted to a set of
policy prescriptions aimed at solving macro-economic problems, but had a more comprehensive, societal-based, ideological component rooted in the notion that the market was superior to the government in the production and allocation of wealth. This project, to which I return in the next section, was adopted by various political parties which competed electorally in several Latin American countries in the late 1980s.

In brief, it could be said that the combined effect of neoliberal policies and neoliberal manifestos such as that of de Soto, helped transform Latin American politics in the 1980s. Populist parties which were in power were forced to implement neoliberal policies alien to their own traditions — the PRI in Mexico, the Peronists in Argentina and Democratic Action in Venezuela are all examples. These policies, in turn, helped weaken populist-corporatist ties, for instance with labour. At the same time, the rise of neoliberal ideas encouraged the formation and/or growth of neoliberal right-wing political organizations such as the PAN in Mexico and FREDEMO in Peru, which had lacked influence in Latin American politics. Within this new ideological framework the market became a major reference point in economic discussions, while individual freedom to pursue wealth and happiness became a sort of new utopia. Yet, in spite of international pressures to implement neoliberal reforms and the worldwide neoliberal mood led by Great Britain and the United States, the Latin American New Right faced major obstacles in its efforts to rise to power in the 1980s. This, I will argue, was due in good measure to the weakness of right-wing parties and the adoption of neoliberal programmes by powerful populist parties.

ELECTORAL POLITICS AND THE NEW RIGHT

As the 1980s wore on with a worsening of the economic crisis and the disastrous social consequences of economic adjustment, party and electoral politics acquired new twists in a newly-democratized Latin America. On the one hand, old populist parties like the PRI in Mexico and the Peronists in Argentina sought to project a recently adopted neoliberal ideology. On the other hand, political organizations which more naturally embraced a neoliberal platform (the PAN in Mexico, FREDEMO in Peru) made electoral inroads. Whether reformed-populists or true neoliberals, they all claimed
that future progress was contingent upon a switch to a market-oriented economy, a reduced role for government in economic activities, and the opening of the economy to international trade. Yet, the question of who adopted and implemented the neoliberal programme (the reformed-populists or the neoliberals) was important in shaping political relations in specific Latin American countries. In assessing the rise of an electoral right (the New Right) in Latin America, two important factors to be considered are the ability of populist parties to transform themselves by adopting a neoliberal orientation, thus pre-empting the growth of neoliberal parties, and the success or failure of the New Right to organize politically.

In countries such as Mexico and Argentina with strong populist parties, governing in the midst of the economic crisis was a major challenge. The economic adjustments insisted upon by the international financial community implied, to a great extent, undoing corporatist arrangements that had previously facilitated the incorporation of lower-income groups. In Mexico, for instance, seeking to reduce the demand-load on the state, the de la Madrid and Salinas administrations not only accepted and implemented neoliberal economic reforms, but also confronted powerful union bosses. President de la Madrid's policies of economic restructuring (endorsed and later pursued by President Salinas) sought to further integrate Mexico into the competitive arena of the world market. Their policies emphasized export-led industrialization, trade liberalization, and a reliance on market mechanisms rather than government protectionism (Valdés, 1989). These policies required weaker unions as a sort of precondition to the proposed economic reforms, necessitating the assaults on organized labour (Roxborough, 1989).

As a major architect of the economic policies implemented during the de la Madrid administration, Salinas's hand-picked candidacy in 1988 became a source of controversy within the PRI. Indeed, the combined effect of the economic crisis and the increasing power of the neoliberal technocracy within the PRI precipitated the split of the party in 1988. Led by Cuauhtémoc Cárdenas, a group of PRI militants left the party demanding more commitment to reformism and party democratization. In the 1988 elections Cárdenas ran as presidential candidate under the National Democratic Front (FDN) ticket, receiving a formidable 31 per cent of the votes (Fox, 1989).

The 1988 elections provided an interesting opportunity to weigh the power of various political forces in Mexican society. The PRI
with Salinas as presidential candidate was unable to deliver its traditional populist message. Devoid of its old meaning, the party had to rely more explicitly on coercive mechanisms and technocratic devices to secure electoral success: accusations of fraud were widespread. Secondly, the right-wing National Action Party (PAN), which had made important inroads in the 1983 and 1985 local elections, and was expected to do well in the 1988 national elections, failed to achieve widespread support, gaining only 17 per cent of the votes cast. Thirdly, the split in the PRI created an option to the left which was rooted in the historic (nationalistic and reformist) project of the PRI. Accusations of fraud surrounding the elections make it difficult to determine the true outcome, but official results show the depth of the populist tradition in Mexico, with the newly-formed FDN obtaining 31 per cent of the votes. It is worth noting that the emergence of an alternative to the left of the PRI prevented both the polarization of the electorate between the PRI and the right-wing PAN, and a rapid growth of the Right: once the FDN took over the traditional position of the PRI, a majority of the Mexican electorate split over the centre-left.

It may be correct to argue, as Kaufman (1989) does, that the political hegemony of the PRI ended in 1988. Nevertheless, it is also fair to say that the PRI has historically shown a great capacity to transform itself in order to meet new challenges. This was clearly the case in the 1980s when the party, forced to respond to the debt crisis, adopted a neoliberal programme. The change became evident after the last attempt of the government to directly control the economy through the nationalization of the banks in 1982 — a measure which gained the PRI many enemies within the business community (Loaeza, 1990). Yet this neoliberal turn only became possible once a technocratic faction committed to a neoliberal agenda had gained power over the traditional political cadres of the PRI who were committed to state interventionism (Kaufman, 1989). By reasserting its influence over business once the de la Madrid administration had committed itself to liberalizing the economy (Loaeza, 1990), the PRI largely succeeded in pre-empting the growth of the neoliberal right-wing PAN, which had profited from the strained relationship between business and the ruling PRI in the early 1980s. As already indicated, the 1988 election proved more beneficial to the reformist Left than to the neoliberal Right: whether this is a stable trend or simply a temporary realignment remains to be seen.

In Argentina, the 1989 elections also presented an opportunity to
assess the relative power of the New Right. On the evidence of pre-
election polls the neoliberal Centrist Democratic Union (UCD) was
expected to do well, particularly in the capital city. Instead, it
managed to capture only 7 per cent of the votes nationwide. The
Peronist Party gained a majority of the votes, over the neoliberal
UCD and the governing Radical Party. It is worth noting that during
the mid-1980s the government of Raúl Alfonsín had been under fire
from labour unions, which managed to organize over a dozen
general strikes (Palomino, 1987). Hopes for reformism were there-
fore crucial in bringing Peronist candidate Carlos Menem to office
in 1989. But rather than committing himself to populism, Menem
put forward a neoliberal agenda, particularly in the form of privat-
ization of state-owned enterprises. Here he gained the support of
some prominent UCD leaders, who suddenly gained ascendancy in
the Peronist administration at the expense of unity within the UCD.

This caused internal rivalry within the UCD between those who
endorsed collaboration (leaders with closer ties to the Argentine
élite) and those more anti-élitist segments of the party who favoured
the promotion of neoliberal ideas across society (Gibson, 1990).
What became evident in the aftermath of the 1989 elections was not
only that the UCD had done poorly, but that UCD leaders were
unlikely to make significant progress toward the consolidation of
the party in the foreseeable future.

In Peru, there was an important attempt at political organization
by the neoliberal Right. Several factors contributed to the rise of
neoliberal politics at the time of the 1990 Peruvian elections: the
bankruptcy of military-led populism (1968-75), the dubious com-
mitment of Fernando Belaúnde to neoliberalism (1980-5), the
populist style of Alan García (1985-90), the gains made by the
United Leftist Front in local and congressional elections in the
mid-1980s, and the radicalization of the Shining Path. The Freedom
Movement, led by Mario Vargas Llosa, stressed the efficiency of the
market over the state in the production and allocation of wealth. Its
leaders, however, were aware of the political weaknesses of the
newly formed Movement, and sought to establish a coalition with
the Popular Action Party and other small parties of the centre–right
in order to compete electorally in 1990. The coalition produced the
Democratic Front (FREDEMO), which profited from the support
of prestigious intellectuals like Vargas Llosa and the eloquent
statements of Hernando de Soto. For the first time, a coalition of
business, middle class and intellectuals was forged in Latin America
for the pursuit of the highest public office around a neoliberal project.

The 1990 Peruvian elections became a referendum on the New Right's vision of development. The emphasis on the market over the state, liberalization over regulation, and order over social chaos characterized the Vargas Llosa project, which was defined as truly capitalist. The leaders rejected what they called rentism or mercantile capitalism, which they argued had predominated in Latin America in lieu of genuine capitalism. Mercantile capitalism, argued de Soto (1989) and Vargas Llosa (1991), served to protect monopolies and promote economic inefficiencies since it was based on agreements between political élites and influential business groups. Genuine capitalism, in contrast, was liberal; it relied on private property, a competitive market and individual initiative. It was this, they claimed, that would allow Latin America to overcome poverty and underdevelopment.

In the run-up to the elections, two factors weakened the electoral power of the centre-left increasing Vargas Llosa's chances: APRA's poor performance in government (1985–90) and the split of the Marxist left over issues of leadership (Rospigliosi, 1990). Despite receiving the highest percentage of votes (27.6%) in the first round elections held on 8 April 1990, however, FREDEMO was unable to gain an absolute majority. Surprisingly, the candidate who came in second was the politically unknown Alberto Fujimori who received 24.6% of the vote running for his newly-formed organization, Change 90. In the run-off elections held on 10 June 1990, Fujimori increased his share to 56.5% of the vote. It is clear that coalition politics played a crucial role in these elections. By opposing Vargas Llosa's neoliberal programme, Fujimori gained the support of the centre-left and of the poorer segments of society whose political allegiance was with APRA or the Left. Ironically, once in office, Fujimori implemented many of the neoliberal economic policies he had criticized in the campaign.

Despite Vargas Llosa's initial good showing in the elections, the prospects of the New Right in the post-election period looked bleak. Splits within the Freedom Movement, the disintegration of the loose party coalition that made FREDEMO possible, and the inclusion of neoliberal advocates like de Soto in the Fujimori administration, suggested the difficulties that lay ahead in consolidating a neoliberal party.

In Brazil, the rise of a neoliberal project was linked to the
candidacy of Fernando Collor de Mello. Up until the 1989 elections, Brazilian governments — whether military or civilian — had done little to weaken the powerful state. In his campaign, Collor combined a neoliberal message (privatization and the opening of the Brazilian market) with attacks on alleged corruption of the Sarney government. In the run-off elections held on 17 December 1989, he faced a leftist contender, Ignacio (Lula) da Silva, who proposed a moratorium of Brazil’s commercial bank debt along with a corporatist model to improve the standard of living of the working people. To his advantage, Collor did not have to run against a powerful reformed-populist party as neoliberals had to do in Mexico and Argentina. Instead, Collor ran against a candidate with a clearly-stated leftist programme who was feared by non-leftist forces. Thus, running an attractive campaign with populist overtones, Collor easily defeated Lula in the run-off elections (Shidlo, 1990). In a country like Brazil, with a weak and volatile party system, the victory of Collor relied more on his own personality than on the strength of his political party: in fact, Collor’s National Reconstruction Party (PRN) had been formed shortly before the electoral campaign started, and Collor himself had previously been affiliated with different parties.

In the Chilean elections of 1989, the issues at stake were less striking than in the Brazilian contest. The Concert of Parties for Democracy, a coalition led by the Christian Democrats, called for a number of political reforms and hoped to undo the authoritarian legacy of sixteen years of dictatorship (1973-89). On economic matters, however, the pro-democratic coalition largely endorsed the neoliberal programme in place, which emphasized the market over the state as the site of wealth production and distribution (Silva, 1991). Given the anti-democratic record of the Pinochet regime it was likely that the opposition would win the elections. What was striking, however, was the extent of electoral support gathered by those associated with Pinochet. Endorsed by two small right-wing parties — the National Renewal (RN) and the Independent Democratic Union (UDI) — Hernán Büchi, former Finance Minister under Pinochet, made an impressive showing with 29.4 per cent of the votes cast (Angell, 1990). Whether support for Büchi was indicative of support for military rule or for economic neoliberalism is unclear. Yet since political realignments are likely to occur in the 1990s, debates about development, including assessments of the legacy and future of neoliberalism in Chilean society, can be
expected to occupy centre-stage in Chilean politics in the years to come.

While each case is in some way unique, the Brazilian, Chilean and Peruvian elections show some important similarities. In these three countries the New Right made important electoral inroads in the late 1980s and early 1990s with the victory of Collor in Brazil, the strong showing of FREDEMO in Peru and of Hernán Büchi in Chile. Yet, despite the electoral gains, neoliberals in Latin America lacked well-established party structures. In Brazil, the victory of Collor de Mello was linked more to his personality than to a powerful party. In Peru, the Freedom Movement had practically no political following and had to rely on the support of other centre-right parties. In Chile, Büchi was nominated by a coalition of two small parties neither of which had serious influence in Chilean politics. Although it could be argued, in the light of the Fujimori and Collor victories, that a consolidated party is not a prerequisite for winning elections in Latin America, I would suggest that it may be difficult for the New Right to succeed politically if it lacks well-established party structures capable of mobilizing the electorate on a variety of issues, not just the economy. This is particularly true for countries which already have consolidated party systems and ideologically distinctive political parties, such as Mexico, Argentina or Chile, where party allegiance remains important.

The lack of well-established and electorally strong right-wing parties in Latin America is a complex phenomenon with many contributing factors. Briefly, let me mention two: the reliance of the Right on military rule whenever civilian regimes face troubles; and the weak liberal tradition which has hindered the formation of parties ideologically committed to market principles. It is then no surprise that the rise of neoliberal parties to power proved easier in advanced capitalist societies with well-established right-wing parties and a strong liberal tradition, than in Latin America.

CONCLUSION

There is scope for much more research on the economic and political transformations under way in Latin America. This article has examined three issues that seem to be crucial in understanding the political changes currently shaping the region: the shift in development thinking from developmentalism to neoliberalism; the
metamorphosis of populist parties that adopted neoliberal orientations in their efforts to respond to macro-economic problems; and the electoral performance of parties of the New Right.

It is clear that neoliberal politics has not evolved smoothly in Latin America. On the contrary, it has faced major obstacles since its inception in the 1980s. Neoliberals have had to forge new political organizations in their efforts to promote their ideals and to compete electorally. Although these organizations made significant electoral inroads in the late 1980s, they remained weak and failed for the most part to win elections, either because they became involved in unstable party coalitions (the case of FREDEMO for instance), or because populist parties adopted neoliberal policies, thus preempting the growth of neoliberal parties (as happened in Mexico and Argentina).

The neoliberal Right in Latin America also suffered from the fact that policies traditionally associated with neoliberal economics (e.g. a reduced role for the government in the economy, price liberalization, lower tariffs) were first implemented from the top down, as a response to IMF requirements, and not as the result of domestic consensus. More importantly, rather than promoting economic prosperity, the implementation of these measures was associated with the continuing decline in the standard of living experienced by many Latin Americans in the 1980s. Finally, a discourse that essentially emphasizes the virtues of the market while vilifying the state, was almost bound to face troubles in a region where the state (with all its problems and limitations) has historically been the source of hope for material improvement for many, rich and poor alike (Veliz, 1980).

As Latin America enters the 1990s with a persistent debt problem and with electoral politics growing in importance, intriguing questions concerning the course of political development remain. It will be important to monitor the success of the neoliberal Right in transforming political identities and public policies which were historically forged around the notion of state interventionism and developmentalism. Within this context, debates on development, the role of the state and the market, have only increased in significance, for the need for economic recovery will remain central in political debates in Latin America throughout the 1990s.

The current worldwide hegemony of neoliberal ideas makes it likely that Latin American governments, regardless of their political orientations, will continue to implement neoliberal policies of sorts,
Electoral Politics in Latin America

particularly further privatization and lower tariffs. Yet, limiting the role of the state to the destatization project may prove highly problematic in the long run. Economically, such a project is likely to widen the gap in living standards and working conditions between the rich and the poor, and between the formal and the informal economy. Politically, it poses threats to the stability of democracy insofar as governments fail to adequately respond to growing social demands. Ideally, under the present conditions the Latin American state could play a more effective role in promoting development by combining efforts to consolidate more efficient market economies with greater social responsibility toward the citizenry. How to define and implement such a project — in other words, how to elaborate a new model of development that could become a credible alternative to neoliberalism — is an important topic, but one which is well beyond the scope of this article.

REFERENCES


Rosario Espinal is Assistant Professor of Sociology at Temple University, Philadelphia, PA 19122, USA. She is currently working on Latin American democratization and has published widely on Dominican politics. Before joining the faculty at Temple University, she was a Faculty Fellow at the Kellogg Institute, University of Notre Dame and a Guest Fellow at the Latin American Centre, Oxford University.