Colonial Latin America

Peter Bakewell

The colonial period in Latin America lasted just over 300 years and would be impossible to describe even broadly in a few pages. So this chapter does not try to give a summary of events in colonial times. Rather, it aims to examine two broad themes: (1) What, in a quite practical way, is meant by "colonialism" in Latin America in the 1500s, 1600s, and 1700s? (2) What features and influences of colonial times have carried over into, and helped to form, the Latin America of today?

Conquest and Settlement

Let's begin with some basic dates and geographical data. The colonial period of Latin America began when Columbus sailed across the Atlantic from Spain in 1492 and claimed the lands he touched for Spain. They were, on that first voyage of 1492–1493, the islands of Cuba and, as the Spaniards came to call it, Hispaniola (now divided between the Dominican Republic and Haiti). It is illogical to say that Columbus "discovered" the Americas because obviously the true discoverers were the people who first entered and settled them. And people from Asia had done those things many tens of thousands of years before Columbus arrived, becoming in the course of time what are now referred to as native Americans. From the point of view of Spain and Europe in general, however, Columbus did find the Americas, and more importantly, his "discovery" led to the establishment of a permanent link between the two sides of the Atlantic—something that the Norse expeditions to North America from Greenland, around AD 1000, had failed to do.

As soon as Columbus reported the existence of Cuba and Hispaniola to the Spanish crown, Spain claimed the right to settle and govern those islands and other lands that might be found in the same direction. The pope of the day, Alexander VI, who was a Spaniard, confirmed the claim. His confirmation was sought because, as the chief representative of God on earth, he was the highest authority in the world known to Christian rulers. In any case, no other European state, with the possible exception of Portugal, was strong enough to challenge Spain's claim to possess and govern the lands Columbus had found.

The Portuguese had been exploring westward and southward in the Atlantic for many decades before 1492 and were understandably disturbed by Spain's claim to all land on the west side of the Atlantic. Conflict was averted, however, by an agreement (the Treaty of Tordesillas) drawn up in 1494 that divided the tasks of exploring and settling the world between the two countries. To the west of an imaginary north-south line in the Atlantic, Spain should explore and settle, and to the east of that line, Portugal should do so. Although unanticipated at the time, that agreement would give Portugal a large section of eastern South America since, as defined in the treaty, the line passed down through the mouth of the Amazon, leaving the coastline again at about 30 degrees south latitude. Hence, the eastern bulge of South America, once it was discovered in 1500, became Portuguese territory, forming the basis of modern Brazil.

The colonial history of Spanish America, having begun in 1492 with Columbus, ended in the years 1810–1825 as the various Spanish colonies in the Americas, with two exceptions, fought for and gained their independence. The exceptions were Cuba and Puerto Rico, which did not become free of Spain until 1898. Brazil broke from Portugal in 1822. So, in both the Spanish and Portuguese cases, the colonial period was long—almost twice as long as the time that has elapsed between independence and the present.

Colonial Spanish America was much larger than Portuguese America. Even though the Portuguese gradually pushed westward beyond the Tordesillas line, Spanish America still covered a greater area, extending ultimately from the southern tip of South America to well within the present limits of the United States. In the 1700s, Spain had settlements as far north as San Francisco in California, southern Arizona, most of New Mexico, and much of Texas—as well as in a substantial part of Florida. And all territory, with a few exceptions—most notably Brazil—between that northern frontier and the far tip of South America was Spanish. Spain also held the larger Caribbean islands and some of the smaller ones. The empire in the Americas—Las Indias (the Indies), as the Spanish called their possessions—was truly vast: some 9,000 miles (almost 14,500 kilometers) from north to south.

Colonial Governments and Economies

What made these great areas explored and settled by Spain and Portugal colonies? First, certainly, is the fact that the two home countries governed them. One of the remarkable features of Latin American colonial history is that governments were set up and actually worked, despite forbidding difficulties. For one thing, distances were enormous, not only within the Americas but also between the Americas and Europe. The colonial period was a time of sailing ships, which were slow and unreliable. (Ships improved technically with time, but not until the 1700s were they good enough to sail regularly around Cape Horn to the colonies on the west coast of South America. Before then, travelers from Spain reached the west coast by crossing the Atlantic to the Isthmus of Panama, crossing the isthmus by barge and mule, and taking Pacific ships to the various west coast ports.) Travel within the colonies was beset by difficulties such as mountains, deserts, forests, and temperature extremes. One basic necessity of effective government—communication—was therefore difficult to achieve from the start. Nevertheless, governments were installed, and their authority was extended even into remarkably remote areas.

The Spanish had the greater problems because of the size of their colonies and the distance from Spain. (Brazil was quite easily reached by sea from Portugal.) The Spanish home government saw, once the size of the Americas began to be appreciated, that it would have to delegate responsibility to administrators in the colonies, since making all the necessary decisions in Spain would be impossible. So two powerful positions—viceroys who would live in Mexico City and Lima—were created. The officeholders were usually Spanish noblemen of much experience who acted in place of the king (which is precisely the meaning of the word "viceroy"). They had authority to make all but the largest of decisions, and each was ultimately responsible for everything that happened in the area under his command. The first viceroy appointed to Mexico City arrived in 1535. As the area of Spanish exploration expanded, this viceroy came to have control over Mexico, the Spanish islands of the Caribbean, and all of Central America except Panama. This area of authority, or jurisdiction, was known as the viceroyalty of New Spain. The first viceroy in South America reached Lima in 1544. This territory eventually included everything from Panama in the north to Tierra del Fuego in the south, excluding, of course, Portuguese America. The jurisdiction centered on Lima was known as the viceroyalty of Peru. In the 1700s, for closer control, two further viceroyalties were created in South America: New Granada (corresponding roughly to modern Colombia) in 1739 and River Plate (roughly speaking, modern Argentina) in 1776.

Obviously it would have been impossible for individuals to run these vast viceroyalties unassisted. So in the 1500s the Spanish government at home created a series of councils to assist the viceroys and carry their authority far from the two viceregal capitals of that time. These councils were called *audiencias.* Besides advising the viceroys and making executive decisions themselves, these councils functioned as regional courts of appeal. By 1570 there were ten *audiencias,* each with authority over a large subarea. At a lower administrative level than the *audiencias* were local governors, some administering large frontier regions and others, of lesser rank, towns and villages.

By modern administrative standards, this system was clumsy and corrupt. Many officials, for example, paid more attention to preventing other officials from intruding on their powers than they did to implementing the king's law. And nearly all officials, in the general manner of the times in Europe, saw their position as a means of enriching themselves far beyond their salaries, which were often low. In view of the difficulties, it is a near miracle that the system worked at all. Also surprising is the speedy construction of the system. Generally speaking, within a few years of the conquest of a given region, there were royal administrators in place to enforce laws, collect taxes, and send reports home. Although Spanish America was a vast and rough place, the king's men made their presence felt throughout most of it, and they commanded respect.

The Portuguese set up a similar system in Brazil centered on Bahia (until Rio de Janeiro became the capital in the mid-1700s) but never achieved quite such a powerful grip on their colony as Spain did. There were various reasons for this difference. Portugal simply did not have the money or manpower to create a powerful administrative machine like the one Spain built in the Americas. For many decades after founding Brazil, Portugal paid far more attention to its spice-yielding colonies in the Far East than to the apparently rather poorly endowed coast of Brazil.

The first outstanding feature of colonization, therefore, was government. The second was the extraction of wealth from the Americas. The Spanish freely admitted that they had conquered the Americas for the sake of gold and God. One of the main tasks of the colonial governments was to ensure that Spain and Portugal received as large an income as possible from the colonies. The main type of wealth that Spain received from its colonies was silver. We tend to think of Spanish gold, sunk perhaps in galleons off the coast of Florida, and the conquerors did find large amounts of gold. But in the long run, silver proved to be more plentiful. One of the main reasons for Spain's very rapid exploration and settlement of the Americas (and hence for the quick expansion of government) was that the conquerors ranged far and wide in search of mines. In a surprisingly large number of places, they found them, especially in the highlands of Mexico and what is now Bolivia. These mines were the greatest sources of silver in the world throughout the Latin American colonial period, and they made Spain the envy of its neighbors in Europe. Other profitable goods that Spain took from the Americas were red and blue dyes, chocolate beans, hides, sugar, and some spices.

The Portuguese also did well from their colony in Brazil. Before 1560 or so, the main export was a wood that yielded a red dye. From then until about 1700, a far more profitable export predominated: sugar, which the colonists produced on large plantations. For fifty years thereafter, gold and diamonds were the most spectacular products of the Brazilian economy, stimulating substantial population of the interior for the first time and increased immigration from Portugal. Finally, in the last half century or so of colonial times, the sugar trade recovered and the cultivation of other crops, such as chocolate and rice, grew.

The term "exploitation" is often applied to the extraction of wealth by Spain and Portugal from their American colonies. It signifies an unjust and greedy grasping by the colonizing powers of the natural riches of Latin America—a process that had the result, among others, of leaving the states of Latin America considerably poorer than they otherwise would have been after independence. But an unqualified charge of exploitation against the Spanish and Portuguese is too crude to be convincing. In some cases, the valuable export product was something that the colonizers had introduced into the Americas: sugar, for instance, in the case of Brazil, or hides from cattle introduced into Mexico by the Spanish. And even where the exported wealth was something already existing in the Americas, such as silver, that wealth was not merely lying on the ground waiting to be picked up and sent back to Europe. In all cases, and especially in that of mining, successful extraction of the product was the result of the application of new techniques, investment of capital, and use of freighting methods not known in the Americas before the Spanish and Portuguese arrived. The wealth of the Americas was great, but it did not come for nothing, even to the greatest of the conquerors or the most fortunate of settlers.

Exploitation of Labor

That said, it cannot be denied that the term "exploitation" describes how the Spaniards and Portuguese used native Americans for labor. Within a few years of the conquest, the idea became firmly rooted among settlers, and even among some theologians and government officials, that native Americans were by nature inferior to Europeans. It seemed, therefore, quite natural to the colonists and both governments that the natives, once conquered, should work for their conquerors. Some enlightened Spaniards and Portuguese opposed this reasoning, but their views were far outweighed by Iberian public opinion. So the American native peoples were forced in one way or another to work for the colonists. Sometimes they were enslaved. This was common in both Spanish and Portuguese America between the conquest and the mid-1500s. Also in the 1500s, many natives were distributed among Spanish settlers in a system called *encomienda* ("entrustment"). The people who had been "entrusted" were to work for the settler or supply a tribute in goods or cash in return for being taught Christianity and the Spanish way of life in general. Settlers were also charged with protecting the people entrusted to them from enemies. On paper, this *encomienda* arrangement had strengths. The natives were not legally slaves of the settlers but free people. In return for services rendered, they were to receive physical security and what was for the Spanish, at least, the highest spiritual gift imaginable: Christianity. In fact, however, few Spaniards fulfilled their part of the bargain, and the *encomienda* often became an oppressive means of making the native people work for the settlers.

Because of its damaging effects and because it tended to direct disproportionate amounts of native tribute and labor toward the conquerors and early settlers at the expense of later Spanish immigrants, the *encomienda* soon ceased to be the home government's preferred arrangement for the supply of native labor to the colonists. Indeed, from the 1540s on, the home government actively opposed the *encomienda* and tried to take native people away from those settlers to whom they had been entrusted—much to the settlers' anger. From the 1550s on, draft labor was introduced in many places. A small proportion of the adult men from each Indian town would be assigned each year for a period of time—between a week and a month, generally—to a Spanish employer. The assignments were made by a Spanish official, and, at least in principle, workers were directed to tasks of public utility: agriculture, road and bridge building, and mining (because it was a central economic activity).

When the system began, draft labor was probably less of a burden on the natives than *encomienda* had been. It also probably made more effective use of native labor because the draft spread the available workers more evenly among Spanish employers. During the second half of the 1500s, however, the number of settlers wanting workers increased while the native population decreased, with the result that draft work soon became a very great burden for the native people. Consequently they offered themselves for hire to individual Spanish settlers, evading the draft as best they could. Since many employers were in great need of workers, the native volunteers could obtain much higher wages than they were paid under the draft system. Paying wages to volunteer workers was first practiced by settlers who were short of labor and had the means to pay, in silver mining, for example. By 1600, for example, three-quarters of all mining workers in Mexico were native people who had been drawn by the high pay. After 1600, wage labor became increasingly common in many occupations in Spanish America. Broadly speaking, it gave the workers more freedom and better conditions than the previous labor arrangements had done. So it is generally true that the 1500s were the years of harshest exploitation of native workers by the Spanish.

When there was a shortage of native people to work for the Europeans, black slaves were imported from Africa. Exactly how many slaves were brought across the Atlantic in colonial times to Latin America is not known, but the number was certainly in excess of 3 million, with the main importing regions being Brazil and the Spanish Caribbean. Both regions produced sugar on plantations—strenuous labor that blacks tolerated better than native Americans did. In the Spanish Caribbean, most of the native populations of the large islands perished in the sixteenth century due to maltreatment, enslavement, and, above all, disease. In Brazil, the natives survived in larger numbers, but they were unable to adapt to plantation labor. The importation of blacks into Brazil was simplified and cheapened by Brazil's proximity to the West African coast, which was the source of most slaves in colonial times. In addition, Portugal had several small colonies and bases on that coast where slaves were traded.

Increasing numbers of black slaves were needed after the Spanish and Portuguese conquests in the Americas because the native populations declined dramatically. There were several reasons for this decline. Some natives were killed in the battles of the conquest. More serious, however, were the aftereffects of conquest: the seizure of good agricultural land by the Europeans; the disruption of native families resulting from the imposition of labor burdens; and a falling birthrate among native peoples as a result of poor nutrition, social dislocation, and, above all, discouragement at finding themselves, their beliefs, and their gods so easily overcome.

Even more damaging to the native populations, however, were the sicknesses that the Europeans unwittingly brought with them. Many diseases common in Europe, Africa, and Asia were unknown in the Americas because of the geographical separation of the continents. Consequently, the American native peoples suffered severely from seemingly minor infections such as the common cold and measles. Other diseases that are still considered dangerous were also transmitted to the Americas by the conquest: plague and, most damaging of all, smallpox. These sicknesses cut great swaths through the natives in conquered areas in the 1500s. In most regions settled by the Spanish, native populations had dropped by the end of the 1500s to 10 percent or less of what they had been just before the conquest, perhaps less in Brazil. Many native people there fled to the interior forests, so it is not clear how many fled and how many died.

The terrible destruction of the native populations is one of the striking features of the social history of colonial Latin America, and its effects were equally striking. It meant that far more black slaves were imported than would otherwise have been the case. It made the fate of the surviving Indians considerably harder since they were forced to do the work of those who had died (although some survivors received higher wages for their work if they chose to become wage laborers), and it reduced the difference in numbers between the native population and the white population, thus accelerating the rate of racial mixing between whites and natives. As a result, the present-day populations of Latin America are notably whiter and more European in culture than they would have been if the natives had survived in their original numbers.

Roman Catholic Evangelism

In view of the work burden and harsh treatment to which native Americans were subjected by the conquerors, it might seem contradictory that Roman Catholic evangelism was one of the two main motives for the conquest and settlement of Latin America. But it was indeed so, especially for the Spanish. Spain was the most powerful Christian country in the world when Columbus crossed the Atlantic, and it continued to be strong for a century thereafter. The Spaniards were sure, for a variety of reasons, that it was not a matter of chance that their expedition, led by Columbus, had established the link between Europe and the Americas. They felt that Spain, as the leading Christian nation of the time, had been singled out by God to conquer and settle the Americas and to carry the Christian faith (for them, of course, the only true faith) to the native peoples of that region. Some Spaniards believed in certain biblical prophecies that once the whole world had been converted to Christianity, Christ would return and rule in justice and peace for a thousand years (the Millennium). Clearly the Americas made up a large part of the world, and the Millennium could not begin until Christians converted its peoples. In apparently entrusting the Christianization of the Americas to Spain, God had given it a central part to play in the history of the world. Spain's work in spreading the true faith was to be a large and direct contribution to the second coming of Christ. Only a small minority of Spaniards, mainly some mystically inclined Franciscan friars, truly believed in this prophecy, but the fact that even a few priests could see Spain's mission in the Americas as having such cosmic importance is some indication of Spanish religious zeal.

That zeal resulted in great efforts to convert American native peoples during the first fifty years or so after the conquest in various regions of the Americas. Many remarkably tough and intelligent missionaries—drawn mainly from the Franciscan, Dominican, and Augustinian orders—set to work in Spain's expanding colonies. Their efforts were especially vigorous in Mexico, as manifested by the many church buildings that have survived from the 1500s. Millions of native people were baptized. Most of them did not understand Christianity very well and ended up mixing elements of their preconquest religion with elements of Christianity. The friars, however, generally took the view that it was better to convert many people partially than a few thoroughly.

After the mid-1500s, Spain's missionary zeal waned for many reasons. One was an understandable fatigue among the missionaries after many years of effort and after the newness of the challenge had gone. Another reason was that by then, many native people in the central areas of Spanish settlement had been converted up to a point and could be entrusted to the more humdrum care of parish priests. Missionary activity continued in remote frontier areas where there were peoples yet to be converted. Among the best-known and enduring of these later missionary enterprises were those of the Franciscans in New Mexico and the Jesuits in Paraguay.

The Portuguese were, on the whole, less concerned than the Spanish with making natives into Christians. From the start, the Portuguese had less religious zeal than the Spaniards, and possessing colonies in Africa and Asia, as well as in the Americas, meant that their effort was spread rather thin. Precisely because of this lack of interest, however, the Jesuits found an open field for mission activity in Brazil from about 1550 onward. They dominated the religious history of colonial Brazil as no single order managed to do in Spanish America. The spread of Jesuit missionary villages into the interior became one of the means by which Portuguese America advanced westward beyond the Tordesillas line in the 1600s and 1700s.

Conclusion

Some of the main features of colonization by Spain and Portugal in the Americas included rapid exploration and settlement (particularly by the Spanish), rapid installation of government (again more noticeable in the case of the Spanish than the Portuguese), economic employment of the settled lands for the profit of individual colonists as well as the home governments, exploitation of native labor, importation of black slaves, and the spread of Christianity. Some of the processes took place only in the 1500s, though their influence persisted long after that time. Others—the utilization of land and other resources and the exploitation of native and black workers—continued through colonial times. They persisted in changing forms; for example, by the progression from slavery and *encomienda* to draft labor and finally to wage labor.

Similarly, there were changes, as time passed, in the strength of colonial governments. The rapid formation of an administrative apparatus in Spanish America in the 1500s was a strenuous business, and the system was relaxed somewhat once it had been built. This tendency was increased by Spain's growing problems in Europe in the late 1500s, which distracted the home government's attention from the colonies. As a result of these and other influences, colonial governments were less effective and disciplined in the 1600s than in the previous century. In the 1700s, Spain attempted, with some success, to remedy this weakness. The creation of two new viceroyalties was part of this effort (New Granada in 1739 and River Plate in 1776), and many other administrative reforms were also introduced. Consequently the force of Spanish government was felt by colonists in areas where it had never been strongly present before, and Spain's income from colonial taxes increased several times over. But many colonists resented the increasing pressure of government and taxation felt in the late 1700s and turned their thoughts toward greater self-determination and, in the end, toward outright independence from Spain.

Suggested Readings

Bakewell, Peter. *A History of Latin America.* 2nd ed. Oxford: Blackwell, 2003.
Bethell, Leslie. *The Cambridge History of Latin America.* Vols. 1–2. Cambridge: Cambridge University Press, 1984.
Chevalier, François. *Land and Society in Colonial Mexico.* Berkeley: University of California Press, 1963.
Gibson, Charles. *The Aztecs Under Spanish Rule: A History of the Indians of the Valley of Mexico.* Stanford: Stanford University Press, 1964.
Haring, Clarence H. *The Spanish Empire in America.* New York: Oxford University Press, 1947.
Hemming, John. *The Conquest of the Incas.* New York: Harcourt, Brace, Jovanovich, 1970.

Lockhart, James, and Enrique Otte, eds. *Letters and People of the Spanish Indies: The Sixteenth Century.* Cambridge: Cambridge University Press, 1976.
Lockhart, James, and Stuart B. Schwartz. *Early Latin America: A History of Colonial Spanish America and Brazil.* Cambridge: Cambridge University Press, 1983.
Lynch, John. *Spain Under the Hapsburgs.* 2 vols. Oxford: Oxford University Press, 1964–1969.
———. *The Spanish-American Revolutions, 1808–1826.* New York: Norton, 1973.
Maclachlan, Colin M., and Jaime E. Rodríguez. *The Forging of the Cosmic Race: A Reinterpretation of Colonial Mexico.* Berkeley: University of California Press, 1980.
Parry, John H. *The Spanish Seaborne Empire.* New York: Knopf, 1966.
Phelan, John L. *The Kingdom of Quito in the Seventeenth Century: Bureaucratic Politics in the Spanish Empire.* Madison: University of Wisconsin Press, 1967.
Schwartz, Stuart B. *Sovereignty and Society in Colonial Brazil: The High Court of Bahia and Its Judges, 1609–1745.* Berkeley: University of California Press, 1973.
———. *Sugar Plantations in the Formation of Brazilian Society: Bahia, 1550–1835.* Cambridge: Cambridge University Press, 1985.

Latin American Economies Restructure, Again

William P. Glade

Recent years have brought a lively interest in Latin American economic restructuring. What this means, in practice, is far from easy to ascertain, given the complexity and variety that characterize the Latin American economies. They range from economically dynamic Brazil, now firmly ensconced among the BRIC economies (Brazil, Russia, India, China—emerging powers of real economic significance) to tiny, deeply impoverished Haiti, one of poorest nations of the world. Just about every combination of size, income level, and structure of national production can be found in between—along with a complicated medley of geographical and climatic conditions. Nevertheless, with the exception of Haiti, Honduras, and Nicaragua, the countries of the region have at least made it out of the poorest category in the World Bank's four-category classification scheme and are more or less firmly ensconced in the lower middle income and upper middle income categories.[1]

Performance, historically, has been no less varied, though all of Latin America has, since the 1970s, been outdistanced by the Asian "tigers" old and new. Since the baroque narrative of Latin America's development and backwardness comes from an accumulation of institutional overlays from five consecutive episodes of systemic reorganization, a quick romp through the centuries may help us understand the problems that nowadays beset the region and tell us whether, in today's unexpectedly severe global economic context, the region settled into a permanent policy mode with the dramatic economic restructuring of the 1980s and 1990s or is poised on the cusp of yet another macro-systemic change.[2]

The policy episode that began in the 1980s, which the Inter-American Development Bank rightly labeled a silent revolution in economic policy, is only the latest of five restructurings that have been visited on the region since the arrival of Columbus and his crew. Something remains of each of these in the contemporary economic landscape, and from the second restructuring onward, those advocating new policies have thoughtfully left us a diagnostic interpretation of what went before. Taken together, these edited versions of economic history are immensely helpful in piecing together a record of how the region got to where it is today.

What lies ahead, however, is at this point beclouded by the recrudescence of long-discredited economic populisms in Argentina, Bolivia, Venezuela, Ecuador, and Nicaragua, and the lingering death of the decrepit socialism of Cuba. Above all, however, the policy future is fraught with deep uncertainty owing to the crisis in the world financial system that took such ruthless shape in 2008.

There is no little irony in the conjuncture of circumstances in the region. In the fifth restructuring, as we shall see, Latin American countries were counseled to make their economies more transparent, to deregulate (and in some instances to develop new regulations), inter alia, and to address the seemingly intractable problems of huge disparities in the distribution of income. They were urged to engage more broadly and competitively with the world market. Yet the present economic slump has affected most severely the countries most closely integrated with the US economy, the wellspring of the crisis. Income disparities in the United States have reached levels not seen since 1929. The capital markets of this pivotal country in world capitalism have become so opaque that even major financial institutions were caught unawares and unprepared for the global financial crisis that hit the world in 2008. What is more, for all the talk of refining the regulatory systems of Latin America, it soon became painfully clear that inadequate regulation and even deregulation in critical areas of the US economy played a major role in precipitating the crisis. Latin Americans can certainly be pardoned for thinking "Physician, heal thyself."

The Parade of Restructurings

The first "structural adjustment" began when the Spanish replaced sundry indigenous economic systems with one that was more in accord with imperial aspirations and European norms.[3] So transformative and sweeping was this project that it far surpasses in magnitude and scope any restructuring since attempted. Institutions, technology, and relations with the rest of the world, or even among the regions of the Americas, were altered profoundly and irrevocably. Veritable revolutions occurred in the technology of transport, agriculture, animal husbandry, and mining, and wholly new elements of a money economy were introduced, along with an administratively managed economic interaction with Europe and, to a much lesser extent, with Asia. Within the overseas kingdoms of Spain, interregional commerce took place on an unprecedented scale. What emerged was a bureaucratically administered and intricately regulated system that brought under royal direction an ensemble of new local and regional economies, dispersed over a territory more vast and more challenging than any European monarchy had yet tried to govern. It was in effect an integrated trading territory larger than anything cobbled together until quite recent times in Latin America. As for Brazil, given its primitive development prior to Portuguese settlement, the leap forward was even greater. This vast area became essentially a slave-based export platform for the Portuguese monarchy, centering on sugar at first but diversifying into gemstones and other minerals in the eighteenth century in a move that also reduced the relative importance of slave labor.

Agriculturally based, the Spanish American economy was in time organized by a growing latifundism that defied stated royal objectives and was expanded by demographic and other factors. For example, the native population declined steeply as a result of exposure to European diseases, which vacated much land traditionally worked by the indigenous peoples. Peoples were relocated for ease of governance and partial acculturation (vacating customary land occupation). There was a fundamental incompatibility between pre-Columbian land claims and those based on European custom. Spanish settlements needed to devote considerable acreage to the production of food crops and pasturage for the draft animals on which the colonial transport system rested. Then too, settlers persistently attempted to lay hold of the huge expanse of land claimed by the crown but poorly defended by the royal bureaucracy. Private estates of considerable size eventually became the basic unit in agriculture, displacing many of the community-held lands the crown had reassigned to the indigenous population. Over the centuries church institutions also acquired extensive landholdings, often the best managed in the colonies. Inasmuch as land was the fundamental productive resource in an agrarian economy and the source of livelihood for the overwhelming majority of the labor force, the evolution of this pattern of land tenure established systematic inequality that persists in some ways to the present day.[4]

Trade, among the urban centers in Spain's overseas colonies and between the colonies and Spain, was a major activity, closely supervised by the crown to ensure the collection of the taxes that formed the structure of public finance. A considerable number of artisan manufactures grew up, based on both indigenous and Spanish craft technologies. These too were generally regulated by royal and municipal ordinances and, in the case of the nonindigenous craftsmen, by guild regulations—except where larger workshops, known as *obrajes,* developed. Capital for settlement and other purposes was supplied by the public sector, merchant financiers, and, above all, ecclesiastical institutions that supplied mortgage loans at relatively low interest rates. The technological stagnation that was perpetuated in agriculture, mining, and manufacture by this imperially sheltered system of production had its institutional counterpart in the stunted development of the financial sector, which included nothing remotely resembling contemporary European developments. This left the region singularly ill equipped to establish a competitive capitalist economic organization when Spain's empire came to an end.

The ambitious imperial enterprise was punctuated by the development of important mining centers that supplied treasure for the Spanish crown and its never-ending dynastic wars in Europe. It nourished an administrative machinery that grew in size and complexity as the centuries passed and salted huge amounts of bullion among the European suppliers who furnished the New World with luxury imports. The New World economy's resources continued to be invested in the construction of urban centers and costly transport networks to link them, so that Spanish government, society, and culture—all of which could be considered analytically as produced public goods—could take root and prosper in the American setting.

A quadruple legacy, therefore, was bequeathed to Latin America from the colonial period. Local political organization was arrested by Spanish bureaucratic centralism; the insurgents who threw off Spanish rule had no real experience in self-government to draw on as they set about devising their new republics. Technological backwardness was pervasive, shielded as Spanish America had been from the exchanges of goods, services, and technologies that had propelled contemporary European economies toward modernity. Organizational or social capital remained little changed from the sixteenth and seventeenth centuries—at a time when the commercial revolution was reshaping the institutional architecture of Europe (and North America). Perhaps most nefarious of all, the foundational systems of inequality inherited from pre-Columbian times were modified and continued with the European overlay, so that a pronounced inequality in the distribution of wealth and income (and access to the opportunity structure) has been a dominant characteristic of Latin America ever since. To be sure, recent research has pointed out that the degree of inequality in Latin America then, and even through the first half of the nineteenth century, was by no means exceptional in relation to other parts of the world in those days.[5] But cultural cleavages, interethnic differences in social and human capital, and strikingly differential access to power over land and other resources, including a voice in public policy, provided a setting in which subsequent developments spurred by rapidly expanding exports and foreign capital inflows would generate increasing disparities in income and wealth, not to mention in effective political power.

The second restructuring was launched in the eighteenth century by the Bourbons. It sought a modest liberalization of trade, a revivification of the American production system (especially in mining), some fiscal reforms, and greater efficiency in the administration of the imperial enterprise—objectives not too distant from those that are motivating today's structural adjustment programs. Formal or de jure trade flows were moderately liberalized and informal or de facto trade flows (smuggling, contraband) also increased considerably by all accounts. What is mainly interesting for our purposes, however, is that this second restructuring occasioned considerable analytical reflection on the conditions then prevailing in Spain's overseas kingdoms, both to diagnose ills and prescribe remedies. Indeed, from the economic writings of the Spanish mercantilists, who had an impressively sophisticated understanding of economic processes, and the commissioned reports of special reconnaissance missions, of which the tour by Alexander von Humboldt may be the best known, we catch more than a passing glimpse of what needed to be done to remedy the accumulated weaknesses of the colonial economy.[6] Though the second restructuring program was only partially implemented, it had a generally positive impact, as revealed by the quickening tempo of economic life as the eighteenth century drew to a close. The institutional architecture laid down by the first restructuring, however, remained in place, save in the field of governance when independence came. Worse, the gains achieved by the second restructuring were largely wasted in the half century of political and administrative disorder that gripped most of Latin America after independence. Only Brazil, Chile, and Cuba (still under Spanish rule) were exempted from this protracted economic disruption.

Of more than passing interest was the divergent growth path taken by Brazil, which from the outset was conceived by the Portuguese as a commercial venture, supplementing the trading opportunities their earlier voyages along and around the African coast to Asia had opened up. No traded goods were ready for the picking, however, and establishing commercial viability required the Portuguese to transfer the sugar plantation technology they had developed on islands in the eastern Atlantic to northeastern Brazil. When native labor proved insufficient (the indigenous population was quite sparse compared with Mexico, Guatemala, and the Andean highlands), slaves from Africa were imported to run the enterprise. The high initial fixed costs this entailed ensured that earning a return on the investment in labor supply would motivate plantation owners to extract an exportable surplus for sale to European markets.

Apart from northeastern Brazil, where the colonial capital was located, the rest of the colony served mainly to supply the plantation economy with a simple range of commodities. The eighteenth century brought a mining boom in east central Brazil and pulled population southward, giving an additional impetus to growth in regions previously quite marginal, making Rio an important port and shifting the labor regime away from slave labor. The mining boom reinforced the export orientation of the Brazilian economy and consolidated its trading ties with the commercial network the Portuguese had constructed in Europe, including with Portugal's ally Great Britain, a rapidly growing market.

The third restructuring, a more ambitious enterprise than the second, arrived after a half century hiatus in which economic dislocation plagued the region with the arrival of independence. As noted above, Brazil, Chile, and Cuba were the principal exceptions. The aftermath of independence included considerable economic wreckage—most artisan manufactures were replaced by cheap factory-made imports from Europe, public investment in infrastructure was neglected, there were repeated defaults on external debt (both public and private), the enfeebled fiscal systems were plundered by political adventurers, royal and clerical safeguards against exploitation of the indigenous population were removed, the public domain was raped, and the policy framework was plagued by instability. This scenario was very different from what the fighters for independence said they had in mind when they chased out Spanish bureaucrats. Public finances were a shambles, high risk levels undermined the investment environment, and a region now hitching its fortunes to the increasingly vibrant international economy did so bereft of even the rudimentary banking institutions needed to mobilize and allocate resources in the increasingly monetized capitalist system that was spreading out of Europe. In a sense, the third restructuring, launched when the political picture finally settled down a bit, was a bold remediation for this half century of failure.

The middle decades of the nineteenth century worked out much better in Brazil and Chile. Both provided a favorable climate for the germination of the new economic system that in time spread over the whole of Latin America, albeit unevenly. Chile attained a reasonable degree of political stability and was able to build a favorable investment climate for domestic as well as foreign capitalists, segueing quickly into an export-based expansion. Owing to circumstances in Europe, the Portuguese court moved to Brazil. When it finally returned to Lisbon, it left behind an emperor to take charge of an independent Brazil that was governed from Rio, the city to which the court had fled under British protection. Thanks to the close commercial and political ties the new country inherited from its metropole with the center of the industrial revolution and to the effortless way it attained independence, Brazil was spared the turmoil that proved so costly elsewhere on the continent. And with the climate for economic modernization undisturbed by political change, the way was laid for a third dramatic export boom.[7] This time the product was coffee and the location was in the south of the country, so that the rapid spread of coffee cultivation on Brazilian-owned plantations around São Paulo triggered an explosion of economic expansion in this previously frontier region, based on a free labor force, the attraction of substantial capital and immigration from Europe, and the stimulation of capitalistic development throughout the south of the country.

From around 1870 to 1930, the third restructuring, which centered on the development of export economies, came to Spanish America and paid off handsomely for those not trapped by the inequality systems that developed after 1492. As in Brazil for the whole of the nineteenth century, two engines of growth—the production and sale to world markets of a growing variety of primary commodities and the influx of foreign capital that made the export production system possible—propelled Latin America into the modern economic arena and transformed the economic dynamics of the region. Even more than the second restructuring, this project anticipated some of the main features of the so-called Washington Consensus, the chief difference being that there was no stable of deficit-generating public enterprises to privatize.[8] Trade liberalization and the creation of a climate favorable to investment, both domestic and foreign, buttressed the new economic order, though here and there cautious interventionary measures were employed to stimulate early manufacturing development.

The third restructuring was an institution-building period par excellence as most of the organizational accoutrements of modern capitalism appeared in all the principal urban centers, moving in some cases beyond by the vectors of modern transportation and communications systems. Commercial banks, shipping companies, accounting firms, engineering firms, port works, new railway, street railway, and telecommunications companies, smelters, capitalistically organized mining companies, insurance companies, plantations using narrow-gauge railways and steam-powered refineries, and a slew of other enterprises provided the social and organizational capital Latin America needed to belatedly join the modern economy of the West and attract the human capital needed to keep the ensemble in operation. Harbingers of a new age of factory production also sprang up here and there, following the needs of export-fed markets and new structures of production. Most new manufacturers produced consumer goods, but foundries, smelters, and machine shops were indicative of the possibilities for industrial deepening, and around the turn of the century the first integrated iron- and steelworks appeared in Monterrey, Mexico.

Over much of the region, these new developments occurred in scattered enclaves; growth was markedly uneven. Interregional disparities were greater than ever before, setting the stage for the notoriously uneven development that characterizes most of Latin America today. Much of the area and population was thus left behind by the modernizing forces of international capitalism and its domestic offshoots, including substantial numbers of people trapped in subsistence cultivation.[9] Shorn of their communal holdings and proletarianized by the unrestricted expansion of large landholdings, the indigenous peoples seemed destined for cultural obliteration in the liberal project that most governments pursued.[10] At the northern end of Latin America, these contradictions were particularly notable in Mexico, but they were in greater or lesser measure shared by most of Latin America. In the south of Brazil and the Rio de la Plata, however, the new economic influences spread untrammeled by colonial residues or sizable indigenous populations, with a transformative power that brought into being a region that today constitutes the economic heartland of South America (and the Mercosur, the southern Common Market). Argentina even managed to reach the end of this era as one of the world's most prosperous economies, so that "rich as an Argentine" gained currency in Europe to describe vast wealth.[11] Between the two, Uruguay, which also was notably progressive in its political order, even came to be known as the Switzerland of Latin America.

This restructuring, like the second one, stimulated an abundance of new writing, this time mostly in the vein of the classical/neoclassical school of political economy and positivism, to reinterpret the past for its diagnostic value and prescribe ingredients for the policy armamentarium the governments of the day were putting together to ensure continued growth and even progress, a term still in vogue in that pre-postmodern intellectual ambiance. It would be stretching a point to call this an age of unbridled laissez-faire, but it most certainly was one filled to overflowing with capitalist sentiments and language.

But beyond the Rio de la Plata and broad swatches of Chile and central and southern Brazil, the spottiness of the transformation made for glaring inequalities and a plethora of organizational and cultural disparities—contradictions of such severity as to delight the heart of a Marxist. In Mexico, as already noted, these were particularly acute, so that only a decade into the century, the ancien régime, as the nouveau régime soon came to be perceived, was cast aside and a kind of anticipatory glimpse of the next restructuring hove into view: one that would use a kind of economic nationalism to accelerate the process of industrialization. In Mexico, almost uniquely until the Bolivian revolution of the 1950s, agrarian reform was at first the dominant policy priority. But when the fourth restructuring set in during the late 1930s and 1940s, manufacturing called the tune.

ISI: The Fourth Restructuring

During the closing decades of the nineteenth century, the first modern factories appeared here and there in Latin America: in Argentina, Chile, Brazil, and Mexico especially but scattered elsewhere as well. Population growth, modest urbanization, the enrichment of the area's human resources by immigration (entrepreneurs as well as skilled labor), and rising income, together with integrated railways and telecommunication lines, gradually expanded domestic markets and with them the number of local manufacturing establishments. As the twentieth century unfolded, these market-based trends further widened the industrial base—spurred on, briefly, by the interruption of European imports during World War I. As we interpret the record of growth in more recent decades, we need to remember that several of these factors—population growth, rapid urbanization, the national infrastructure development, and rising per capita income—have continued to support manufacturing development, both broadening and deepening the industrial structure independently of the effects of policy.

When the Great Depression hit and export earnings collapsed, the depreciation of Latin American currencies favored the further expansion of domestic industry to replace the unavailable imports, while by this time tariffs originally designed for revenue had gradually been raised to levels according a measure of protection for competing local products. And while depression thus knocked out one of the props of the age of export-led expansion, the other engine of the region's third-restructuring growth, foreign investment, was likewise rendered *hors de combat* by the massive disorganization of capital markets in the centers of capitalism.[12] Import supplies and capital imports continued to be disrupted when World War II began, and while domestic manufacturing was spreading to meet the gap between domestic aggregate demand and imports, governments increasingly questioned the wisdom of continuing to rely on the external sector as the mainstay of economic growth. Such conditioning circumstances lasted into the postwar era while traditional sources of import supplies continued to be choked back by reconstruction priorities. This effort also absorbed most of the capital Europe could generate and the United States could export.

It remained for the new UN Economic Commission for Latin America (ECLA), based in Santiago, Chile, to fashion out of these circumstances a rationale for systematic promotion, under state leadership, of accelerated industrial development.[13] Thereafter, until the debt crisis struck in 1982, the policies that had evolved by ad hoc adaptation to circumstances in the 1930s and 1940s were reshaped into a well-articulated development program that called for a variety of interventionary measures and in time spawned the movement toward regional integration as an expedient to preserve the momentum of industrialization. Protective tariffs, fiscal incentives, exchange-rate controls, parastatal financial and industrial enterprises, and a host of other policy instruments were deployed to push industrial development forward and, from the early 1960s, to promote such schemes as the Central American Common Market, the larger Latin American Free Trade Area, and the smaller Caribbean Free Trade Area—to which were added the Andean Pact and the Caribbean Common Market. None of these regional associations lived up to initial expectations, but in most there was a significant growth of intraregional trade—and, most likely, equally significant trade diversion effects.

Amid these changes there were also notable shifts in inter-American economic relations. The 1930s had brought the reciprocal trade agreements to build preferential commercial ties between the United States and Latin America, and the inauguration of the Export-Import Bank introduced government financing into the web of economic relationships. Technical assistance and additional intergovernmental financing for capital projects began during World War II, when the United States had need of increased Latin American production capacity. A trickle of economic aid of these types, especially technical assistance, continued through the 1950s, when the World Bank became a significant external source of development financing and the Organization of American States a modest supplier of economic counsel and technical assistance through such entities as the Pan American Health Organization.[14] While the regional integration movement was reaching its heyday, the Inter-American Development Bank was instituted at the end of the 1950s as a multilateral regional supplier of development finance (and technical counsel). Soon thereafter the Alliance for Progress, sometimes misleadingly equated with the Marshall Plan, was introduced to mobilize public resources on a large scale for a concerted regional development push.[15] By the 1970s, however, these initiatives were playing out.

Baptized "import-substituting industrialization" (ISI), the strategy came to be administered carelessly, distorted from the pristine ECLA vision by rent seeking interest groups and populist policies that were characterized as macroeconomic populism.[16] Bedecked also with some of the trappings of the modern welfare state to placate the crucial urban constituencies, the public sector came to exemplify a concept of the state as the great piñata. Inflation was rampant, balance-of-payments crises were frequent, agricultural and traditional export sectors were undermined, and in time the policy environment turned increasingly hostile to foreign direct investment.[17] To cap the mounting list of problems, Latin America's export market share was generally eroded in favor of other Third World exporters, and fiscal profligacy and excessive bureaucratization combined with the discouragement of foreign investment and the need to cover growing trade imbalances to produce an increasing reliance on commercial loans from money-center banks. Meanwhile domestic savings rates were depressed by adverse policies and capital flight was unintentionally stimulated. The industrialization that had been designed to replace imports had in fact made Latin America more dependent on imports than ever before.

The jig was up when the oil shocks of the 1970s worked their effects, and (on top of all the external-sector adjustments) the industrialized countries more or less simultaneously undertook to put an end to accelerating inflation, causing export prices and earnings to drop precipitously. The repercussions in Latin America produced the debt crisis, which struck all the countries save Colombia in the early 1980s and effectively ended the half century of accelerated industrialization and the policy framework that had sustained and nurtured it.[18] The longer-term effect of the crisis was to usher in yet another major shift in economic policy that gradually spread over the continent.[19]

The Fifth Restructuring and What It Reveals

Chile, Mexico, Argentina, and latterly Peru were at the forefront of the new policy agenda, which promoted macroeconomic stabilization, the ending of financial repression (the freeing of interest rates to find market-determined levels), and the removal of most exchange rate controls so that the prices in the foreign exchange market would be anchored in supply-demand relationships. The deregulation of other prices and the withdrawal of subsidies also furthered the marketization of economic decision making. Trade liberalization widened the scope of contestable markets and intensified competitive pressures, bringing about greater productive and allocative efficiency while aligning domestic price structures with those prevailing in the world market. In greater or lesser measure, deregulation was also used to create a more favorable climate for capital formation, both domestic and foreign.

Privatization, once the most controversial of the new policies, was employed for a variety of objectives: to strengthen the fiscal system by removing deficit-generating enterprises from the public portfolio and using the sales proceeds to reduce national debt; to link local production facilities more securely into the globalized production, financing, and marketing networks; to tap the more ample supplies of capital available in the private sector; and to pave the way for continuing technological upgrading. Secondary objectives included the reduction of labor redundancy and making national capital markets more robust, both by spreading the ownership of shares and by enriching the options available to investors for portfolio diversification.

The 1994–1995 peso crisis and its repercussions aside, the benefits of structural adjustment were swifter to materialize than might have been expected, given all that had been said about the distortions and other shortcomings of the previous policy era, in which so many canons of economic orthodoxy were violated. No doubt it was the flagrant character of these "violations" that led many to interpret the debt crisis as a well-deserved day of reckoning, in which policy sins of omission and commission alike would finally be paid for. Yet just as the three preceding restructuring episodes were the occasions for retrospective diagnoses of the economic frailties that led into the restructurings, so also the present turnabout affords a useful vantage point from which to reflect on what legacy the twentieth century has left for the Latin American economies. A summing up of sorts, in other words, is plainly in order—not only to assess the policies of the neoliberal model that critics called the great restoration of capitalism but also to interpret the costs and benefits of the two most recent eras that have brought Latin America to this point.

Clearly the foundations of growth were established in the 1870–1930 era, which, while it lasted, did much to bring substantial parts of Latin America into the modern age, filling in institutional deficits left over from the colonial age and repairing the damage inflicted in the first decades of independence. Amid the new organizational infrastructure through which Latin America was increasingly engaged with the world market, incipient industrialization appeared as the harbinger of the more sweeping changes that redrew the economic map of the region after 1930.

Notwithstanding the obvious costs of the ISI policies that followed in the wake of the Great Depression and World War II, considerable strength was nevertheless added to the Latin American resource base, expanding the array of production options and creating the basis for more production versatility than the region exhibited in, say, 1929. The structure of production was totally transformed, and along with it the distribution of the labor force. But compared with the state of the region's economy at the close of the era of export-led growth, the Latin America of 1997 was richer by far in human resources and in the organizational or social capital on which everything in the last analysis rests. The feverish pace of institution building that has characterized Latin America since the 1930s has been deeply flawed and often haphazard. Protectionism run riot contributed to both misallocations of resources among sectors and industries and suboptimal efficiency at the microlevel, just as it made rent seeking pervasive and spread the opportunities for a socially corrosive corruption. Both no doubt contributed to the lopsided distribution of income for which Latin America has become notorious.

Yet real factor productivity has nonetheless chalked up impressive advances in most of the region, and there has been an enormous amount of learning by doing, in both public and private sectors. For all the problems and setbacks, per capita income for an awesomely larger population has reached levels far above those that prevailed before market-induced industrialization was joined by policy-induced industrialization.

In country after country, comparative advantages based on natural endowments have been supplanted by comparative advantages derived from organizational growth and the accumulation of human capital. For example, Brazil, noted as late as the mid-1960s for its overwhelming export dependence on coffee, became, thanks to policy adaptations that began in the latter part of that decade, a country whose exports have consisted primarily of manufactures, including a range of sophisticated exports (to highly competitive markets) that extends from *telenovelas* and oil field services to aircraft and automobiles, in addition to an increasingly diversified primary commodity base. Colombia, another coffee country, has learned to export coal, petroleum, flowers, and a variety of other products. Chile has moved away from a lopsided dependence on copper into a varied basket of higher-value products, and Mexican industrial products are eating into the commanding lead acquired in the 1970s by petroleum exports.[20]

The Chilean case is particularly instructive. Given the disruptive policy shifts introduced by the Allende regime of the early 1970s and the Pinochet regime that followed, the Chilean industrial sector might have been expected to vanish in the face of rapid trade liberalization and a deliberately overvalued currency, policies adopted as the cornerstones of restructuring—especially when the banking system, which was ruined under Allende, collapsed a second time in the midst of the restructuring. Nevertheless, the manufacturing sector managed to survive and grow stronger, in organizational capacity and efficiency if not in scale, and the economy as a whole eventually turned in a stellar performance year after year.

In short, behind the debt and peso crises and all the *Sturm und Drang* of the restructuring controversies, the evidence is unmistakable that the three consecutive policy regimes that began around 1870 have enabled the current restructuring to be carried out with considerable success. The new climate has also made the Mercosur, North American Free Trade Agreement (NAFTA), and the general economic opening effective catalysts for economic revival and renewal. In this, the reborn regional integration movement offers a notable contrast to the various experiments that characterized the 1960s: the Central American Common Market (CACM), the Latin American Free Trade Agreement (LAFTA), the Caribbean Free Trade Agreement (CARIFTA), and the Andean Pact, all of which petered out after their initial momentum—victims of economic nationalism, contradictory policies, feckless bureaucrats, and faulty design. Today the Mercosur (which comprises Brazil, Argentina, Uruguay, and Paraguay) has emerged as the largest and most successful example of regional economic cooperation in the Third World, and NAFTA, for all its stresses and strains, represents a bold attempt to meld economies more disparate than any of those brought together in the European Union.[21]

To be sure, a number of troubling accounts payable remain on the national ledger sheets—the so-called social deficit. Environmental conditions have deteriorated over much of the continent, and the cities have patently exceeded the carrying capacity of their infrastructure, with consequent decay in the living conditions for all, even the rich. Their walled compounds admit increasingly polluted air, and from time to time they must sally forth to confront growing congestion and social disorder.[22]

Huge numbers of people and much of the rural sector have been left on the sidelines in the sweeping renovation effort, and the disparities among regions and income classes are greater than ever before.[23] Compared with the high-performance Asian economies, the most unequal Asian income distributions are more equitable than the least unequal of the Latin American cases. And the people Columbus encountered on his voyages mostly live still in a state of economic and cultural anorexia, as powerless politically as they are deprived of assets and purchasing power in the economic arena.[24]

Much remains to be done to make the current national projects credible as a path for general progress.[25] But for all its ills, Latin America has more resources today than it has ever had before to enlist in the needed cleanup and social rectification efforts, which cannot be postponed much longer, and more social capability and institutional capacity as well. Considering that these assets too are products of development (albeit nonmeasured public goods components that are not conventionally reckoned in the national accounts) and considering as well that they contribute importantly to the future capacity to produce, one could reasonably conclude that the recorded growth figures for much of the last century, high as they were, have actually understated the rate of change—though a full and balanced accounting would have to tally the accumulated social costs as a major offset to this record of achievement. In Argentina, the legacy costs, politically speaking, seem insurmountable, at least for the time being, and the same is true for the other populist countries. Mexico, with a greater productive potential than ever before, has suffered for the time being from the US recession as well as from the appalling political and social costs associated with the illegal narcotics industry and the violence it has visited on the country. While the US economic recovery will take care of the former problem, no resolution is as yet in sight for the latter, and the costs may continue to mount. No country shares Brazil's enviable position: its remarkable adroitness in policy design and implementation, together with its ever growing resource base, seems to ensure continued expansion and moderation of inequality for as far as the eye can see. Perhaps only the outcomes in the current century will enable us to judge with some assurance of accuracy the net asset or liability position of the region as a whole and its constituent economies. Whether a sixth restructuring will be needed or a refinement of the last one will suffice will constitute the economic drama of the years immediately ahead.

Notes

1. The World Bank groups economies into four categories. Low-income countries, mostly in Africa and Asia, include the large majority of the world's population. Most of Latin America has climbed into the lower-middle-income or upper-middle-income category, alongside Turkey, the central and eastern European countries, and the ex-Soviet republics, as well as the high-performance Asian economies.

2. The literature on Latin American economic history is enormous. Readers interested in it can conveniently begin with relevant volumes in Leslie Bethell, ed., *The Cambridge History of Latin America* (New York: Cambridge University Press, 1984); or William Glade, *The Latin American Economies: A Study of Their Institutional Evolution* (New York: American Book Company, 1969). See also B. R. Mitchell, *International Historical Statistics: The Americas and Australasia, 1750–1988* (Detroit: Gale, 1983).

3. Large city-state empires run by Aztecs (in Mexico) and Incas (in Peru, Ecuador, and Bolivia) at the time of the conquest were agriculturally based and boasted extensive trade routes within them, partly to collect tribute and sacrificial victims from subjugated peoples. The Maya were by then in an advanced state of decline. Apart from a few others, such as the Chibcha in Colombia, the remaining Amerindian groupings were still in the

hunting and fishing stage of technological development—with scattered regions of sedentary agriculture. Long-distance traffic was moved by human bearers over footpaths, there being no wheeled carts or draft animals (other than the llamas used as pack animals). Thus two immense adjustments had to occur with European colonization: the shift of cropland to pasturage to fuel the new transport technology based on pack and draft animals and a massive dedication of resources to road and bridge construction, an undertaking made immensely costly by the topography and distances involved.

4. The latifundiary foundations of Spanish America were not part of the original aims of the crown, which in principle was also committed to protection of the native population. A voluminous corpus of decrees, partly administered by royal officials and partly overseen by a parallel ecclesiastical bureaucracy, was designed to safeguard the social blueprint on which the empire was theoretically constructed. But the chronic hunger of the royal treasury had to be fed by all kinds of expedients, ranging from the sale of lower-level offices to payments by which land claims, even illegal ones, could be regularized, and problems of communication and bureaucratic oversight reduced the efficiency (and integrity) of administration. Thus the collision between metropolitan ideals and New World realities left a deposit of institutions that shaped social relations in ways that were unintended but were foundational for what came afterward. Brazil, in contrast, was based explicitly on large-scale plantation agriculture for export, utilizing imported slave labor, almost from the beginning, and its administrative overlay was much less complex than in Spanish America.

5. Jeffrey G. Williamson, *Five Centuries of Latin American Inequality*, NBER Working Paper 15305, August 2009.

6. Had these economists had a better address, say, in England or France, they would undoubtedly have been credited with great contributions to the embryonic science of economics. But in Spain they worked beyond the intellectual pale defined by the upcoming liberal modernization movements of the Enlightenment and hence never figured much in any citation index of the day.

7. Neither the ending of the empire in exchange for republican government nor the abolition of slavery, both of which events came at the dawning of the belle époque (1890–1914), occasioned serious conflict in Brazil.

8. The term refers to the standard policy package recommended by the IMF and the World Bank for countries in need of economic resuscitation: macroeconomic stabilization programs, trade liberalization, deregulation of prices (including interest rates) and general business activity (including foreign investment), market-based exchange-rate policies, and privatization, inter alia.

9. For a path into the huge literature on agrarian development, see Robert G. Keith, *Haciendas and Plantations in Latin American History* (New York: Holmes & Meier, 1977).

10. The spread of latifundism to dimensions unimagined even by the end of the colonial age was fostered by factors both political and technological. In the political realm, the ownership of government was held by the class most interested in expanding its landholdings, and liberal ideology provided a cloak for self-aggrandizement. In the technology realm, the spread of railways and telecommunications conferred value on parts of the public domain that had formerly held no interest for anyone save the native population that lived there.

11. In this region, where a relatively gentle topography and temperate climate facilitated agriculture and ranching, the cheap construction of roads and railways, supplemented by South America's most important inland waterway, spurred development and heightened the productivity of the immense amount of human capital that arrived through mass immigration from Europe.

12. The period is well covered in Rosemary Thorp, ed., *Latin America in the 1930s: The Role of the Periphery in World Crisis* (New York: St. Martin's, 1984).

13. The ECLA became in effect a graduate school for training a new generation of Latin American economists, the principal source of doctrinal inspiration for national industrial policies, a major purveyor of technical assistance for project and program planning, and the generator of a systematic strategy of development that was widely borrowed in other less developed parts of the world. See Sebastian Edwards, *Forty Years of Latin America's Economic Development: From the Alliance for Progress to the Washington Consensus*, NBER Working Paper 15190, July 2009, for a generally critical assessment of what occurred in the phase of import substituting industrialization and how such internal contradictions as endemic inflation and balance of payments problems, to name only two, brought the process to an end.

14. The International Labour Organization, the Food and Agriculture Organization, and various other UN-related entities also came onto the Latin American stage in this era.

15. Smaller but important inter-American contributions, especially in institution building, were made by the Peace Corps and the Inter-American Development Foundation, and by private US foundations such as Kellogg, Rockefeller, and Ford. The private foundations, however, had in some instances begun their Latin American programs before the 1960s, and by the end of that decade they were drawing back in favor of new programs in the United States. Significant advances in building Latin American intellectual capital resulted from their efforts as well as from the investments of others such as the Tinker Foundation, the Latin American Scholarship Program of American Universities, the US Agency for International Development, a variety of church-related undertakings, and the Fulbright program.

16. Extremely effective analysis of the destabilizing patterns of policy that developed is contained in Rudiger Dornbusch and Sebastian Edwards, *The Macroeconomics of Populism in Latin America* (Chicago: University of Chicago Press, 1991).

17. An ever-increasing overburden of regulation was applied to foreign direct investment, and restrictive regulation was also applied to technology transfers. A culmination of sorts was reached in the Andean Pact countries in the form of provisions to accelerate foreign disinvestment.

18. A different set of events had brought the Chilean economy to collapse in 1973, with the result that the fifth restructuring began there as a pioneering experiment in the mid-1970s, a decade before similar policies were introduced elsewhere in the region. For the Chilean case, see Dominique Hachette and Rolf Luders-Schwarzenburg, *Privatization in Chile: An Economic Appraisal* (San Francisco: ICSS Press, 1993); and Barry Bosworth, Rudiger Dornbush, and Raúl Laban, eds., *The Chilean Economy: Policy Lessons and Challenges* (Washington, DC: Brookings Institution, 1994). For the debt crisis, see S. Griffith-Jones and Osvaldo Sunkel, *Debt and Development Crises in Latin America: The End of an Illusion* (New York: Oxford University Press, 1986); and Robert Devlin, *Debt and Crisis in Latin America: The Supply Side of the Story* (Princeton: Princeton University Press, 1994).

19. Sebastian Edwards, *Crisis and Reform in Latin America: From Despair to Hope* (New York: Oxford University Press, 1995), provides a masterful review of the reform measures and their impacts.

20. Montague Lord, "Manufacturing Exports," in *Economic and Social Progress in Latin America, 1992* (Washington, DC: Inter-American Development Bank, 1992).

21. Greece and Portugal, the poorest members, were much smaller than Mexico and also relatively closer to European levels in per capita income—and therefore more readily "digestible." The closer counterpart to the NAFTA combination would have been the admission of Turkey into the European Community, a challenge the Europeans prudently declined.

22. Gordon J. MacDonald, Daniel L. Nielson, and Marc A. Stern, eds., *Latin American Environmental Policy in International Perspective* (Boulder: Westview, 1997); Michael Painter and William H. Durham, eds., *The Social Causes of Environmental Destruction in Latin America* (Ann Arbor: University of Michigan Press, 1995).

23. Samuel A. Morley, *Poverty and Inequality in Latin America* (Baltimore: Johns Hopkins University Press, 1995); William Thiesenhusen, *Broken Promises: Agrarian Reform and the Latin American Campesino* (Boulder: Westview, 1995).

24. George Psacharaopoulos and Harry A. Patrinos, eds., *Indigenous People and Poverty in Latin America* (Washington, DC: World Bank, 1994); and Donna Lee Van Cott, ed., *Indigenous Peoples and Democracy in Latin America* (New York: St. Martin's, 1994).

25. Dagmar Raczynski, ed., *Strategies to Combat Poverty in Latin America* (Washington, DC: Inter-American Development Bank, 1996).

Suggested Readings

Agosin, Manuel R., ed. *Foreign Direct Investment in Latin America*. Washington, DC: Inter-American Development Bank, 1995. With its focus on the revival of capital inflows into a restructured region, this book is well paired with another book from the same publisher, Jose Antonio Ocampo and Roberto Steiner, eds., *Foreign Capital in Latin America* (1994). Both are strongly technical in their analysis.

Baer, Werner. *The Brazilian Economy: Growth and Development*. 6th ed. New York: Praeger, 2001. It is not hard to understand why this masterful analysis of Latin America's largest economy has gone through so many editions.

Bethell, Leslie, ed. *The Cambridge History of Latin America*. New York: Cambridge University Press, 1984. This landmark work has chapters on economic aspects scattered among its multiple volumes.

Bresser Pereira, Luiz Carlos. *Economic Crisis and State Reform in Brazil: Toward a New Interpretation of Latin America*. Boulder: Lynne Rienner, 1996. A noted specialist who grew to professional maturity under ISI speaks his piece on what has come to pass with the structural adjustment reforms, though Brazil has lagged notably on making many of them.

Glade, William. *The Latin American Economies: A Study of Their Institutional Evolution*. New York: American Book Company, 1969.

Gordon, Wendell. *The Political Economy of Latin America*. New York: Columbia University Press, 1966. One of the best of the several textbooks written in the 1960s and 1970s on Latin American development.

Hachette, Dominique, and Rolf Luders-Schwarzenberg. *Privatization in Chile: An Economic Appraisal*. San Francisco: ICS Publishers, 1993. A magisterial analysis of this controversial policy in Latin America's trailblazing country.

Huber, Evelyn, and Frank Safford, eds. *Agrarian Structure and Political Power: Landlord and Peasant in the Making of Latin America*. Pittsburgh: University of Pittsburgh Press, 1995.

Inter-American Development Bank. *Economic and Social Progress in Latin America*. An annual report containing current economic information on the different countries, a useful set of time series data, and an extended analytical treatment of particular aspects of Latin American development, such as fiscal decentralization, social security reform, manufacturing exports, and so on. Earlier volumes have titles that vary slightly from the latest volumes.

Maddison, Angus, et al. *The Political Economy of Poverty, Equity, and Growth: Brazil and Mexico.* New York: Oxford University Press, 1992. One of a series of paired country studies by World Bank specialists, this one provides an intimate look at the two most important Latin American economies that for all their historical differences have gone through many of the same development policy hoops in recent years.

Almeida, Ozorio de, Anna Luiza, and João S. Campari. *Sustainable Settlement in the Brazilian Amazon.* New York: Oxford University Press, 1995. A well-reasoned and well-documented analytical foray into a controversial facet of Latin American development; the problem explored extends beyond Brazil. See also Charles H. Wood and Marianne Schmink, *Contested Frontiers in Amazonia* (New York: Columbia University Press, 1992), for an authoritative treatment of the demographic forces in environmental degradation.

Prebisch, Raúl. *Change and Development: Latin America's Great Task.* New York: Praeger, 1971. A rethinking of the Latin American predicament on the eve of the great borrowing spree and the oil shocks by the man who, more than any other, shaped Latin American economic policy in the postwar period. The classical statement of the prevailing diagnosis of Latin American conditions and the policy that flowed from it is found in ECLA, *The Economic Development of Latin America and Its Principal Problems* (Santiago: United Nations Economic Commission for Latin America, 1950). ECLA, *Development Problems of Latin America* (Austin: University of Texas Press, 1970), is a handy compilation of documents from the UN Economic Commission for Latin America that define the guiding vision of ISI policies.

Story, Dale. *Industry, the State, and Public Policy in Mexico.* Austin: University of Texas Press, 1986. For Mexico, see Roderic Ai Camp, *Entrepreneurs and Politics in Twentieth-Century Mexico* (New York: Oxford University Press, 1989). For an equivalent glimpse of the policy process in Brazil, see Ben Ross Schneider, *Politics Within the State: Elite Bureaucrats and Industrial Policy in Authoritarian Brazil* (Pittsburgh: University of Pittsburgh Press, 1991). These three books afford an insight into the dynamics that generated the economic outcomes analyzed by Maddison and colleagues. Although the neoliberal model has slightly altered the institutional arrangements that these three studies examined, we would be rash to assume that the old order has altogether vanished in policy determination. In Latin America, as in the United States, policymakers listen selectively.

Thiesenhusen, William C. *Broken Promises: Agrarian Reform and the Latin American Campesino.* Boulder: Westview, 1995. An important retrospective assessment by one who has followed the vagaries of agricultural policy for many years.

Tokman, Victor. *Beyond Regulation: The Informal Economy in Latin America.* Boulder: Lynne Rienner, 1992. Although the so-called informal sector was first spotted in Africa by ILO researchers, its Latin American twin has inspired a huge volume of studies, of which this is a good example. Hernando de Soto, *The Other Path: The Invisible Revolution in the Third World* (New York: Harper & Row, 1989), did much, in its earlier Spanish-language version, to stimulate scholarship on the Latin American phenomenon, though housing studies in squatter settlements during the early 1960s were perhaps the first to note the rise of the informal sector or the underground economy.

Urrutia, Miguel, ed. *Long-term Trends in Latin American Economic Development.* Washington, DC: Inter-American Development Bank, 1991. See especially chapters 1–2.

Weeks, John. *The Economies of Central America.* New York: Holmes & Meier, 1985. Though written before this troubled region began to settle down, the survey is nonetheless useful for understanding what democratic governments will have to deal with today.

Chapter 8

Social Structure and Change in Latin America

HENRY VELTMEYER AND JAMES PETRAS

For close to three decades, from the 1950s to the end of the 1970s, Latin America experienced historically unprecedented high rates of economic growth—around 5 percent in the aggregate and 2.5 percent on a per capita basis. This growth, together with associated developments, was based on a model of state-led development characterized by (1) government intervention in the economy, including regulation of private activity and restrictions on foreign investment; (2) an inward orientation of production, producing for the domestic rather than the world market; (3) import substitution, protecting and encouraging the growth of domestic industry; and (4) growth with equity, social reform to improve access of small producers to the means of production (land, capital, and technology) and the share of working-class families in the national income.

In the 1970s, this process of development was arrested and reversed by governments in Chile and Argentina, both military dictatorships, acting in the interest of the economically dominant propertied class, which was deeply concerned about the mounting claims made by a restive working class and landless peasantry against their property. In the 1980s, under conditions of a region-wide debt crisis and a democratization process (the return to state power by elected regimes and the rule of law), a solution was found to both the growing power of the working class and the widespread economic imbalances. The structural adjustment program (SAP), as it was called at the time, was a series of economic stabilization measures and structural reforms designed by the economists at the World Bank on the basis of a Washington Consensus on the policies needed to bring about a new world order of neoliberal globalization in which the "forces of freedom" would be liberated from the shackles and regulatory constraints of the welfare development state, promoting free market capitalist development on a global scale.[1]

Pioneered by Chile's military regime under Augusto Pinochet but eventually adopted by or imposed on the other governments in the region, the SAP provides a standard recipe for curing a country's ills: (1) stabilization of the currency (adoption of a "realistic" exchange rate, i.e., devaluation); (2) liberalization of trade and capital flows, eliminating or reducing trade barriers and favorable treatment of domestic capital; (3) reorientation of production toward the world market and opening up the economy to foreign competition; (4) deregulation of private activity; (5) privatization of public enterprises and all means of social production; (6) downsizing the state, reducing the scale and scope of its market intervention, eliminating subsidies and control of prices; and (7) fiscal austerity—a policy of fiscal discipline and balanced budgets. After two and a half decades of such policies based on a neoliberal model of economic development,[2] Latin America today is a very different place from what it was in the 1970s and what it was becoming. In the process, a revolution—or rather a counterrevolution—has been wrought in the social structure of Latin American society and the distribution of the social product.

It is of critical importance to understand the nature of this social structure. For one thing, the capacity for people to change this structure and thereby to improve the conditions of their social existence to some extent depends on this understanding. For another, it is not possible to understand the development of Latin American society in its critical dimensions (economic, social, political) without a solid grasp of the social structure that underlies this development.

The Social Structure of Latin America

There are three basic levels to social analysis. One is in terms of the distribution or composition of a population's social characteristics. At this level, we can identify a number of ascribed or socially constructed features such as gender, age, race/ethnicity, and achieved characteristics such as level of education. A second form of analysis operates at a different (structural) level, identifying sets of positions occupied by groups of people and the social and economic conditions associated with these positions. Arguably, this is the most critical level of social analysis, requiring a combination of theoretical abstraction and empirical analysis. A third type of social analysis is based on the subjective and political conditions of people's behavior and experience, identifying the forms of their social awareness and action associated with their shared position. In practice, the problem is how and where to combine these three forms of social analysis—to make the appropriate or necessary connections.

At the structural level, a number of critical factors and defining characteristics can be identified. One is spatial distribution and location. In these terms, Table 8.1 distinguishes between two groups of the population, one located in the region's urban centers and the other in the countryside, in the smaller communities and farms of rural society. The table also points toward a fundamental change in the urban-rural distribution of the population as well as in the gender composition of the labor force since the 1970s.

Table 8.1 identifies significant country-by-country variations in the urban-rural distribution of the population. It highlights major changes in the structure of this distribution over the past two and a half decades, which many economists and sociologists associate with what might be termed the "great transformation": the transformation of a traditional, agrarian and precapitalist form of society and economy into a modern industrial capitalist system. Behind this transformation (driving the forces of change, as it were) is a process of capitalist development and proletarianization (the separation of the direct producers from their means of pro-

TABLE 8.1 The Population of Latin America: Some Basic Distributions, Selected Countries, 1975–2008

	Population (2010)[a] Millions	% Urban[b] '75	% Urban[b] '00	Labor Participation Rate[c] F/M '75	Labor Participation Rate[c] F/M '06/07	Labor Participation Rate[c] % F/M '06/07
Argentina	40.5	78	90	30/69	50/75	47
Bolivia	10.4	41	65	62/82	48/68	58
Brazil	199.9	56	80	36/76	58/80	52
Chile	17.1	75	86	43/73	38/66	49
Colombia	47.9	57	75	29/64	52/80	61
Ecuador	14.2	45	63	21/70	54/81	39
Mexico	110.1	59	75	26/71	48/82	48
Uruguay	3.4	82	93	25/67	54/75	67
Venezuela	28.8	72	87	25/67	50/79	54
Central America/Cuba	56.8	42	56			
Caribbean, English Speaking	42.3	49	67			
Latin America + Caribbean	593.7					

Sources: (a-b) ECLAC, Statistical Yearbook, 2002; ECLAC, Demographic Bulletin, No. 69. Latin America and the Caribbean: Population Estimates and Projections, 2002.

duction and the transformation of small-scale or peasant agricultural producers into a proletariat). However, the tangible feature of structural change that many analysts fix on is *urbanization*—the shift of the "economically active population" (to use a concept favored by economists) from the rural areas or countryside to the cities and urban centers. Indeed, as Table 8.2 makes evident, Latin America has witnessed a rapid process of urbanization over the past three decades of capitalist development, although this development has not proceeded according to the dominant theory—the surplus labor released from the countryside in the migration of the rural poor would be absorbed by modern capitalist industry, providing ample opportunities for wage-labor and social mobility.[3] What has developed instead is the growth of an enormous sub- and semiproletariat of street workers and what Mike Davis (2006) has described as a "planet of slums" in a burgeoning urban sprawl.

Table 8.2 shows that, in most cases, the population shift toward urban centers involves a change of at least ten percentage points. Table 8.2 also identifies a trend toward the feminization of the labor force. This trend, identified in the relative shift of women and men in labor force participation from 1975 to 2005, has accelerated over the past three decades of capitalist development, even though the participation rate of women in the urban labor force is still below that of men as well as that of women in other parts of the world. More significant, however, is that relative to men, women are generally integrated into the urban economy under conditions of sexist discrimination and a higher rate of exploitation. This is reflected in the fact that most employment growth over the past two decades has been in a sector characterized by low pay, poor working conditions, and irregularity; and women are disproportionately represented in jobs with these forms of employment and working conditions. Another indicator of sexism in the labor force can be found in the male/female ratio of average earned income by job in the urban labor force, which in economies as diverse as Bolivia, Chile, Mexico, and Venezuela ranges from .38 to .45 (UNDP 2003, Table 23). In many parts of the world over the past two decades women's participation rate has begun to approach men's, and the gender ratio of earned income is more in the range of .65 to .70. Clearly women in these situations still have a long way to go in their protracted struggle for equality. But it is just as clear that in many Latin American societies and economies they have an even greater distance to travel in this struggle, which, it could be added, is an important part of a wider class struggle.

Even a preliminary and limited demographic analysis identifies patterns in these variations in socioeconomic and working conditions that correspond to differences in a broader social structure. To some degree this is reflected in other elements of this structure, such as the distribution of economic activities (Table 8.2) and the associated pattern of income distribution (Table 8.3). A cursory examination of these patterns indicates that the corresponding "structures" (institutionalized patterns or ways of doing things) are interconnected and form a system. An individual's economic activity and share of society's productive resources or wealth, as well as the income derived from ownership of or access to this wealth, is directly related to his or her position within the social structure.

Within the economic and social system in place throughout Latin America and elsewhere, income is a critically important determinant of an individual and each household's "life chances" (to use a term coined by Max Weber). Most people require money or income for meeting their basic needs, and the major source of this income is work, either for wages or a salary (employment) or on one's own account (self-employment) or commodity production (the direct production of goods and services for sale). Latin American society, with the exception of Cuba, includes a class of individuals who receive income in the form of rent or profit derived from their ownership of property in the means of social production. Most people, however, have to work for a living—they are part of the working class, dispossessed of land or any other means of production and thus dependent on the sale of their labor power. Table 8.4 provides a graphic, if theoretical, representation of the class structure of Latin American society and of the position of workers and producers in the popular sector of this structure.

The Latin American Social Structure

To gauge the social and political forces generated in support or in resistance to the neoliberal (market-oriented) economic reforms implemented in the 1980s, it is important to examine the underlying social structure. Changes in this structure over the past two decades of forces of change and policy reforms have had a significant impact on the politics of change—on the forces that have been mobilized in support of or opposition to the neoliberal model. The neoliberal reforms implemented under the Washington Consensus have also produced changes in class

TABLE 8.2 The Structure of Economic Activity: Selected Countries Listed in Reverse Order of GDP per Capita, 2000-2007

	GDP per capita[a] ($ US 2006/2007)	% Share of Total Production (2005)[b] Agriculture	Industry	Services
Bolivia	1,090	22	28	68
Ecuador	1,628	11	15	63
Peru	2,751	8	27	65
Colombia	2,861	13	30	57
Brazil	4,183	8	36	56
Venezuela	5,787	5	50	45
Chile	6,127	11	34	56
Mexico	7,094	4	27	69
Uruguay	7,255	6	27	67
Argentina	9,397	5	28	68

Source: (a) *ECLAC, Statistical Yearbook for Latin America and the Caribbean, 2008,* A.1. (b) World Bank, World Development Report (2006), pp. 238-39.

TABLE 8.3 Shares of National Income by Poorest/Richest Groups: % Poor Households: Selected Countries Ranked by Level of HD in 2007

HDI Rank[1]		*Poorest 40% (2006/07)*	*Richest 10% (2006/07)*	*Poor Households % (2006/07)*	
34	Argentina	15.4	34.1	23.7	21.0
40	Uruguay	21.1	27.5	17.9	18.1
43	Chile	14.6	37.2	38.5	13.9
55	Mexico	16.9	32.9	42.1	26.8
64	Colombia	12.2	41.0	52.7	45.4
65	Brazil	12.7	42.1	41.2	26.9
69	Venezuela	18.4	25.7	38.6	-
97	Ecuador	15.4	35.5	62.1	38.8
114	Bolivia	11.2	35.5	52.6	42.4

Sources: World Bank, *World Development Report,* 2003; ECLAC, *Statistical Yearbook for Latin America and the Caribbean,* 2008, A.6.

1. The UNDP in its annual report (2002) ranks 175 countries according to their level of 'human development,' an index (HDI) that aggregates and weights the score of each country on (i) GDP (national income) per capita, measured in terms of 'purchasing power parity' (PPP) rather than official currency exchange rates; (ii) longevity, measured in terms of life expectancy; and (iii) level and quality of education, an indicator of a person's capacity of choice in their life.

TABLE 8.4 The Latin American Class Structure (Estimated Distribution of the Population by Social Class)

	Urban	*Rural*
Capitalist Class	4	2
Middle Class		
Management/Professional (UM)	5	2
Business operators/entrepreneurs (M)	10	4
Service providers, technicians, etc.	11	7
Family farmers (medium-sized) (M)		10
Working Class (proletariat)		
Formal (factories, offices, mines)	21	10
Informal /semi-proletariat (street, land)	49	35
Agricultural Producers (popular sector)		
Small-scale commodity producers		10
Peasant farmers		20

Source: These very rough estimates of the class distribution of the population in Latin America are based on official laborforce data provided by ECLAC in its annual *Statistical Yearbook* (2008) and its *Social Panorama of Latin America*, Statistical Annex (2008). Also see the ILO's *World Employment Report* (2006). It is not possible to accurately gauge the class structure because official laborforce data distribute the population on the basis of an industrial and occupational classification that does not correspond to the structure of class relations. The above estimates are based on simple averages of statistics provided for the eight largest countries in the region that account for over 90% of the total population. For example, regarding the figure of 49% for the urban laborforce that is in the unstructured 'informal' sector, statistics vary from a high of 65% in Peru and 65% in Bolivia to an estimated 31% in Chile, and 42% in Argentina and Brazil. 49% represents an unweighted average for the eight countries in South America.

relations and associated conditions, mobilizing the social forces of resistance and change in the popular sector.

The major element of the social structure in Latin American societies is the relationship of capital to labor, which encompasses both those who own the means of production and those who have been dispossessed of all means of production, left only with their labor power, which they have to exchange for a wage. In addition to these two basic classes, there are several classes of individuals who occupy a position somewhere in between or located entirely outside the structure of the wage-labor relation. The most important of these is composed of individuals who own some means of production, physical and tangible or mental and intangible, but are not in a position to purchase the labor power of the direct producers. These individuals are generally viewed as part of the traditional middle class, sharing this position with intellectuals, professionals, and low-level managers of capitalist or public enterprises.

The Capitalist Class

Members of the capitalist class are easy enough to identify by the size of their capital (big, medium, small) and by functional criteria (industrial, commercial, financial, rentier), as well as by the perquisites of their position, such as wealth and

power. Estimates as to the size of the capitalist class range from a low of 3 percent in countries like Bolivia to 5–6 percent for Argentina, Brazil, Chile, and Mexico, and with a weighted regional average of under 5 percent of the economically active population (EAP). The employer category in Table 8.4 provides a rough (and admittedly poor) proxy measure of this class, assuming that the capitalist sector is about two-thirds of all employers and that the vast majority of these employers dispose of very little capital. In actual fact, the core of the capitalist class is composed of people who derive most of their income from investment. The population census lists these individuals—making up less than 1 percent of most national populations—in the category of financiers.

The core of this class is composed of individuals connected to the "big economic groups," a complex of banking, industrial, and agro-export conglomerates. In each country a small group of such conglomerates (big economic groups) can be identified, in addition to larger groupings (the new bourgeoisie) formed with the free market reforms implemented since the 1980s. It is possible in each country to identify various factions and groupings within the dominant capitalist class in terms of the source as well as size of their capital. For example, in Mexico and to various lesser degrees in other countries, there is a large and politically significant bureaucratic class formed on the basis of privileged access to state resources and its regulatory and other powers. This part of the Mexican bourgeoisie is internally divided into different factions and connected through ties of common interest to other factions of the capitalist class such as the industrialists, financiers, and bankers. In addition to these capitalists, there are groups of individuals who serve as CEOs of the transnational corporations that operate in each country or are connected to institutions such as the International Monetary Fund (IMF). They form a powerful faction of the capitalist class as a whole, with resources and connections that constitute a significant factor in the internal and political dynamics of the class struggle.

Policies instituted in the 1980s created several other elements of the dominant capitalist class. Of particular significance here is the large-scale privatization of public enterprises undertaken by many regimes. In the case of Mexico, the privatization of over a thousand state enterprises under the administration of Carlos Salinas from 1989 to 1994 spawned a number of enormous private fortunes, which are reflected in the identification by *Forbes* in 1993 of twenty-four billionaires in Mexico, more than the number identified for all of Latin America just two years earlier. These billionaires, who include Carlos Slim, currently ranked by *Forbes* as the richest man in the world, together with their not quite so wealthy associates (the thousands of mere millionaires created in the economic reform process), form the core of the region's new bourgeoisie, a propertied and entrepreneurial class that is well connected to the local political establishments as well as to the international financial institutions (IFIs) and multinational corporations (MNCs) that dominate the global economy. This bourgeoisie forms a part—albeit subordinate—of what the sociologist Leslie Sklair (1997) has termed the "transnational capitalist class" and the authors the "global ruling class."

The Middle Class

Important components of the middle class include those who hold land for the purpose of agricultural production and those who operate small businesses, mostly in the urban centers. Although these two components vary significantly by country and have been subject to forces that have tended to decimate them, they remain numerically—and politically—important in most countries. The expansion of corporate capital has had a negative impact on the conditions of existence and survival of both the independent smallholders of land and urban-centered businesses. The specific impact of the government's economic policies on their enterprises and activities is more difficult to gauge. In every country a large number of small businesses and landholdings—over 50 percent in many cases—involve marginal economic operations, microenterprises, whose owners are barely able to survive in the so-called informal sector. In this connection it is possible to distinguish between the formal petite bourgeoisie (the traditional middle class) and an informal petite bourgeoisie (mostly a highly indebted group of family farmers), which comprises an estimated 10 percent of the region's EAP.

Another key element of the middle class is often identified as professionals—individuals who provide a broad range of intellectual services, from the semiprofessional services of teachers, technicians, social workers, bureaucrats, and office managers to the professional and high-level management and business services provided by the legion of well-paid functionaries (of capital as well as government). A number of sociologists view these high-level functionaries and managers of capitalist and state enterprise as a distinct (professional management) class that constitutes an estimated 4–5 percent of the EAP in most countries. This is probably a fair estimate if restricted to the upper stratum of paid functionaries and distinguished from the two other major and much larger elements of the middle class—small proprietors (independent producers and business operators) and lower-level paid functionaries (salaried employees in public and private enterprises, semiprofessionals, and intellectuals).

The size of this social category (the middle class) in different societies is difficult to measure, largely because of the ambiguity of its position in the class structure. In countries like Argentina it is very large—perhaps as much as 30 percent of the economically active population. In other countries, such as Bolivia and Ecuador, with a sizable multiethnic or plurinational population, it is much smaller. As salaried employees, they can also be regarded as part of the working class—a white-collar element concerned with some form of mental or nonphysical labor. In any case, whether viewed as a stratum of the middle class or the working class, these individuals probably make up 10–15 percent of the EAP. In Table 8.4 they are subsumed under the formal working class, with no attempt to differentiate among different categories of stratification or possible political divisions—manual and mental, waged and salaried, urban and rural, private and public sector, male and female, organized and unorganized.

Whether or not these categories relate to differences in political orientation or response is hard to say, a matter of empirical analysis. A cursory look at the political responses to the neoliberal policies implemented in the 1980s and 1990s suggests that there is a strong element of resistance and opposition from groups tied to the education system, state enterprises, and the bureaucracy. This is because individuals and groups in this public sector have been seriously affected by policies of privatization and the cutback of the state apparatus. To a considerable but varying degree in different countries, neoliberal policies have produced a bifurcation of this class, with some elements doing well and accommodated to the neoliberal agenda and other elements doing poorly and disposed toward resistance. In a number of contexts like Argentina and Mexico, this class constitutes an important if not critical factor in the dynamics of social change.

The Working Class

The working class comprises the vast majority of the population but takes diverse forms. In many countries it has been substantially restructured as a result of policy-induced economic and political conditions associated with SAPs. Today's working class differs from that of the 1980s. Back then most workers worked in the private sector of capitalist and small businesses and in the public sector—in factories, industrial plants, mines, and offices. Today, however, most workers in many countries work "on their own account" or for miserable wages under precarious conditions and without benefits or social security—on the streets or in the service and retail sectors. In rural society most workers labor seasonally for low wages or mix subsistence farming with off-farm wage labor. A sharp distinction thus has to be made between an industrial proletariat and traditional wage laborers (only a small part of the working class today) and those who work in the streets and on their own account, or without pay (housewives and unpaid family members). In the context of developments since the 1980s, the latter has assumed a growing proportion of the working class in all countries (see Table 8.3).

(i) The Formal Sector. Together with the big and the petite bourgeoisie, these workers make up the so-called modern or capitalist sector of the economy, which accounts for an estimated 30 percent of the regional EAP. Estimates as to the size of this class fluctuate widely but essentially define three categories of countries: the Southern Cone (Argentina, Chile, Uruguay), where the formal proletariat represents a clear majority of the EAP; an intermediate grouping of countries (Brazil, Costa Rica, Panama, Peru) in which this class amounts to at least 25 percent of the EAP; and the rest of Latin America, where it represents on average barely 10 percent of the population.

In the 1960s and 1970s, these workers formed the social base of organized labor—the union movement that in each country led the struggle against capital for better wages and working conditions. And in the 1970s, in the context of a region-wide (indeed worldwide) counteroffensive by capital, this class was also the chief target of state repression, of the "dirty war" against subversives waged by the national security military regimes that took state power all over the region. In the 1980s context of a regional debt crisis, the institution of market-friendly reforms, and a redemocratization process, the formal proletariat also bore the brunt of efforts to restructure the economy and the society. In this process, the industrial proletariat in the private sector, the backbone of the labor movement, was severely retrenched and in some cases decimated. From 1988 to 1992, these industries lost 1.3 million workers, a process that continued to unfold throughout the 1990s. As a result of these developments, the industrial proletariat was reduced to a shadow of what it had once been—decimated numerically, weakened organizationally, and everywhere on the defensive, with a weak leadership accommodated to tripartite or corporatist arrangements, unable to mount an effective campaign or mobilize the significant potential political forces of labor against capital.

By the end of the 1980s public sector employees and workers constituted an important part of both the working class and the labor movement. This was the result of a decades-long process of state-led development in infrastructure and social services as well as the nationalization of enterprises in strategic industries such as oil. However, a key element of the new economic model of structural adjustment to the requirements of a single global economy (globalization) was a policy of privatization—turning over (or returning) public enterprises to the private sector (profit making). Carlos Salinas de Gortari, president of Mexico from 1988 to 1994, turned over 1,100 public enterprises to the private sector, effectively privatizing all public enterprises in the key sectors of the economy—with the exception of electric power generation and the extraction and processing of oil. In the 1990s the other political regimes in the region, notably in Argentina and Brazil, the two other biggest economies in the region (with Mexico, accounting up to 75 percent of the gross regional product), followed suit. By the end of the decade the privatization agenda had weakened the public sector of the labor movement both numerically and politically.

(ii) The Informal Sector. The largest component of the working class, representing in many countries over half of the labor force and as much as 65 percent of workers (in the case of Bolivia and Peru), the informal proletariat is characterized by a diverse mix of production relations: irregular and nonstandard forms of wage labor for operators of small and unstable enterprises; part-time or casual labor without the protection of a legal contract (at least 54 percent of all workers); wage labor for subcontractors; self-employment (the operation of unregulated microenterprises producing or selling goods and services in the home, in makeshift workplaces, and in the streets); domestic services to middle-class and bourgeois households; and an array of illegal activities ranging from petty thievery, burglary, and smuggling to the manufacture, distribution, and sale of drugs. By all accounts the size of this class, combined with the small-firm sector, has been on the rise, increasing its share of the EAP from less than a third in the early 1980s to over half of the occupied labor force in the late 1990s. According to Alejandro Portes and colleagues (1989) and studies by the International Labor Organization, in a number of countries the informal sector accounted for up to 90 percent of job and employment growth over the past decade and a half.

The Peasantry and the Rural Proletariat

As a region Latin America is overly urbanized in relation to the capacity of industry to absorb the large numbers of individuals dispossessed of productive land or otherwise led to migrate to the rapidly growing towns and cities. In the postwar period, a large part of the rural population was pushed into the towns and cities, converted into an urban proletariat. This process also led to the formation of a huge sector of informal enterprises and activities. In some cities (e.g., El Alto, a peri-urban center on the outskirts of Bolivia's capital city La Paz, with a predominantly indigenous population of rural migrants), a majority of workers live and work in the city during the week and return to the countryside on weekends, combining agricultural activity (subsistence production) with informal (unstructured) work relations and conditions, and urban-rural living, making it difficult for statisticians to mark inhabitants as either urban or rural.

In the countryside an even more complex structure of economic activities and relations of production evolved. This sector incorporated various classes of producers and workers, including both middle-class and capitalist operators of farms and businesses; a rural proletariat composed of wage workers in these sectors; a large class of smallholders, composed of individuals and households involved in farming or work under diverse relations of subsistence, independent commodity production, sharecropping, and other forms of tenancy (including, as in the case of indigenous communities in Bolivia, Ecuador, Guatemala and Mexico, various forms of communal tenure); the semiproletariat, who make up the majority of direct producers in most countries; and large numbers of landless or near-landless rural workers, in the case of Brazil totaling millions of families.

Although the EAP includes large numbers of children under working age, elders, retirees, the disabled, and other dependents, it also includes an equally large number of individuals, mostly women, whose contribution to domestic and social production is not accounted for and whose labor is not remunerated at all. The majority of rural households have at least one member in this position, accounting for a significant number—perhaps 25 percent of the rural population.

The expansion of capitalism in the countryside has resulted in variations of this class structure. In addition, it has generated various processes of change within this structure: the transformation of the hacienda system of tenant farming into capitalist farming and agribusiness—what the Inter-American Development Bank (IDB) defines as the entrepreneurial sector of commercial enterprises; the growth of temporary, casual, and seasonal forms of wage labor; the feminization of rural wage labor; and the urbanization of this labor.

The Social Impact of Neoliberal Reforms

In the summer of 1982 the Mexican government announced that it was unable to pay the interest on its accumulated external debt, sending shock waves throughout the international finance community. Under widespread structural conditions of extraordinarily high interest rates and plummeting export commodity prices, Mexico would not be alone, threatening the entire fabric of global capital. However, the IFIs, under the guardianship of the IMF, rallied in defense of the system.

The solution, imposed on or adopted by country after country in the region (most often as a condition of renegotiating debt or accessing new capital in the form of loans, aid, or investment), was a program of market-oriented economic reforms or structural adjustments. The stated goal of this program was growth and macroeconomic equilibrium (restoration of growth in the total output of goods and services under conditions of balanced budgets, the control of price inflation). There are, however, major unstated goals of these sweeping reforms, which include making sure of the capacity of countries in the region to service (make payments on) their external debts. But the major internal adjustment has been a restructuring of labor, particularly in regard to its share of national income and increased flexibility. As to labor's share of national income (as opposed to the share that goes to capital—is invested rather than consumed or used to purchase goods and services), most countries in the region have experienced a significant reduction—from 30 percent and greater (up to 40 percent in some cases) down to 20 percent and lower. These declines in the share of labor in national income signify a corresponding increase in the share given to or appropriated by capital—presumably in the interest of increasing the rate of national investment, deemed to be the most critical factor in a process of economic activation.

The social cost of this process of structural adjustment has been a deepening and extension of poverty, the conditions of which (unemployment, informalization of work relations and conditions, economic insecurity, falling wages, low income, homelessness, malnutrition, disease, illiteracy) have been borne mainly by the working class. A large part of this class has been impoverished in the process, as has a part of the middle class. In addition there are significant gender as well as class and national ethnic dimensions to poverty and other conditions of structural adjustment. In terms of the basic indicators of social development, Cuba, the one Latin American country that has pursued a socialist rather than a capitalist path, stands out as a striking anomaly, with levels of education, health, and welfare comparable to the most industrially developed countries in the world. The UNDP *Human Development Report* for both 2003 and 2006 provides a clear testament to this.

By the early 1980s, after three and a half decades of sustained economic and social change, the material conditions of social existence for the majority of the population had substantially improved. In the 1980s, however, under conditions of a widespread debt crisis and structural adjustment, these gains were wiped out. With a fall of up to 60 percent in the value of wages or purchasing power in a matter of just a few years in the 1980s, the life situation of most people in the region seriously deteriorated.

Despite a minimal and fragile recovery after close to a decade of sweeping economic reforms, in many countries the average level of income and standard of living in the 1990s was lower than it was in 1970. Under conditions that include growth in unemployment, informalization of labor relations, a drastic decline in the value of wages, and cutbacks in government services and social programs, the process of structural adjustment to which the economies in the region were subjected led to a substantial worsening in the distribution of wealth and income, already among the most unequal and inequitable in the world. The income gap between the poorest households and the richest widened and deepened, in some cases dramatically. Today in every country in the region the top decile of income earners receive over 30 percent of the national income—48 percent in the case of Brazil, which, according to the World Bank exhibits one of the most skewed income distributions in the world. Worldwide only Sierra Leone is disgraced by a greater maldistribution of income, although unlike Brazil (Petras and Veltmeyer 2003), it cannot hold government policies under the Washington Consensus responsible. Also, the decline in both the share of labor in national income and the purchasing power of workers' wages over the years, as well as the loss of employment opportunities in most countries, had a strong impact on those at the bottom of the income pyramid and class structure. The overall result has been a significant increase in income inequality for most countries in the region.

These inequalities have produced striking differences in social situations for different groups and classes of the population. At one extreme they have spawned a small number of billionaires, whose combined wealth exceeds that of half of the population and whose conditions of social existence are almost unimaginable and certainly obscene. At the other extreme, the grossly unequal distribution of wealth and income is reflected in widening and deepening poverty. The population living in poverty substantially increased during the 1980s, declined somewhat in the early 1990s, but has moved steadily upward as of 1995, with the beginnings of another decade lost to development. By the end of the decade, according to some estimates (see Table 8.3 above), over a third of all households (58 percent in Ecuador) were impoverished to the point of being unable to meet their basic needs. Most of these households are located in the urban centers, although the incidence of poverty is higher in the rural areas, home to the landless and near landless, masses of marginal small landholders and producers, and most indigenous peoples who form 10 percent or so of the population in the region (up to and more than 50 percent in countries like Ecuador, Bolivia, and Guatemala). Typically, this element of the population suffers the most blatant forms of exploitation and oppression and the resulting conditions of abject poverty.

By official accounts (CEPAL 2008), poverty rates in Latin America have been falling—or were until the current global financial crisis, which has had serious repercussions in the real economy of most societies, particularly in Mexico, the economy most integrated into the US economy at the epicenter of the crisis. It is calculated that with a decline of up to 10 percent in national production in 2009, at least 750,000 jobs have disappeared and the ranks of the poor have undoubtedly thickened. According to official statistics the poverty rate, especially as regards destitution or extreme poverty, regionwide has fallen by 25 to 30 percent over the past decade. What is unclear, however, is the explanation. For one thing, it appears that at least a part of the success in meeting a major milestone in the first new millennium goal of halving the rate of extreme poverty by 2015 is the result of statistical fiat—defining the poor away. Also, it is evident that a large part of the relative success in alleviating extreme poverty has a lot more to do with actions taken by the poor, especially migration and remittances of earned income to their communities and family members, than government policies. Where policy measures, fiscal expenditures, and antipoverty programs have been a factor, as in Chile and Brazil, then the credit can be given to a post–Washington Consensus on the need for a more socially inclusive form of neoliberalism as well as popular pressures on the government.

The Dynamics of Class Struggle: Political Responses to Neoliberal Reform and Crisis

Over the years, there has been a recurring debate as to the social base and political dynamics of social movements for change in the region. However, the policies and conditions of structural adjustment have recast some of the issues involved, especially as relates to the popular sector of civil society. But two important questions remain. One is whether the objective and subjective conditions of struggle, resistance, and protest are structural and class based or based on localized struggles for and the politics of identity, defined by gender, ethnicity, and other culturally specific struggles. A second contested area has to do with the specific structural source of the conditions that have given rise to social movements and the politics of resistance and social protest.

Apart from the problem of determining how relations of exploitation and social exclusion fit in the social structure of Latin American societies, the political conditions of these relations—the social and political forces that have been generated—are not clear. Forms of popular resistance and political protest and the conditions that produced them need further study. Some preliminary results of such a study are briefly summarized below.

Living in Slums and Working the Streets on One's Own Account

The dramatic growth of the informal sector reflects decisions made by members of income-poor households (often recent rural emigrants) in the failed search for income-generating employment. These "decisions" are generally shaped by conditions over which their agents have absolutely no control and provide few if any options. In other words, to the degree that there is agency involved in these decisions and actions, it represents a survival strategy, a defensive response to the economic and social conditions of poverty—the deprivation of basic needs. As such, it represents a form of self-exploitation by household members who are generally constrained to provide labor power, or the products of their self-organized labor, at a level of remuneration well below its value. As for the women in these households, their rate of exploitation tends to be considerably higher than that for men, given their general responsibility for household and reproductive labor, which, when added to their social production, often leads to working days of twelve to sixteen hours, or seventy- to eighty-hour workweeks.

However, as a household strategy, self-exploitative informal economic activities, even with all members participating, have not enabled many households to meet the basic needs of its members for food, nutrition, shelter, clothing, education—and human development (expansion of choice). As a result, in the context of deepening economic crisis and adjustment, the female heads of some of these income-poor urban households in the 1980s came together to pool their limited resources and cooperate in the provision for these needs. Such interhousehold forms of cooperation and association can be found in most shantytowns in cities such as Lima, Mexico City, São Paulo, Rio de Janeiro, Santiago, and Guayaquil. According to some theorists, these households have created a new form of economy—a "social economy" that does not rely on (or make use of) money but on barter, free labor, and relations of solidarity.

The Popular Economy: Community-Based Cooperation and Local Development

In Lima, Peru, as early as 1979 a number of *comedores populares* (popular canteens/dining halls/soup kitchens) were set up and cooperatively run by a group of around fifty women from income-poor shantytown households. By 1982 there were already an estimated 1,500 such organizations, in addition to 6,500 or so "glass of milk" committees that brought together and serviced over 100,000 households. In Santiago similar forms of popular economic organization (PEO), the *ollas comunales* (communal soup pots) and community soup kitchens, were formed on the basis of various associations of women in *las poblaciones,* as they are called in Chile (each country describes them in the same way but in different words—ranchos, favelas, villas de miseria, etc.), the shantytowns that surrounded the city. Such associations existed in Chile in the early 1970s, but under conditions created by the sweeping free market reforms of the Pinochet regime and the worst economic crisis in the region, they proliferated. In 1982, when the country was in the throes of another economic crisis, there were thirty-four *ollas comunales* in Santiago; by 1988, fifteen years into the Pinochet regime, there were 232 of them. By the 1980s, entire networks of such popular organizations, based on associations of women, were formed throughout the shantytowns. In addition to the *ollas comunales,* they included self-help groups, production workshops (small units with three to fifteen people producing and selling goods and services such as bread, clothing, laundry, carpentry, etc.), organizations for the unemployed, housing committees, committees for the homeless, and organizations related to housing problems such as water and electricity.

Similar women's organizations of the urban poor were formed in Brazil, Mexico, and other countries at the time subject to the same conditions of crisis and adjustment, or austerity measures. By taking charge in this manner, the women of poor working-class households came to feel empowered—collectively stronger and more self-reliant, capacitated to act in their own collective interest. In a number of cases, embryonic civil society organizations (CSOs) also provided a grassroots base for mobilizing resistance to the austerity and repressive policies of military regimes in the 1970s and the equally repressive economic policies of many neoliberal governments in the 1980s and 1990s. In this context, these CSOs represented the transition made by some associations of the urban poor from community action to collective protest. However, they also formed the social base of an alternative to collective protest and the formation of social movements, made available and presented to the poor by the overseas development associations (ODAs) and governments.[4] The option was participatory development in the form of local development—projects implemented in the community by a growing army of nongovernmental organizations (NGOs) enlisted in the cause of turning popular organizations away from a confrontational politics (direct action) to a new politics of dialogue, consultation, and participation in public policy.

From Community Development to Street Protest

Distinguishing between forms of community-based cooperative actions and collective forms of resistance and seeing where the former end and the latter begin is difficult. But in the context of spreading reforms, worsening socioeconomic conditions, and military rule, the urban poor took to the streets and moved from collective community action to collective forms of protest, including rioting and demonstrations. There is no question about the effectiveness and political impact of these collective acts of protest. In the outburst of political protest from 1983 to 1986, the urban poor were center stage, and working women were among the first to protest the regressive and repressive free market policies. Unionized workers, in contrast, were slow to respond and took their cue from the urban poor. And the intellectuals and politicos associated with the traditional parties were even slower to react and were manifestly ineffective in attempts to direct the self-mobilized forces of the urban poor, who in specific situations were joined in their struggles by unionized workers, students, teachers, public employees, shopkeepers, and other elements of an impoverished middle class.

A widely documented form of overt resistance and protest against neoliberal policies of stabilization and structural adjustment is the *riot*—the spontaneous outbreak of street protests against publicly announced increases in the price of food, gasoline, kerosene, or means of transportation. In the contemporary context of debt and adjustment, the first recorded street riots occurred as early as 1976 in Peru. In subsequent years there were sporadic outbreaks in various countries and a veritable wave of riots in 1982–1983 in Argentina, Bolivia, Brazil, Chile, Ecuador, and Panama. The forty-nine recorded riots in these years (fifty-two if we add the riots of 1984 in the Dominican Republic) represented more than one-third of all recorded riots worldwide at the time. A second wave of rioting hit the region in 1985–1986, followed by a series of riots in Venezuela in 1989 that left over 300 dead. This uprising of the urban poor was the first of four major uprisings that would take place in the subsequent decades of neoliberalism in Latin America. The other uprisings included the gas wars in the highlands of Bolivia, which in 2000 initiated a five-year period of revolutionary insurrection in the country that ended with the death of eighty indigenous rebels and the rise of Evo Morales, leader of a social movement of coca-producing indigenous peasants. The third uprising, also of indigenous peasants, occurred in Ecuador with the ousters of President Abdalá Bucaram in 1997 and of the neoliberal President Jamil Mahuad in 2000. The fourth uprising took place in December 2001 in Argentina under conditions of deep economic crisis. In this case the actor in the uprising was a social movement of urban unemployed workers called *piqueteros* because of their tactic of setting up pickets at highway blockades, used in the 1990s by the popular movement of indigenous peasants in the region.

The immediate trigger of these riots and uprisings in the late 1980s and then more generally in the 1990s and the new millennium is beyond dispute. They were a response to policy measures attributed to the IMF, often the symbolic if not immediate target of protest. In this connection, rioters and protesters were manifestly unsympathetic to the concern of Latin American governments to get prices right by cutting or eliminating subsidies and price controls or other such austerity measures. In some countries like Ecuador (January 2001) and Argentina (December 2001) rioting and protests against such policies have brought down governments; other governments were forced to retreat from a neoliberal agenda, which includes both austerity measures (eliminating subsidies, cutting social programs), liberalization of trade (opening up local markets to overseas competitors), and the privatization of public enterprises.

Riots are but one of a number of politically overt forms of resistance and acts of street protest against austerity measures. They have often been combined with other tactics such as mass demonstrations, marches on public buildings, encampments, land occupations, roadblocks, hunger strikes, boycotts, work stoppages, nonattendance at work or school, labor strikes (the traditional tactic of organized labor), as well as civic strikes. A most effective tactic used by indigenous peasant farmers in Bolivia and Ecuador, and more recently by unemployed workers in Argentina, has been *cortas de ruta*—cutting off and barricading highway and other transportation access to economic activity.

These acts of resistance and protest bring together diverse groups and classes in the popular sector and lead to concerted action. For example, in 1994 in Ecuador, an association of urban women, the Federation of Trade Unions, and the National Association of Indigenous Peoples took to the streets in a carefully orchestrated and scheduled series of marches, mass demonstrations, and strikes. Similar associations were formed in other countries in response to the same conditions. For example, after the peso was devalued in December 1994, more than 1,200 demonstrations and 550 marches—a daily average of five acts of protest—were organized in Mexico City in the space of a year. On one day alone (March 10, 1995), there were over 100 separate acts of protest. This wave of street protests was followed by the formation of a huge coalition of diverse social movements and organizations of farmers, peasants, independent business operators, workers, and nongovernmental organizations (NGOs) that came together to reject the government's economic model, which has generated only misery and unemployment. For the past five years in Argentina the streets in popular neighborhoods have been veritable cauldrons of protest, bringing together families of unemployed workers with other workers and groups in the popular sector in a common struggle against the source of their oppression—most often neoliberal policies of structural adjustment and globalization.

Workplace Protest and Resistance

In the context of widespread economic restructuring, the Latin American working class is not what it once was. A traditional stratum of full-time workers remains in place, strategically situated in various expanding industries, organized to defend and advance their collective interests, able to negotiate collective contracts with managers of capitalist enterprises and to engage in effective workplace strike action. However, in the 1990s, such workers were in the minority. They tended to be on the defensive, with a weakened capacity for collective action in an inhospitable if not hostile environment and an accommodating and compromised leadership, disposed to engage in tripartite pacts with business and government.

Under these conditions, the politics of resistance by workers in the formal sector of capitalist firms, public institutions, and remaining state enterprises tends to take different forms than before. Class struggle still involves strikes and electoral activity, but resistance to and protest against government policies of structural adjustment are now more likely to take the form of street demonstrations, mass rallies, and marches on government buildings, as well as takeover of factories. Currently up to 200 factories have been occupied and taken over by the workers in the industrial cities of Argentina.

Many workers remain opposed to the neoliberal agenda, as evident in the mass actions of workers all across the region throughout the 1990s. In Bolivia, almost every year since 1995, public sector workers and other workers organized by the powerful Workers Central, the Central de Obreros de Bolivia (COB), have orchestrated multiple mass actions, including declarations of a general strike, with the *cocaleros* and other indigenous peasant organizations, with major popular mobilizations against efforts of the political class to extend the privatization agenda.

Despite the understanding reached between the COB and the government in 1995, that led among other things to the end of a fifty-day teachers' strike, organizations of affiliated workers affirmed their commitment to continue the struggle against neoliberal policies. In the same year a similar commitment was expressed by over 150,000 workers in Mexico City on May Day in a massive rally against the government's privatization policy as well as an announced 50 percent increase in the value-added tax (VAT) and other elements of the government's neoliberal program. If anything, protest actions by workers and direct producers in different sectors over the years in Bolivia, Ecuador, Mexico and elsewhere have increased in number if not in intensity. The Confederation of Indigenous Nationalities of Ecuador (CONAIE) conducted in January 2004 a massive mobilization of the most diverse social and political forces of resistance against the government's neoliberal policies. Key sectors of organized labor were involved in this exercise in popular democracy.

No government in the region adopted the neoliberal program of policy reforms with such avidity as Carlos Menem's regime in Argentina in the 1990s. By 1998, however, Menem's policies, regarded by the World Bank as a model for other countries in the region to follow, brought about an economic crisis of momentous proportions, reflected in the official unemployment rate that grew from under 7 percent early in the decade to over 20 percent in 2002—up to 60 percent in some areas. Another consequence of the crisis was the impoverishment not only of the working class but of half of what had once been the most powerful middle class in Latin America—"the new poor." On December 19–20, 2001, the growing economic crisis exploded, bringing together a growing movement of unemployed workers and the pot-banging impoverished middle-class employees, service professionals and paraprofessionals, and business operators. In a matter of weeks up to four governments were brought down, workers occupied hundreds of factories, and unemployed workers and their families increased the pace of their *cortas de ruta,* cutting off and blockading major transportation routes in an effort to force the governments to institute short-term work projects and deal with a variety of demands by an increasingly restive population. The country was caught up in what could be seen as a prerevolutionary situation—somewhere between the worst recession in Argentina's history and the rapid growth and mobilization of a new community-based movement of unemployed workers.

Protest and Resistance in the Countryside

The penetration of capitalism into the countryside has been associated with a number of developments, including the transformation of the hacienda system of tenant labor into a wage labor–based system of agro-export production; a crisis in peasant agriculture based on communal forms of land tenure; the expulsion of proletarianized producers from the land, leading to a massive migration from the countryside to the urban centers; and a marked increase in temporary and seasonal forms of wage labor in the agricultural sector, with a significant gender dimension.

These combined developments have had a decided impact on the political capacity of workers and producers in the countryside and on the form of their organized resistance. For one thing, changes in employment practices toward more casual, precarious, and feminized forms of "flexible" labor have tended to increase the control of capital and the bargaining power of employers vis-à-vis labor. For another, the casualization of rural labor has contributed to the fracturing of a well established and at times militant peasant movement. Although seasonal and casual laborers can be highly militant, they are notoriously difficult to organize in part because of their mixed composition and shifting residence. As for the mass of landless workers that has been generated, the pressure to migrate and the possibility of doing so have also undercut their capacity to organize and fight in the countryside.

Throughout the countryside conditions of capital accumulation and policies of structural adjustment have spawned numerous associations of producers and workers, organized with the objective of resistance and political protest. The central issue for these organizations has been to agree on a form of struggle that is appropriate to their condition and can generate resources and cross-class support. The lengthy debates on this issue were relatively inconsequential until the January 1994 outbreak of armed insurrection in Chiapas, Mexico. Among the highland peoples in the area, such uprisings have not been unusual; this one had been in the works since the early 1980s. In Chiapas on January 1, 1994, a number of distinct but interrelated processes led to the formation of the Zapatista Army of National Liberation.

The demands of the Zapatistas relate to conditions generated by economic and political structures that are deeply embedded in the history of the state's indigenous peoples, but a subsequent declaration by Subcomandante Marcos, the official spokesperson for the Clandestine Revolutionary Indigenous Committee, points to the right of rebellion against the inhumane and unjust policies of neoliberalism. In this declaration, the Zapatistas threatened to march on Mexico City to press their demands, a similar approach to that taken by indigenous peoples in both Bolivia and Ecuador. In Bolivia the blockade of highways and mass marches on La Paz in 1993 and again in 1995 came in response to the call by the federation of organized urban workers for support of their struggle. However, in Mexico, as in Ecuador, there was no such call. It was the action of indigenous peoples that provoked the response of urban workers, leading to widespread mobilization and the creation of a social movement in solidarity with the Zapatista struggle in Chiapas and with similar struggles waged by indigenous peoples and peasant producers elsewhere. In January 2001 the indigenous uprising in Ecuador not only brought down the government but managed to take it over, holding all the reins of state power via a triumvirate that represented the rebellious indigenous peasants of the country, a coalition of organized workers and social groups led by the state oil workers, and the armed forces. This popular government lasted for a matter of hours, but the message resounded throughout the corridors of political power across Latin America: workers and peasants in the popular sector were on the march—a long march toward liberation, democracy, and state power.

Strategic and Political Responses to the Crisis in the Popular Sector

Capitalism has an inherent propensity toward crisis, as is evident in the recurrent pattern of financial and production crises over the years in the region. These crises take multiple forms and by all accounts induce a process of creative destruction—including of capital itself (e.g., in the ongoing crisis transmitted from its epicenter in the United States up to 40 percent of financial capital, it is estimated, has simply disappeared since the onset of the crisis in 2008), in the process undermining the existing structure of production (economic and social) relations among different classes and groups of individuals, and inducing a restructuring designed to reactivate the accumulation of capital.

The powers that be (the guardians of the neoliberal and imperial world order) have responded to the crisis by tightening the rules on rampant speculation, making enormous fortunes without contributing in any way to production, and reestablishing some sort of regulatory control (global governance) over highly mobile and ballooning forms of financial capital that has no productive function, serving only to enrich speculators looking for a quick profit. Most of the governments in Latin America have followed suit, viewing the crisis as essentially financial in character, requiring only a regulatory fix and anticyclical measures using the fiscal and monetary policy tools at their disposal. However, in the popular sector, especially when it comes to the social movements, it is increasingly evident that the crisis is not merely financial and amenable to a policy fix. The crisis is systemic: it is a crisis of the neoliberal model that is used by most governments to guide policy. What is required, and what the social movements in the popular sector (i.e., on the left) are demanding is structural change, an abandonment of neoliberal policies. This means going beyond the palliative measures and mild reforms proposed by the political class—even in countries such as Argentina, Brazil, and Chile where the left (or more accurately the center left) has achieved or gained access to state power.[5]

Conclusion

The social structure of Latin American society is fraught with problems that bear most heavily on the working class. The nature of these problems are best understood in terms of economic policies that governments in the region have instituted at the behest of capital—a US-dominated and imperial transnational capitalist class. These policies, packaged and presented as the structural adjustment program, relate to an agenda of this class to create a single global capitalist economy and to integrate countries across the world into it.

Widespread implementation of this agenda over the past two decades and a half has brought about a radically different Latin America from one that had been in the works. The resulting society is characterized by class divisions that need to be analyzed in both economic and in political terms. In economic terms we can identify conditions of economic exploitation and social exclusion that have led to a serious regression in the life chances of most people. At issue in these life chances is the growth of poverty and deepening social inequality in access to society's productive resources and in the distribution of the income generated by these resources.

However, the same process that generated these conditions has also generated forces of opposition and resistance to the agenda of the dominant and ruling class. In political terms it is possible to discern the emergence of social movements designed to mobilize the forces of opposition and resistance. These movements take diverse forms and require further study. However, it is clear enough that their political dynamics derive from conditions of class relations and not from the localized

politics of gender and ethnic identity, as some would argue. In the context of these conditions found in most countries in Latin America, the widespread and multiform politics of protest and social movements of opposition and resistance relate to the social costs of structural adjustment, the conditions of which have been catastrophic for the majority of the working population. This is clear enough. However, the dynamics of political opposition to these conditions—the dynamics of class struggle—need further study. This is where sociology comes in. Or should.

Notes

1. On the policy—and political—dynamics of this development, which at the time was new but now (after twenty-five years) is a decaying neoliberal world order, see Petras and Veltmeyer 2001.
2. On this development, see Petras and Veltmeyer 2001; and Veltmeyer and Petras 2000.
3. A recent restatement of this theory can be found in the World Bank's 2008 world development report *Agriculture for Development*. For a critique of this theory, see Veltmeyer 2009.
4. On this, see Petras and Veltmeyer 2001, chap. 8 ("NGOs in the Service of Imperialism").
5. On these political developments, see Petras and Veltmeyer 2009.

Suggested Readings

ECLA. 2008. *Statistical Yearbook of Latin America and the Caribbean*. Santiago.

Petras, James, and Henry Veltmeyer. 2001. *Globalization Unmasked: Imperialism in the 21st Century*. London: Zed.

———. 2009. *What's Left in Latin America*. UK: Ashgate.

Portes, Alejandro, et al., eds. 1989. *The Informal Economy: Studies in Advanced and Less Developed Countries*, Baltimore: John Hopkins University Press.

UNDP. 2006. *Human Development Report*. New York: Oxford University Press.

Veltmeyer, Henry. 2009. "The World Bank on Agriculture for Development: A Failure of Imagination or the Power of Ideology?" *Journal of Peasant Studies* 36, no. 2: 393–410.

Veltmeyer, Henry, and James Petras. 2000. *The Dynamics of Social Change in Latin America*. London: Macmillan.

World Bank. 2008. *World Development Report: Agriculture for Development*. New York: Oxford University Press.

Chapter 11

Women and Latin American Politics

Participation, Citizenship, and Democracy

Jane S. Jaquette

Women's political participation—as women's movements, voters, and authors of new forms of political action as well as new legislation—has become a significant factor in Latin American politics. This chapter focuses on the changing patterns of women's political participation and their impact on a range of issues. It examines women's politicization using three different frames. The first is a *historical* frame. Against the conventional view that women have been oppressed by machismo and the Church, it argues that women have long been politically and economically active—during the colonial period, as fighters in the independence movements of the early nineteenth century, and as forces for social and political change during the twentieth century.

The second is the *social movement* frame. The period from the mid-1970s to the late 1980s saw a dramatic rise in women's movements, partly sparked by the UN Decade for Women, which was launched in Mexico City in 1975. Others were inspired by the Madres of the Plaza de Mayo, mothers whose children "disappeared" under Argentina's military dictatorship, and formed human rights movements in opposition to repressive military regimes. Popular women's groups came together in the urban peripheries to address survival needs during the regional economic crisis of the 1980s. During this period, marked by civil wars in Central America and resistance to military dictatorships in the Southern Cone and Peru, women gained recognition as political actors in their own right, demanding space for women's issues in the democratic governments that emerged in the 1980s and 1990s.

As democratization changed the rules of the game, however, social movements weakened and movement solidarity gave way to debates over *political representation.* The third section examines the successes and failures of two strategies: state feminism, which called for the establishment of women's ministries to institutionalize a women's perspective within the executive, and the adoption of gender quotas to ensure greater women's representation in national legislatures.

A wide range of factors have produced a cultural sea change regarding women's roles and rights in Latin America, which affects women's daily lives as well as their public roles and has made it possible to legislate reforms in family law, greater recognition of women's economic, political and reproductive rights, and laws criminalizing violence against women. All Latin American states have signed and ratified the UN Convention on the Elimination of Discrimination Against Women (CEDAW) and the regional convention on violence against women (Belém do Pará).

The conclusion assesses how women's political activism and debates among feminists over goals and strategies are relevant to the ways in which democracy is evolving in the region. The 1990s assumption that the political and economic systems of Latin America were converging around principles of representative democracy and market-oriented economic policies has been challenged by the rise of a new group of leaders on the left, united by their rejection of "neoliberal" economic policies. The feminist embrace of pluralism is being tested by the growing strength of indigenous identity politics which, I argue, has given contemporary populism new political content and legitimacy, but does not consistently support women's demands for equality.

These new developments do not diminish the remarkable successes Latin American women's movements have had over the last thirty years, nor can they reverse the ongoing processes of political mobilization that have given women more control over their own lives. But they are creating new issues for women and new challenges to feminist agendas.

The Historical Frame

Women can be excluded from politics more easily when their history of political activism is forgotten. Contemporary women's movements and feminist scholarship have greatly increased our knowledge of women's public and private lives from the precolonial period to the present. Francesca Miller demonstrates that women have been an integral part of the wider struggle for social justice in Latin America.[1] From the "encounter" between indigenous groups and their European conquerors to the wars of independence, women were significant and sometimes controversial figures. La Malinche, for example, who was both translator and lover to Hernan Cortes, is widely seen be seen as *la vendida* who sold out her people, as Octavio Paz portrays her. But Tzvetan Todorov casts her in a different light when he uses Doña Marina (as the Spanish called her) to argue that language and culture, not horses and guns, were critical weapons in the Spanish victory over the Aztecs.[2]

Miller draws on several accounts to recast our stereotype that European women in the New World were simply pampered elites. The slave trade brought women from Africa, bringing another component to the complex mix of races that has characterized Latin America since the colonial period. Indigenous and Afro-Latin American women actively participated in the resistance to slavery and Spanish rule.

Perhaps the brightest star of colonial intellectual life was a nun, Sor Juana de la Cruz (1648–1695). A great lyric poet and a favorite of the viceregal court in Mexico City, Sor Juana "transform[ed] her convent into a literary and intellectual salon."[3] Disciplined by the Church for her public role, Sor Juana retreated to a life of self-abnegation and died caring for fellow nuns stricken by an epidemic. Some have argued that Sor Juana's life exemplifies the patriarchal power of the family (as women faced the choice of marriage or convent) and the Church. But, as Miller suggests, it is hard to generalize. A woman's power in the colonial period depended on a number of factors, including wealth, race, marital status, education, and urban or rural residence.[4]

Accounts of the wars of independence in the first quarter of the nineteenth century are filled with heroic women who inspired revolutionary armies and became nationalist icons. Perhaps the most famous example is Policarpa Salavarrieta ("La Pola") of Colombia, who was publicly executed by the Spanish as a rebel in 1817, at the age of twenty. Over time, however, this image of the heroines of independence lost its revolutionary edge. Women were cast as "quintessential victims of war," whose most important patriotic duty was to send their sons to battle.[5] Simón Bolívar recognized the valor of women "Amazons" who fought side by side with men, but this did not alter his view that women "should not mix in public business" and that a woman's "family and her domestic duties are her first obligation." Nonetheless, Miller concludes, women revolutionaries were "inscribed women in history" and can be considered "precursors of latter-day female political activists."[6]

During much of the nineteenth century, Elizabeth Dore contends, women were increasingly displaced by capitalist property relations and disadvantaged by secularization because the Church had defended their property rights and officially advocated "sexual equality within marriage."[7] From her study of Diriomo, an Indian community in Nicaragua, Dore concludes that during the nineteenth century local governments modernized patriarchy by using their "ample powers of regulation and surveillance" to "regulate matters of domestic life."[8]

At the turn of the twentieth century, Latin American women began to organize. The first International Feminist Congress was held in 1910, and in 1916 North American and Latin American women joined together to form what became the Pan-American Women's International Committee and later the Pan-American League for the Advancement of Women (1922), which campaigned to put woman suffrage on the agenda of the League of Nations.[9]

Although these efforts did not receive widespread support at home, where conservative attitudes about women's roles prevailed, Latin American women leaders drew on their international networks and continued to press for reform. Their strategies anticipated the mutually reinforcing connections between the "local" and the "global" which have contributed to the success of many contemporary social movements.[10] Latin American women continued to take leadership roles in international forums. Women from Brazil, the Dominican Republic, and Mexico are responsible for the inclusion of the words "equal rights for men *and women*" in the first paragraph of the UN Charter.

In the twentieth century, women's participation in social and revolutionary movements challenged the confluence of capitalism, patriarchy, and state power. Women were involved in the Mexican revolution of 1910 but had little impact on the Mexican constitution of 1917. By contrast, women's visible roles in the Cuban (1959) and Nicaraguan (1979) revolutions meant that women had a visible role in the revolutionary governments and their new constitutions adopted a range of

women's rights. These issues were also addressed in the platforms of guerrilla movements from El Salvador to Chiapas, reinforced by the Marxist ideological commitment to women's equality.[11]

Women's Movements in the Transitions to Democracy

Initially Latin Americans were dismissive toward the second wave feminism sweeping the United States and Western Europe. Feminists were described as "hedonistic" and "selfish," hostile to men and the family. The left saw feminism as a "diversion" from the necessary focus on class, while the right rejected feminism as an attack on women's "natural" roles as wives and mothers. Critics on both left and right labeled feminism a form of cultural imperialism. At the Tribune, the parallel meeting of NGO representatives to the first UN Conference on Women in Mexico City in 1975, many Latin American women argued forcefully that northern feminists were blind to the fact that the main cause of women's oppression was not patriarchy but "dependency"—economic exploitation of the South by the rich, industrialized North. Northern feminists in turn saw Latin American women as victims of "false consciousness" who refused to admit their oppression as women. Neither side gave much ground.

Feminist movements had already begun to emerge in several Latin American countries, however. During the late 1970s and the 1980s, they and other nonfeminist women's organizations began to play increasingly visible roles in the growing opposition to military dictatorships in Peru and the Southern Cone. Over time, feminist issues such as women's economic marginalization, violence against women, and women's legal and reproductive rights became salient issues in the national debates over what kind of democracies would emerge from the transitions in South, and later Central, America.

The women's movements of the 1980s were loosely knit coalitions of women's groups drawn from different classes and having different agendas, brought together by their shared opposition to authoritarian military governments. Urban poor women had organized for decades in response to specific needs—clinics, day care centers, and urban services—or to mount consumer boycotts. The economic decline that began after the first oil shock of 1973 and deepened into the lost decade of the 1980s increased women's neighborhood organizing, and in turn injected grassroots energy into the struggle for democracy.

Sonia Alvarez has described this process in Brazil, where the Mexico City conference inspired women concerned with issues of gender inequality to organize for the first time. Their meetings in turn gave the left-wing opposition, still barred from politics, a new forum for political action. Brazilian feminists saw themselves as a vanguard who would lead a "united, cross-class, mass based women's movement."[12] Although the women of popular or mass based organizations never thought of themselves as feminist, in meeting together they found common problems in their personal lives that brought them closer to the issues being voiced by feminists. For their part, many feminists, especially those who had been active on the left, were torn between their growing commitment to women's movements and their ties to political parties. In Brazil, as elsewhere in the region, they opted for "double militancy," trying to maintain their activism on both fronts and cooperating with other women across party lines, while trade union women began agitating for more attention to women's issues within their unions.

Women's human rights groups soon gained international attention. In Argentina in 1977 (a year after the military coup), fourteen women began to march silently in front of the presidential palace, demanding the return of their children who had been "disappeared"—killed or imprisoned and tortured—by the junta.[13] The Madres of the Plaza de Mayo were notable not only because of their cause and their courage, but also because of the implications of their politicization for feminist theory and action. The Madres were housewives who used their traditional roles as mothers to confront the military. As Marguerite Bouvard writes, the Madres, by denying that motherhood meant passivity and submission, "challenged the cynicism and militarization of Argentine society" and created an organization "based upon equality, ties of affection, and the promotion of radical goals."[14]

Women's popular organizations were also experimenting with new forms of organization. In Peru and Chile, they organized communal kitchens that were critical to family survival in the urban shantytowns hit hard by the debt crisis. In 1986 the municipal Vaso de Leche program distributed milk every day to a million children in Lima, and by 1988 there were about 600 communal dining halls organized by poor women in Lima's periphery. These initiatives provided women with skills in economic management and political organizing, with support from municipal governments, nongovernmental organizations, and the Church.[15]

Inspired by the Madres and the communal kitchens, women's movements in Latin America also served as real-world examples to feminist theorists in the North who were beginning to argue that "difference" rather than "equality" should be at the core of feminist theory and practice. Women should be wary of the male biases of the liberal tradition, they argued, which was based on a definition of citizenship biased in favor of male traits like individualism and competition, and a view of power based on violence.[16] "Militant motherhood" made it possible for women to mobilize in support of the family, rather than in opposition to it as early second wave feminists had done in the North.[17] It took issues like "reproduction, domestic tasks, the socialization of children . . . and sexuality" out of the realm of the natural into the world of the political. The Madres showed that women could enter politics in ways that emphasized solidarity over self-interest, while bringing about broad political change through nonviolence in the tradition of Gandhi and Martin Luther King Jr.[18]

These ideas were not accepted uncritically, however. Maruja Barrig observed that the communal kitchens "did not succeed in changing the way women valued their potential as citizens or as dynamic agents of change in their own communities," adding that the lack of "consistent links" to the public sphere meant that the "political dimension of everyday life remained separate from local and municipal politics . . . further accentuat[ing] false [gender] dichotomies."[19] And María del Carmen Feijoó, acknowledging that the example of the Madres had enabled more women to become politically active, expressed concern that the Madres also provided a modern and secular rationale for the patriarchal gender division of labor, which had formerly received its strongest ideological support from the conservative Catholic Church.[20]

Victoria Rodríguez explored the relationship between women's political mobilization, cultural change, and women's economic roles in her study of women and politics during the long process of democratic transition in Mexico during the 1980s and 1990s.[21] The debt crisis and structural adjustment policies of the 1980s pushed more women into the Mexican labor force, where they worked in *maquiladoras* (which preferred female labor) and the informal sector. Although they often lacked the benefits associated with formal sector and unionized jobs, earned only half of what men earned, and often returned to the household when economic conditions improved, Rodríguez argued that women's gains were "irreversible" because men had been "exposed to female decision-making and household democracy, and women have come to demand the more powerful household role that accompanies this more democratic environment."[22]

Another trend in the region was the rising number of households headed by women. Against the conventional view that they are an indicator of economic failure, Sylvia Chant found positive effects. Female-headed households have more options: daughters who work are more likely to send money back to their families when they are headed by women; and women spend more of their income on their families than men do, improving their children's nutrition and increasing their educational opportunities. In Chant's view, female-headed households thus subvert patriarchal definitions of the family.[23]

During the 1970s and 1980s, women's movements became recognized for their active role in the growing opposition to military rule, and this in turn gave them some leverage to put women's and feminist issues on the agendas of the new democratic governments. As governments geared up to present reports on the status of women in their countries at three UN conferences held during the Decade for Women, governments, UN agencies, and many nongovernmental organizations (NGOs) funded studies that produced a wealth of new sex-disaggregated data. These studies showed not only the degree to which women were disadvantaged economically and politically compared to men, but also the dramatic class differences among women in their access to resources and social services.[24]

The NGO conferences, held in tandem with the UN official meetings, connected women's groups regionally and globally to share information and strategies and thus spurred women's organizing. The three official conferences held during the decade and a fourth conference that took place in Beijing in 1995 established new international norms through their platforms of action and through the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), signed in 1979 and eventually ratified by all Latin American states.[25]

Democracy and Representation

With the return to democracy, political parties displaced social movements from center stage. Women's movements had some early successes, participating actively in constitutional conventions and engaging in national debates over what the priorities of the new democratic governments should be. In Brazil, for example, the "lipstick lobby" convinced the constitutional assembly to adopt dozens of amendments addressing women's issues. In several countries, women's ministries were either established or given more resources and broader mandates.

But women's movements struggled as male-dominated political parties marginalized women's issues, and structural adjustment policies limited the resources states could allocate to social programs. Their difficulties were heightened by institutional weaknesses in the region's democracies, which were permeated by persistent authoritarian tendencies, corruption, growing personal insecurity, and compromised judicial systems.

Social movements arise during crises and often disappear after the crisis is over. Once the military returned to the barracks, it became clear how deeply women were divided by class and race and by their degree of commitment to feminist goals. Although environmental and human rights movements also lost leverage during the 1990s, women were at a greater disadvantage. Women are dispersed geographically, unable to use the bloc voting strategies based on residence that have empowered ethnic and indigenous groups. Proportional representation, common in Latin America, allows voters to choose among several parties according to their platforms, but there is no equivalent for women's movements of the green environmental parties. Women's agendas did not lend themselves to strategies such as truth commissions that had enabled human rights groups to pursue their goals.

Feminists, who were committed to addressing issues like divorce and women's reproductive rights, were also divided between those who called themselves "autonomous" and refused to be "coopted" by the governments and parties with which they often disagreed, and those willing to work within the system. In addition, many feminist organizations and women's groups were dependent on international funders that had their own agendas and required groups to follow accounting procedures and other guidelines which favored established NGOs over grassroots organizations. NGOs became increasingly professionalized and geared to providing services rather than engaging in advocacy, further accentuating race and class differences between NGO leaders and grassroots women. Sonia Alvarez called this process "NGOization," and the label stuck.[26]

In response to these changes, feminists and women's groups tried various strategies to ensure continued attention to women's issues. Two, state feminism and gender quotas for national legislatures, have made an important impact.

State Feminism

Brazilian feminists were innovators in seeking representation in the state. Women of the opposition PMDB (Brazilian Democratic Movement Party) were experimenting with the idea of a "Council on Woman's Condition" when their party won control of the state of São Paulo in 1982. When the council was established in 1983, it had no executive or implementation powers and no independent budget, but it "remobilized" the women's movement.[27] Fear that the government (still under military control at the national level) might institute a top-down policy of population control led to another form of state feminism: cooperation between the São Paulo Women's Health Organization and the state health department in the administration of contraceptive programs, while the council pressured the health ministry to create a commission on reproductive rights.[28] In 1985 the Council's Commission on Violence Against Women convinced the state of São Paulo to establish the first *delegacia da mulher,* a women's police station to deal with cases of violence against women. *Delegacias* were later established in other cities in Brazil and were widely imitated by other countries in Latin America and elsewhere.

The São Paulo council was a model for a National Council on Women's Rights (CNDM), which was established in the justice ministry in 1985. The CNDM had considerable policy influence from 1985 to 1988, and was able to work with independent women's group to get several amendments into the 1988 constitution.[29] In 1989, however, noted feminist Jacqueline Pitanguy, head of the CNDM, resigned in protest along with several others when the government cut the council's funds. The new council members appointed by the president did not come from the feminist movement. Although the next government did appoint women with feminist credentials, the ties between the council and the movement were never fully restored. Instead, NGOs, women's studies centers in universities, and journals became platforms for influencing public policy from outside, rather than within, the state.[30] Among the lessons many took from Brazil was that the state feminist strategy provided no guarantee that women's interests would be institutionalized within the state. Gender units like the CNDM served at the pleasure of the president and were highly vulnerable to shifts in the political winds.

In 1988 the women's movement in Chile, which took an active and visible role in the coalition that opposed the military regime of Augusto Pinochet, called for the new democratic government to attend to a list of feminist demands, including the establishment of a women's ministry with cabinet status. When the center-left coalition (the Concertación) came to power in 1990, it created Chile's Servicio Nacional de la Mujer (SERNAM).[31] From the beginning, however, SERNAM was caught between the demands of its feminist constituencies and resistance from the Christian Democratic Party within the ruling coalition as well as from social conservatives on the right.

Chilean politics were highly polarized. As Lisa Baldez notes, most of the women from the popular classes had strongly supported Salvador Allende, the socialist president elected in 1970 who died when the military attacked the presidential palace in the 1973 coup. In Chile, "Conservatives tend to view the women's movement, and feminism in particular, as a cultural cover for the traditional Marxist-Leninist left," and therefore as "an unacceptable threat to the social order." [32]

To maintain harmony, the Concertación appointed a director to head SERNAM who did not come from the feminist movement, and many concluded that the government did not intend to make feminist issues a priority. SERNAM was able to get a five-year equal opportunity plan for women through Congress, as well as legislation to recognize the rights of children born out of wedlock and of single mothers. But campaigns to pass an equal rights amendment failed twice, and the Chilean legislature did not pass a law legalizing divorce until 2004.[33] The issue of therapeutic abortion was not raised in congress until after the election of Michelle Bachelet (a socialist, atheist, physician, and single mother) in 2005.

As the women's movement weakened during the 1990s, SERNAM became the main conduit between women's organizations and the state. SERNAM supported specific programs (many funded by international donors) to educate women on their rights, address teenage pregnancy and women in poverty, and advocate legal reforms.[34] María Elena Valenzuela, who served on the staff of SERNAM, argues that as the women's movement fragmented in the 1990s, SERNAM's capacity to negotiate effectively was reduced. As "women lost the pluralist ideological space in which they had been working out their own issues," SERNAM was forced to play a "de facto leadership role by default."[35] Victoria Schild puts the blame on SERNAM, however, charging that it weakened the women's movement by competing with independent groups. And by failing to challenge the economic policies of the Concertación, it turned activist women into docile "neoliberal citizens."[36]

Gender Quotas

Argentina led the way in experimenting with gender quotas by passing a law in 1991 which required all parties to nominate women to at least a third of the positions on their party lists (in proportional representation systems, parties gain a share of seats in the legislature according to the percentage of votes they win) and to put women in winnable positions on those lists. The number of women in the Argentine congress rose from 6 percent in the Chamber of Deputies and 8 percent in the Senate to nearly 36 percent in the Chamber and 42 percent in the Senate in the 2005–2007 legislative session.[37] Following the example of Argentina, as well as Spain and the Nordic countries, eleven other Latin American countries subsequently adopted electoral quotas. These laws vary widely and most have not been fully implemented, but they have on average doubled women's representation in national legislatures.[38]

Supporters of quota legislation used both equality and difference arguments in support of the legislation, justifying quotas on the egalitarian grounds that they would increase the number of women in elected positions, and on the difference grounds that women would bring different perspectives into policymaking. In most cases, electoral quotas did not result from activism by feminists, however, but from pressure by women party members and from international influences, including European political parties and the 1995 UN women's conference in Beijing.[39] Quotas can be advantageous to political leaders, especially those on the left who are under pressure from women members, because they allow parties to "do something" without committing themselves to controversial feminist positions that might cost them votes.

Quotas have their critics, however. Some predicted they would create policy "ghettos." Others warned that women would act only as proxies for others, such as husbands who were barred by term limits or corruption scandals from running for office themselves. Feminists worried that increasing the numbers of women elected would not necessarily produce legislation that was more sensitive to women or address feminist concerns. As Virginia Vargas put it, commenting on the large number of women in the administration of President Alberto Fujimori (1990–2000), "authoritarian women do not represent [me] any better than authoritarian men."[40]

Quota laws differ markedly in their effects. Only Costa Rica has come close to meeting the Argentine level of about 40 percent female representation. A study by Jutta Marx, Jutta Borner, and Mariana Caminotti comparing the effectiveness of quota legislation in Argentina and Brazil suggests some of the reasons why. Argentina's electoral system has proportional representation with "closed" party lists, meaning that the party decides who will be listed and the order in which they will appear. A decision by the Inter-American Commission on Human Rights in 1999 required Argentina clarify its quota law to ensure that women were in fact assigned to "winnable positions" on party lists. Under Decree 1246, if parties failed to follow the law, judges could decide where women candidates would be placed.[41]

By contrast, Brazil's electoral system has "open" lists, allowing voters to support individuals, so that women may not remain in "winnable" positions, even if the party puts them there. Parties are under little pressure to do so, however, as loopholes in the law allow them to expand their lists, effectively "cheating" on the percentages, and there are no serious sanctions for noncompliance.[42] These conditions are common elsewhere in the region. Like Brazil, many Latin American countries have electoral systems that allow votes for alternates, and women nominated for these positions can be counted toward meeting the party's quota.

In addition to assessing whether quota laws actually increase the number of women elected, there is the issue of whether electing more women makes a difference in terms of legislative outcomes. There is considerable evidence from Europe and North America that it does, but there is little research yet on Latin America. The Argentine case suggests that the same factors that have dramatically increased the percentage of women in congress can also be barriers to formulating and passing feminist legislation. The electoral process ensures that women deputies are dependent on the party leaders who nominate them, making it very difficult for them to cross party lines to develop woman-friendly legislation. There is a women's caucus in Brazil's legislature, but not in Argentina's. The quota in and of itself makes it more difficult for women deputies to be taken seriously by their male colleagues, reducing their leverage.

Leslie Schwindt-Beyer has studied whether the increased presence of women in national legislatures translates into legislative power, as measured by women's presence in leadership positions and their representation on committees dealing with the economy and security. She concludes that women are largely excluded from those positions, regardless of their numbers.[43] This reinforces Marx, Borner, and Caminotti's concern that, after more than fifteen years of quotas, women in Argentina and Brazil are still absent from their party's nominating process, which remains under the control of male party leaders.

Meanwhile, many "autonomous" feminists, women from the urban periphery, and rural women have been drawn to a new kind of opposition politics. They have joined organizations and voted for candidates that reject neoliberalism and capitalist globalization, which are viewed as having been forced on the region by US power and as serving US interests, not the interests of Latin America's poor. Antiglobalization groups have helped elect leftist leaders like Hugo Chávez in Venezuela, Evo Morales in Bolivia, Rafael Correa in Ecuador, and Daniel Ortega in Nicaragua, and have supported antisystem candidates who came close to victory in elections in Peru and Mexico. But these movements and parties rarely prioritize women's issues and in some cases are actively hostile to feminist agendas. For example, Nicaragua passed the most restrictive abortion law in the hemisphere soon after Ortega resumed the presidency. They represent a new set of challenges to women and women's movements in the region.

Feminist Encuentros

A series of regional feminist *encuentros,* held every three years since 1981, reflected the evolving discussions among Latin American feminists on the relationship between feminism, women's movements, and the state.[44] The first conference, held in Bogotá, drew two hundred feminists from fifty organizations and eleven countries;

in 1983 in Peru, there were three times as many participants. At the 1985 meeting in Brazil, a conflict emerged when the organizers refused to allow a busload of poor women from a Rio *favela* to participate in the meeting, a poignant illustration of ongoing class issues. The issue of autonomy versus working within the system, which arose at the first *encuentro*, continues to be sharply debated.

The fourth *encuentro* in 1987 in Taxco, Mexico, marked the first time a significant number of women from Central America and from organizations of the urban poor attended, which provoked discussions about what kinds of goals and organizations could truly be called feminist. Were women's groups who worked on survival issues interested only in practical outcomes for women (e.g., in health, education, housing, social services) and not in strategic challenges to patriarchy?[45] Should the issues of addressing urban poverty be left to the popular women's organizations while feminists concentrate on legal issues like women's human and reproductive rights?

These divisions arose from regional as well as class differences. The women's movements in Central America had formed during the civil wars of the 1980s, in a very different context from the transitions to democracy that had shaped the South American movements. Few of the Central American participants considered themselves "feminist." Most had come to discuss the issues arising from their activism within revolutionary movements, political parties, unions, and peasant and human rights organizations.[46] In the end, however, the Taxco *encuentro* opened the way for greater inclusivity and a pluralist understanding of feminism.

Race was an important focus of the fifth *encuentro*, held in Argentina in 1990, with 3,000 women attending; new networks were formed for black women and indigenous women, who met separately for the first time. The next meeting, scheduled to be held in El Salvador, was nearly shut down on the grounds that organizers had close ties with the radical opposition,[47] and because the meeting invited the open participation of lesbians. Although the organizers received death threats, the meeting was held as scheduled with 1,300 in attendance. The eleventh *encuentro* held in March 2009 in Mexico City drew 1,000 participants.[48]

Feminism, Populism, and Indigenous Politics

The past three decades of women's mobilization have greatly advanced women's legal, economic, and cultural status in the region, but have left the women's movements at odds with themselves and without a coherent vision of the future. The political dynamics in the region have not produced the economic growth or convergence many anticipated when the Berlin Wall fell. On the contrary, Latin American democracies, even those on the left, are increasingly diverse. The failure of liberal democratic governments and pro-market economic policies to address economic inequality has led to a crisis of democratic legitimacy and a search for alternatives that will address these issues more effectively.

Some leftist governments, such as those in Brazil, Uruguay, and Chile, can be classified as social democratic. The more radical governments on the left stop short of calling for state control of the economy, which has been recognized as a failure, but are experimenting with policies that are familiar from past Marxist and dependency critiques: a greater economic role for the state, nationalization of critical national re-

sources (in effect, renegotiating contracts with oil and gas companies, often owned by multinational corporations), and an emphasis on redistribution over growth. They are developing domestic markets and reinstituting price and export controls.

These regimes are also radical in a political sense. Francisco Panizza describes the government of Hugo Chávez (since followed by Morales, Correa, and Ortega and others) as returning to the Latin American populist tradition. Populist democracy "strongly stresses notions of popular sovereignty . . . over the rights of the individual" and "majoritarianism over checks and balances," preferring plebiscites and referendums to political contestation and debate. Populist democracy, Panizza writes, "mistrusts political parties . . . as instruments of corrupt parties and entrenched oligarchic interests," and privileges the unmediated identification of "the people" and their political leader.[49]

The rise of indigenous politics, particularly in Bolivia and Ecuador (and potentially in Peru, Mexico, and Guatemala), has added a new dimension to populism. Through much of the twentieth century, the Marxist left opposed populism, regarding it as an opiate that drew workers and peasants toward demagogic leaders and away from revolutionary politics. But the appeal of "indigeneity" as an antidote to "savage" capitalism (on the grounds that indigenous traditions favor communal solidarity and are willing to protest governments and multinationals bent on exploiting natural resources, which are often located in indigenous territories) has given populism a new legitimacy on the left.

Several aspects of indigenous identity politics reinforce populist tendencies, creating a new hybrid form of politics. Populism favors a Manichean discourse that pits the moral purity of the people against the evil of their enemies. In the past, this was directed against the white oligarchy and the United States, but indigenous politics extends Manichean rhetoric to race, contrasting indigenous purity with the moral corruption of mestizos as well as whites and foreigners. Populism thinks of democracy in terms of "crowd action," protests and *piqueteros*, not liberal democratic norms and procedures, [50] Carlos de la Torre observes, and indigenous groups have gained power and popularity in Bolivia and Ecuador by blocking highways, occupying plazas, and holding mayors prisoner—tactics that are becoming more common in Peru as well. The populist leader portrays himself as the savior of the people, the "true nation," with whom he creates a bond that transcends mere institutions. Indigenous politics are not about party competition or checks and balances, but emphasize consensus. Dissent and opposition to the populist leader are unwelcome, even traitorous.

But de la Torre also points out that, in contrast to the Western pattern of political inclusion by the progressive extension of citizenship rights, Latin American populism recognizes that the citizenship rights of the "common people" are rarely respected or enforced under conditions of extreme inequality. What populist leaders offer that other political parties do not is "dignity and self-worth to those who are constantly discriminated against in their daily lives," and these, not material gains, are the most important source of political support.[51] Indigenous peoples have been subjected to extreme forms of racial as well as class discrimination. This helps explain the symbolic alliance between Evo Morales and Hugo Chávez, who often identifies himself with the indigenous, despite the fact that indigenous people make up only about 2.1 percent of Venezuela's population.

The convergence of populism and indigenous politics has drawn support from many who are seeking a new alternative on the left. This does not bode well for women's rights, however. The indigenous ideal of gender relations in the Andes is male-female complementarity, which is presented as a morally preferable alternative to gender equality. Researchers who compare the ideal of complementarity to the reality of life for Andean women offer a sobering list of ways in which the ideal is not matched in practice: these include physical and psychological abuse, forced marriage, women's confinement to the home and lack of voice in community affairs, and high levels of illiteracy and infant and maternal mortality. As indigenous identity becomes a political asset, women are charged with maintaining cultural purity in dress, language, and behavior, often with harsh sanctions against those who do not comply. Women can become indigenous leaders, but they cannot challenge the community's construction of gender relations.[52]

Populist/indigenous politics has been well received in antiglobalization circles and on the intellectual left in Latin America and abroad. These groups have often marginalized feminists and rejected feminist goals, and many activists appear to accept or even celebrate the challenges this new brand of politics represents to the principles of representation, contestation, and individual rights, which are fundamental to liberal democracy.

Feminism cannot escape its stake in these basic principles, and in forms of democracy that recognize and build on them. In a recent essay on civil society in Mexico, Mariclaire Acosta writes that Latin Americans are facing a choice between two paradigms, one that "attempts to facilitate the accumulation of social forces under the leadership of the popular sectors, represented by a party, a *caudillo*, or a revolutionary vanguard, in order to produce structural change," and another that produces change within a democratic framework "by utilizing and perfecting its institutional mechanisms."[53] Feminists and women's movements in Latin America also face this choice. Which one will they choose?

Notes

1. Francesca Miller, *Latin American Women and the Search for Social Justice* (Hanover, NH: University Press of New England, 1991).
2. Compare Carmén Ramos Escandón, "Reading Gender in History," in *Gender Politics in Latin America: Debates in Theory and Practice*, ed. Elizabeth Dore (New York: Monthly Review Press, 1997) to Tzvetan Todorov, *The Conquest of America: The Question of the Other* (New York: Harper & Row, 1984). Cherrie Moraga and Gloria Anzaldúa analyze La Malinche as a cultural figure used to discipline chicana sexuality.
3. Octavio Paz, quoted in Miller, *Latin American Women*, 26.
4. See, for example, Asunción Lavrin, ed., *Sexuality and Marriage in Colonial Latin America* (Lincoln: University of Nebraska Press, 1989) and also her edited collection, *Latin American Women: Historical Perspectives* (Westport, CT: Greenwood, 1978).
5. Rebecca Earle, "Rape and the Anxious Public: Revolutionary Colombia, 1810–1830," in *Hidden Histories of Gender and the State in Latin America*, ed. Elizabeth Dore and Maxine Molyneux (Durham, NC: Duke University Press, 2000), 139–140.
6. Miller, *Latin American Women*, 32–34.
7. Elizabeth Dore, "One Step Forward, Two Steps Back: Gender and the State in the Long Nineteenth Century," In *Hidden Histories*, 16–17.

8. Elizabeth Dore, "Property, Households, and the Public Regulation of Domestic Life," in *Hidden Histories*, 166.
9. Miller, *Latin American Women*, chap. 4.
10. See Margaret Keck and Katherine Sikkink, *Activists Beyond Borders* (Ithaca, NY: Cornell University Press, 1998).
11. See Jane S. Jaquette, "Women's Role in Revolutionary Movements in Latin America," *Journal of Marriage and the Family*, 1973; on the Zapatistas, see Lynn Stephen, *Women and Social Movements in Latin America* (Austin: University of Texas Press, 1997). According to *Women in the Americas*, a 1995 report by the Inter-American Development Bank, Cuba's 1975 Family Code was "ground-breaking." In addition, "the Cuban state implemented policies to provide women with birth control, daycare, education and job training" (Inter-American Development Bank, *Women in the Americas*, 1995, 105). For recent assessments, see Maxine Molyneux, "State, Gender, and Institutional Change: The Federación de Mujeres Cubanas," in *Hidden Histories*, 291–321; and Margaret Randall, *Sandino's Daughters Revisited* (New Brunswick, NJ: Rutgers University Press, 1994).
12. Sonia Alvarez, "The (Trans)formation of Feminism(s) and Gender Politics in Democratizing Brazil," in *The Women's Movement in Latin America: Participation and Democracy*, ed. Jane S. Jaquette (Boulder: Westview, 1994), 21–23.
13. Marguerite Guzmán Bouvard, *Revolutionizing Motherhood: The Mothers of the Plaza de Mayo* (Wilmington, DE: Scholarly Resources, 1994), 69.
14. Ibid., 15.
15. Maruja Barrig, "The Difficult Equilibrium Between Bread and Roses: Women's Organizations and Democracy in Peru," in *Women's Movement in Latin America*, 164–165.
16. See, for example, Jean Bethke Elshtain, *Public Man, Private Woman* (Princeton, NJ: Princeton University Press, 1981); and "The Mothers of the Disappeared: An Encounter with Antigone's Daughters," in *Finding a New Feminism*, ed. Pamela Grande Jensen (Lanham, MD: Roman & Littlefield, 1996), 129–148. Carole Pateman's influential book, *The Sexual Contract* (Stanford, CA: Stanford University Press, 1988), makes a feminist socialist argument that liberal social contract theory excludes women.
17. See, for example, Betty Friedan, *The Feminine Mystique* (1963); and Shulamith Firestone, *The Dialectic of Sex* (1970).
18. Gloria Bonder, "The Study of Politics from the Standpoint of Women," quoted in Jaquette, conclusion to *Women's Movement in Latin America*, 224.
19. Barrig, "Difficult Equilibrium," 155.
20. María del Carmen Feijoó and Marcela María Alejandra Nari, "Women and Democracy in Argentina," in *Women's Movement in Latin America*, 115.
21. Victoria E. Rodríguez, *Women in Contemporary Mexican Politics* (Austin: University of Texas Press, 2003), chap. 2.
22. Ibid., 58.
23. Sylvia Chant, "Gender, Families, and Households" and conclusion, in Sylvia Chant and Nikki Craske, *Gender in Latin America* (New Brunswick, NJ: Rutgers University Press, 2003).
24. See "Latin American Women in Numbers," compiled by Teresa Valdés and colleagues for the UN conference in Beijing. Valdés also organized a project to equip women to monitor whether their countries were fulfilling the commitments they made under CEDAW and in Cairo (UN Conference on Population, 1994) and Beijing (Fourth International Conference on Women, 1995), the ICC, or Indice de Compromisos Cumplidos. Valdés describes the ICC project in an article cowritten with Alina Donoso, "Social Accountability and Citizen Participation," in *Feminist Agendas and*

Democracy in Latin America, ed. Jane S. Jaquette (Durham, NC: Duke University Press, 2009), 165–185.

25. On the advances made in UN conferences toward progressive international norms for women, see Mary K. Meyer and Elisabeth Prugl, eds., *Gender Politics and Global Governance* (Lanham, MD: Rowman & Littlefield, 1999); and essays in Anne Winslow, ed., *Women, Politics, and the United Nations* (Westport, CT: Greenwood, 1995).

26. Sonia Alvarez, "Advocating Feminism: The Latin American NGO "Boom," *International Feminist Journal of Politics* 1, no. 2 (1999): 181–209.

27. Alvarez, "(Trans)formation," 35. See also Alvarez, "Contradictions of a Woman's Space in a Male-Dominant State: The Political Role of the Commissions on the Status of Women in Postauthoritarian Brazil," in *Women, International Development, and Politics: The Bureaucratic Mire,* ed. Kathleen Staudt (Philadelphia: Temple University Press, 1990), 37–78.

28. Alvarez, "(Trans)formation," 40. Alvarez notes that although women's groups did not succeed in legalizing abortion, they did prevent a statement that protected life "beginning at conception" from being added to the constitution. "(Trans)formation," 66.

29. Teresa P. R. Caldeira, "Justice and Individual Rights: Challenges for Women's Movements and Democratization in Brazil," in *Women and Democracy: Latin America and Central and Eastern Europe,* ed. Jane S. Jaquette and Sharon L. Wolchik (Baltimore: Johns Hopkins Press, 1998), 93.

30. Caldeira, "Justice and Individual Rights," 78. On the positive effects of decentralization of state feminism during the presidency of Fernando Henrique Cardoso, see Fiona Macaulay, "Difundiéndose hacia arriba, hacia abajo y hacia dos lados: Políticas de género y oportunidades políticas en Brasil," in *De lo privado a lo public: Treinta años de lucha ciudadana en América Latina,"* ed. Nathalie Lebon and Elizabeth Meier (Mexico City: Siglo Veintiuno, 2006); forthcoming in English from Rutgers University Press, 2010.

31. This account draws on María Elena Valenzuela, "Women and the Democratization Process in Chile," *Women and Democracy: Latin America and Central and Eastern Europe,* 47–73.

32. Lisa Baldez (2002) notes that most of the women from the grassroots organizations had supported the leftist government of Salvador Allende (1970–1973); Baldez, *Why Women Protest: Women's Movements in Chile* (Cambridge: Cambridge University Press, 2002), 193–194.

33. For a detailed examination of the history of family law, divorce, and abortion in Argentina, Chile, and Brazil, see Mala Htun, *Sex and the State: Abortion, Divorce, and the Family under Latin American Dictatorships* (Cambridge: Cambridge University Press, 2003).

34. See Susan Franceschet, *Women and Politics in Chile* (Boulder: Lynne Rienner, 2006).

35. Valenzuela, "Women and Democratization in Chile," 59.

36. Veronica Schild, "New Subjects of Rights? Women's Movements and the Construction of Citizenship in the New Democracies," in *Cultures of Politics/Politics of Cultures: Revisioning Latin American Social Movements,* ed. Sonia E. Alvarez, Evelina Dagnino, and Arturo Escobar (Boulder: Westview, 1998), 105.

37. Jutta Marx, Jutta Borner, and Mariana Caminotti, "Gender Quotas, Candidate Selection, and Electoral Quotas: Comparing Argentina and Brazil," in *Feminist Agendas and Democracy in Latin America,* 50.

38. For up-to-date data on women in legislatures worldwide, see the website of the Inter-Parliamentary Union (www.ipu.org). On attitudes of women legislators in Central America, see Michelle A. Saint-Germain and Cynthia Chávez Metoyer, *Women Legislators in Latin America: Politics, Democracy, and Policy* (Austin: University of Texas Press, 2008). See also the excellent regional analyses from the International Institute for Democracy and Electoral Assistance (IDEA).

39. On the quota debates, see Craske, *Women in Politics in Latin America,* 22; Ilja A. Luciak, *After the Revolution: Gender and Democracy in El Salvador, Nicaragua, and Guatemala* (Baltimore: Johns Hopkins University Press, 2001); and Elizabeth Jelin, "Igualdad y diferencia: Dilemas de la ciudadanía de las mujeres en América Latina," *Cuadernos de estudios políticos* 7 (1997).

40. Quoted in Craske, *Women and Politics in Latin America* (New Brunswick, NJ: Rutgers University Press, 1999), 21.

41. Marx, Borner, and Caminotti, "Gender Quotas," 49.

42. Ibid., 52.

43. Leslie Schwindt-Beyer, "Women on the Sidelines: Women and Representation on Committees in Latin American Legislatures," *American Journal of Political Science* 49 (2005), 420–436.

44. In the following I draw on Nancy Saporta Sternbach et al., "Feminisms in Latin America: From Bogotá to San Bernardo," *Sogns* 27, no. 2 (1992); and summaries in Nikki Craske, *Women in the Americas* (Washington, DC: Inter-American Development Bank, 1995).

45. The term is from Maxine Molyneux's analysis of the programs for women in Nicaragua in the 1980s, "Mobilization Without Emancipation? Women's Interests, State, and Revolution in Nicaragua," *Feminist Studies* 11, no. 2 (1985).

46. See Miller, 235–237.

47. The Farabundo Martí Liberation Front or FMLN, the political party formed by the FMLN after the civil war ended. The FMLN candidate was elected president in 2009.

48. The theme was the impact of fundamentalism on women's lives, a term that covers all rigid ideological positions that are conceived of as different forms of patriarchy, not only the resurgence of Islam and socially conservative Catholicism, but also economic ideologies from Marxism to neoliberalism. See Vargas, "International Feminisms: The World Social Forum," in *Feminist Agendas and Democracy in Latin America,* 145–146.

49. Francisco Panizza, "Unarmed Utopia Revisited: The Resurgence of Left-of-Centre Politics in Latin America," *Political Studies* 53 (2005): 721–722.

50. Carlos de la Torre, *Populist Seduction in Latin America: The Ecuadorian Experience* (Athens: Ohio University Center for International Studies, 2000), 140–141.

51. Ibid., 142.

52. For detailed analysis of gender issues in Andean indigenous communities, see Maruja Barrig, "What Is Justice? Andean Women in Andean Development Projects," in *Women and Gender Equity in Development Theory and Practice,* ed. Jane S. Jaquette and Gale Summerfield (Durham, NC: Duke University Press, 2006), 107–134; and Manuela Lavinas Picq, "Gender Within Ethnicity: Human Rights and Politics in Ecuador," in *New Voices in the Study of Democracy in Latin America,* ed. Guillermo O'Donnell, Joseph S. Tulchin, and Augusto Varas (Washington, DC: Woodrow Wilson Center, 2000), 273–309.

53. In a book to be published by the Wilson Center Latin American Program (Washington, DC).

SUGGESTED READINGS

Chant, Sylvia, with Nikki Craske. *Gender in Latin America.* New Brunswick, NJ: Rutgers University Press, 2003.

Dore, Elizabeth, and Maxine Molyneux, eds. *Hidden Histories of Gender and the State in Latin America.* Durham, NC: Duke University Press, 2000.

Htun, Mala. *Sex and the State: Abortion, Divorce, and the Family Under Latin American Dictatorships and Democracy.* Cambridge: Cambridge University Press, 2003.

Jaquette, Jane S., ed. *Feminist Agendas and Democracy in Latin America.* Durham, NC: Duke University Press, 2009.

Kampworth, Karen, ed. *Gender and Populism in Latin America.* University Park: Pennsylvania State University Press, 2010.

Lebon, Nathalie, and Elizabeth Meier, eds. *De lo privado a lo público: Treinta años de lucha ciudadana en América Latina.* Mexico, DF: Siglo Veinteúno, 2006. Forthcoming in English from Rutgers University Press.

Miller, Francesca. *Latin American Women and the Search for Social Justice.* Hanover, NH: University Press of New England, 1991.

Saint-Germain, Michelle A., and Cynthia Chávez Metoyer. *Women Legislators in Latin America: Politics, Democracy, and Policy.* Austin: University of Texas Press, 2008.

Speed, Shannon, R. Aída Hernández Castillo, and Lynn M. Stephen, eds. *Dissident Women: Gender and Cultural Politics in Chiapas.* Austin: University of Texas Press, 2007.

Chapter 12

Globalization, Insecurity, and Crisis in the Americas

JORGE NEF

Setting the Stage: Insecurity in the Americas

By most statistical accounts and with the few apparent exceptions of Haiti, Honduras, Bolivia, and Nicaragua, Latin America seems to occupy the upper layer of the other world. Unlike the Middle East, Africa, and especially Asia, the balance and diversity of resources to population looks quite promising. In this sense, Latin America and the Caribbean, other than by virtue of their proximity to the overdeveloped northern tier, made of the United States and the Dominion of Canada, show indicators suggesting that they have overcome critical poverty.

Until the 2008 global meltdown, business confidence among Western elites and their peripheral associates had been exuberantly high, fueling occasionally bullish waves of declamatory optimism. This mood reflected a steady recovery (3.3 percent average growth throughout the 1990s and nearly 6 percent in 2000 to 2007) that made investments profitable again, especially in contrast with the lost decade of the 1980s to the 1990s. However, underneath this façade of growth, distributional inequity, rooted in powerlessness and exclusion, not only remained but became more pronounced than in other regions of the world.[1] Most Latin Americans live under precarious and vulnerable circumstances. Even when economic recovery is factored in, the overall income levels for the first decade of the twenty-first century were below those of 1980.[2] As is the case throughout the globe, slow economic improvement has failed to translate into effective employment and social well-being.

Despite the fact that revolution looks unlikely for the moment, the long and deep social antagonisms under the formally democratic veneer have not vanished. Rather, they have resurfaced in the familiar spiral of poverty and institutional, repressive, criminal, and insurgent violence. The weak civilian governments that replaced the military dictatorships of the past and the few election-based regimes that survived the authoritarian 1970s have been paralyzed by ineffectiveness and low legitimacy. A careful look at the emerging literature and the mass of statistical and qualitative data renders a view that is far from optimistic. The proclaimed business and official confidence has little to do with social equity, political democracy, or even the state of real economic well-being; nor with actual security for the region's inhabitants. It rests, rather, on the ideological illusion that a felicitous correspondence between market politics and market economics has finally emerged, preventing turbulent social change from below.

Mutual Vulnerability

Two central propositions are advanced in this chapter. First, the repressive military regimes of the 1970s and the limited, "low-intensity" democracies that succeeded them exhibit a greater degree of continuity than the proponents of transition theory and the establishment media suggest. Despite the normalization supposedly taking place, persistent violence and political turmoil are not things of the past. The underlying social, economic, and international forces that have enjoyed exterritorial power and privilege still prevail. Contrary to myth, the Americas as a whole, with few and reversible exceptions, have not undergone real social revolution. Their social and economic systems are mostly conservative and elitist. Regime stability has been maintained with significant levels of exclusion and systemic violence. Second, this kind of stability in the long run has hampered sustainable, equitable, and democratic development. In fact, the current style of modernization hinders real democracy and increases, rather than decreases, poverty and insecurity for most people in the hemisphere. As the current style of unipolar, imperial globalization[3] persists, so do de-democratization, widespread insecurity, and mutual vulnerability.

The Roots of Underdevelopment

Since the sixteenth century, the region has been subordinated to one or another more developed part of the world. The patterns of production, trade, and finance have reflected an enduring satellite-metropolis international division of labor. The insertion of Latin America and the Caribbean in the global economy, with their boom and bust cycles, was firmly established by the latter part of the nineteenth century. The export economy was based on raw materials shipped overseas, the import of manufactures, and the superexploitation of labor. The "modernization" of these commodity (and rentier) states has been largely antidevelopmental, as endogenous development has been conditioned and distorted by external factors, and has been undermined by flights of local capital, resulting in the marginalization and exclusion of most the population. Two centuries after formal independence, structural underdevelopment persists.

Under these conditions, social inequities have predictably endured, creating conditions favorable to the perpetuation of outward-looking and parasitic commercial elites, facilitating the emergence of a patrimonial system of labor relations based on indenture, paternalism, and servitude. Class and racial barriers have been intertwined in hierarchical, rigid, and exploitative social structures. The very existence of privilege has been largely a function of elites' linkages with external constituencies. Local oligarchies have objectively benefited from social inequities and foreign domination. These structural factors have become embedded in the national states and the system of inter-American relations, bringing about a vicious cycle: the key function of the regional and local political systems has been largely the maintenance of a hemispheric socioeconomic order based on inequality and de-development.

After decades of civil strife following independence, the prosperity brought about by increased demand for raw materials in industrial economies facilitated intra-elite compromise and the cessation of intra-elite conflict. Toward the end of the century most countries had evolved into various forms of stable oligarchic rule: "gentlemen politics." Generally, for as long as there was enough surplus to distribute among the elites, the danger of regional fracturing and civil wars remained low. Meanwhile, repression, by the newly professionalized military and police forces, was effectively directed against the lower strata. The transformation of a peasantry into a working class was also a by-product of the modernization and internationalization of the economy. While the military establishment acted as an insurance policy against popular challenges to the status quo, intra-elite consensus was maintained by regulating and facilitating private accumulation during export bonanzas. In a few instances (Uruguay, Argentina, Chile, Costa Rica, Mexico), the process of economic modernization gave rise to a greater degree of social differentiation, above and beyond the "butler" strata of officers and patrimonial clients on the public payroll. Instead, a middle class of sorts, constituted by professionals, employees, schoolteachers, bureaucrats, small retailers and the like, emerged as a buffer between the oligarchy and the mass of workers and peasants.

The Great Depression of the 1930s shattered the old oligarchic arrangement. With the collapse of markets, the tenuous system of accommodation that had sustained the republics crumbled. As intra-elite tensions increased, so did the challenges to the existing order coming from labor, the peasantry, and the dispossessed. In the aftermath of economic collapse, the "dictator of the thirties" became a dominant feature practically everywhere.[4] Yet, depending on the previous modality of socioeconomic development and institutional consolidation, the long-term effects of the crisis varied from country to country. In the relatively more industrialized South American nations and in Mexico, where middle-class reformism had evolved in the previous decades and where republican practices had become institutionalized, import substitution industrialization (ISI) with populism became the dominant form. Under the leadership of a middle class–controlled state, an uneasy alliance between national entrepreneurs and unionized labor was constructed. Their program was one of reactivation, employment creation, and national development. In the lesser developed societies in Central America and the Caribbean, which, with the exception of Costa Rica, lack a constitutional order or a meaningful professional and bureaucratic middle class, the populist alternative was impossible. The political pattern there was one of strict exclusion of the nonelite sectors. For the next thirty or forty years dictatorial rule with US support became entrenched.

Both patterns of conflict management began to fall apart between the mid-1940s and early 1950s. Riots, revolts, and generalized political turmoil exploded in Colombia, Costa Rica, Guatemala, El Salvador, Argentina, Venezuela, Peru, Bolivia, Cuba, and Puerto Rico. US administrations, mesmerized by the Cold War, the Truman Doctrine, a newly established Rio Treaty for the collective defense of the Americas (1947), and the hysteria of McCarthyism at home, responded to these domestic events in their backyard as threats to *American* national security. Local oligarchies, besieged by social unrest and vulnerable to popular mobilization and pressures for democratization, took advantage of the new international environment by playing with the anticommunist fears of their extraterritorial allies. Entangling transnational alliances between northern and southern business, political and military elites were built. The East-West conflict created the conditions for both a new North-South and elite-mass confrontation. It also marked the return of an active interventionism reminiscent of the "big stick" and "gunboat diplomacy" of Theodore Roosevelt and William Taft that preceded the 1934 Good Neighbor Policy of President Franklin D. Roosevelt. The rationale for interventionism was justified by a new and compelling ideological motif: the struggle between the free world and communism.

The CIA-orchestrated overthrow of the elected government of Guatemala in 1954 was paradigmatic of the new mood. The long-term effects of interventionism were destructive for the region's institutional and democratic development. Washington became the principal force preserving oppressive regimes and was an unabashed supporter of military dictatorships. Yet even this support proved insufficient to prevent the popular uprisings that precipitated a crisis of domination in Venezuela and Cuba in the late 1950s. In the 1960s Cuba appeared as the vanguard of a wave of national revolutionary movements backed by a wide array of popular forces. Its revolution was one of the most significant developments in the region since the Mexican revolution four decades earlier. It set into motion a fateful chain of events involving a confrontational escalation and a growing internationalization of domestic conflicts. Attempts to destabilize and subsequently overthrow Castro and reverse the revolution culminated in both the calamitous effort to undo the regime and President Kennedy's Alliance for Progress, launched in 1961. Washington's main purpose was to prevent another Cuba by encouraging mild social and economic reforms in the region. Economic and social development was perceived as the antidote to insurgency.[5] It was to be accomplished by propping up middle-class, progressive reformist and democratic governments. But the Alliance failed. Import substitution industrialization had already come to a dead end, populism had run its course, social tensions were mounting, and a profound fiscal crisis had set in. The inability of the reformist governments to deliver and quell social unrest rendered the initiative virtually useless.

Though ineffectual for the region's long-run democratic development, the other side of the alliance as a containment strategy[6] met with verifiable success. It involved the isolation of Cuba as well as a massive effort to give the collective defense of the Americas encoded in the Rio Treaty a new meaning: the introduction of counterinsurgency and civic action as the central preoccupation of the region's security forces.[7] A radical reorganization of the Latin American military ensued. The change in military mission and doctrine from the defense of territorial security (external aggression) by conventional forces to fighting the "internal enemy" by Special Forces was a blow to the already precarious sovereignty of the Latin American countries. It transformed the US security establishment into the head of a vertically integrated regional counterrevolutionary system, giving the local military a self-justifying and professional mission: fighting "subversion," however loosely defined.[8] In a relatively brief period and irrespective of declared intentions, the local

military and police forces (the latter through public safety programs) had been turned into the dominant internal linkage groups, as "sentinels of empire" operating the lower rungs of the hemispheric security regime.[9] With the reformist and preventive side of the Alliance marred by internal and external inconsistencies, the counterinsurgency and containment elements took precedence over democratic concerns. This reorientation became manifest as early as 1964, with the Johnson administration's encouragement and promotion of the Brazilian coup and counterrevolution of 1964.

In the more institutionalized democracies, the exhaustion of import substitution and populism led to a breakdown of consensus and civic confidence. ISI with national populism failed to bring long-term sustainable development and political stability. In the 1960s wage and price spirals had become a muted and protracted form of civil strife in many countries. Political deadlock eroded both the legitimacy and the effectiveness of these regimes. Labor practices inherited from the populist years reproduced and accelerated the "push-up" effect of institutionalized social conflict. The rules of the pluralistic game weakened in the midst of rapid mass mobilization. The existing socioeconomic order, both domestic and international, ended up being maintained by resorting to naked yet highly bureaucratized repression under a new political alliance. The latter involved a coalition between the externally linked business elites, which gave content to a conservative economic package, and the security establishments, transnationalized by the ideological "professionalism" of the Cold War. The military, representing an externally trained, indoctrinated, and financed fraction of the middle class, provided the force required for keeping the population at bay. Its ideological-professional software was—and continues to be—the national security doctrine.[10]

Authoritarian Capitalism and the Repressive State

The national security doctrine, referred to as "Pentagonism" by Juan Bosch,[11] was constructed on three notions: an internal and external enemy ("subversion"), an external "friend" (the US-dominated regional security regime), and ideological frontiers. Its effect was to erode the national character of the local military institutions and decisively transnationalize the state. The explicit articulation of this strategic posture was the Nixon Doctrine, outlined in the Rockefeller report of 1969. The document clearly showed a shift in the normative ideal of political development, from democracy and participation to authoritarianism and order. Between 1969 and 1973, with a few notable exceptions,[12] the number of military dictatorships steadily climbed: ten in 1969, twelve in 1970, fourteen in 1972, and fifteen in 1973.

The liberal-authoritarian projects that unfolded in the 1970s rejected the nationalist and protectionist premises of import substitution and other induced development policies. Instead, economic growth was seen as a function of a reinsertion of the countries' economies into the international division of labor as exporters of raw materials: a return to a widened export economy. With the exception of Brazil in the late 1960s and the 1970s, economic modernization, far from "deepening industrialization" meant increased reliance on both the natural resource sector and heavy borrowing. The aggregate foreign debt, which in 1960 amounted to about one-third of the regional annual exports, had grown by 1970 to 1.7 times the total value of exports. Just before the oil crisis in 1973, it had climbed to 1.9 times that value. By 1993 the gap had grown to over 2.7 times,[13] and became stable at about 1.8 times in 2002.[14] The strategy of hyperaccumulation also involved the creation of favorable conditions, through deregulation, denationalization, and the disarticulation of labor organizations, for domestic and transnational elites to increase their share of profits.

The era of national security was notable for persistent abuses of human rights; the early neoliberal design of its economic strategies implied dismantling the welfare state, import substitution industrialization policies, and social safety nets developed since the 1930s. Authoritarian capitalism rejected the demand-side implications of the early Cold War liberalism of the Alliance for Progress and was more concerned with direct containment and the protection of the status quo than with development.[15] Other than offering "economic miracles" financed by illusory foreign investment, the orthodox policies imposed monetarism (later identified with the Chicago School) over the structuralist, Keynesian doctrine of the UN Economic Commission for Latin America (ECLA). These deflationary measures were far more effective as a shock therapy—by atomizing labor, freezing wages, letting prices float to world levels, and privatizing the economies—than in raising living standards. They were much more effective in the short run as weapons in a social war, defining "friends" and "foes," than as instruments of national development. On the contrary, the long-term socioeconomic consequences of these policies were, by and large, disastrous and persistent for the region. So were their social, environmental, and financial implications. In fact, far from generating stability and bringing prosperity, the combination of dictatorial rule with unrestricted free market policies created a serious governability problem. The formula of authoritarian politics with free markets also set the conditions for the subsequent debt crisis and recession of the 1980s.

The bureaucratic-authoritarian states that emerged in South America, patterned on the example of post-1964 Brazil, were attempts at modernization from the top, with strong external inducement. The benefits of this new order accrued to a small alliance of domestic entrepreneurs and speculators supported by a technocratic-military middle class and their business, political, and military associates in the imperial center. Its narrow base generated a persistent crisis of legitimacy that was managed by three instruments. One was military force, through strengthening the alliance between officers and the domestic socioeconomic elites. The other was the inclusion of external constituencies—military, business, political, and diplomatic—to compensate for lost internal support. The third was the demobilization and exclusion of the bulk of the population. Dictatorship became an intrinsic component of economic freedom.[16] The social cost for the majorities was enormous, since overall living conditions declined and the gap between haves and have-nots widened. Nor did these regimes succeed in unleashing real counterrevolutions. At best the national security regimes provided a repressive brake against social mobilization, economic nationalism, regional integration, and a perceived threat from the left. The effective operation of their neoliberal policies required large amounts of external financing, which was facilitated in the 1970s and early 1980s by massive deposits of recycled petrodollars in private Western banks.

Foreign Debt and Regime Crisis

Indebtedness fueled by the illusion of prosperity ensued. As both the governments and the private sector in the region increased their financial obligations, the failure of production and exports to keep pace with borrowing, and most importantly with soaring interest rates, resulted in huge debt burdens. Despite diverse ideological discourses, the hard-line military regimes in Brazil, Argentina, Chile, Uruguay, and Bolivia did not behave very differently from the more populist ones in Peru, Panama, or Ecuador, or those in civilian-controlled oil-producing countries (Mexico and Venezuela), or in the microstates of the Caribbean. The policies may have had different declared intentions, yet their effects were similar: unmanageable indebtedness and de-development throughout the region.

The crisis of dictatorship in Brazil, Argentina, Uruguay, and Chile involved the erosion of the political alliances that had permitted the implementation of the repressive socioeconomic projects. More inclusive military regimes like those of Peru, Ecuador, and Panama quietly faded away. The main political limitations of the national security regimes were threefold. (1) Government by force was ultimately untenable; (2) the pretended security was based on the insecurity of most of the population; and (3) national security was not national. The Nicaraguan uprising of 1979 and the protracted civil wars in El Salvador and Guatemala signaled another form of transition: popular, radical, and potentially antiliberal. From an imperial perspective, these endogenous developments posed a more serious threat to the maintenance of the hemispheric order than the erosion of bureaucratic authoritarianism in South America. The combined impact of economic crises, a growing inability to manage conflict among internal factions, and a new post-Watergate political coalition in Washington concerned about the long-run effects of authoritarian solutions created the conditions for military withdrawal. The Linowitz Report outlined a transitional strategy in 1975.[17] This document was heavily influenced by the views of the Trilateral Commission[18] and was critical of the previous "Pentagonist" policy toward Latin America. It constituted the blueprint for President Carter's initiative on democratization, and its subsequent implementation under the Reagan administration.

Intra-elite Alliances and "Democratic Transition"[19]

Democratic transition for most of Latin America was largely the result of intra-elite negotiations superintended by external actors. Rather than regime transition, this meant the consolidation of a nondemocratic socioeconomic order under a formally democratic façade. The orderly retreat of the national security regimes preserved many authoritarian traits. In this the reemerging democracies shared some of the political characteristics of older "managed democracies" such as Colombia, Venezuela, or Mexico, which did not experience direct military rule. Such closely watched transition to democracy had strict limits. Although authoritarian capitalism proved to be largely a developmental failure, the radical restructuring of the economies along free market lines by means of political repression had been profound enough to prevent a return to economic nationalism. Likewise, the restructuring and transnationalization of the security establishment made the pursuit of nationalist and nonaligned foreign policies impossible. In this sense, the political arrangements that emerged in Latin America as a result of redemocratization, while possessing the formal trappings of sovereignty and democracy, were neither truly democratic nor sovereign. They produced precariously balanced civilian regimes based on pacts of elites, with exclusionary political agendas and narrow internal support. In these, the popular sectors were effectively maintained outside the political arena, while external actors, both economic and military, enjoyed de facto veto power over the state. In addition, the countries remained saddled with cumbersome, in some cases unmanageable foreign debt, not to mention the debt management conditions of IMF-inspired structural adjustment policies (SAPs).

The ultimate effects of these policies have been the hegemonic perpetuation of dependence and underdevelopment. These traits express themselves in a vicious cycle of built-in vulnerability to external economic and political influence, requiring ever increasing doses of external supports. This vulnerability is dramatically illustrated by the inability of the countries to extricate themselves from chronic indebtedness: the debt trap.[20] Debt management became the number one political concern in the regional agenda in the early 1980s. The service, both principal and interest, grew from slightly over 40 percent of the total value of annual exports in 1979, to over 65 percent in 1983. The total indebtedness figure for 1988 was over $400 billion with the higher sums being incurred by Brazil, Mexico, Argentina, Chile, Venezuela, and Peru. Despite the fact that about half of the countries reduced their liabilities by 1990–1991, the overall debt grew to $421 billion: a 3.5 percent annual increase. By 2001 it reached $787 billion, expanding at an average annual rate of 8.7 percent. Out of the seventeen most indebted countries in the world in the 1990s, twelve were in the Latin American region. On average the annual interest rate payments fell from 33 percent of all exports in 1987 to 22 percent in 1991 as the lost decade came to an end. Between 1992 and 1999, the burden was reduced even further. Countries like Brazil and Mexico decelerated their rate of indebtedness respectively from staggering annual rates of 223 percent to 60 percent, and 206 to 156. These figures are unsustainable by any stretch of imagination. In the thirty years between 1970 and 2000 Argentina accelerated its already huge rate of indebtedness from a fifteen-year average annual growth of 178 percent to a rate of 256 percent annually. Venezuela, in turn, went from a yearly increase of 320 percent between 1970 and 1985 to a whopping 465 percent in the 1970 to 2000 period. If the debt problem is measured as inability to pay, an analysis of the ratio between exports and debt service shows figures that are equally dramatic. For instance, the ratio of debt service to exports for Argentina moved from an already high 34 percent in 1990 to over 71 percent in 2000. For Brazil, the jump was from 23 to nearly 91 percent. So far, and despite economic disasters in Mexico (1994), Ecuador (1999), Argentina (2001), Brazil (2002), and Bolivia (2003), most countries in the region did not default on their debt or resort to a strategy of debtors cartels. This policy of fiscal responsibility has been hard for the civil society, which had to absorb its full impact, especially after a number of governments "nationalized" corporate debt at taxpayer expense.

The end of the cycle of national security in the 1980s was a direct consequence of the insoluble contradictions between and within the reactionary coalitions in power and the centrality of external support for the authoritarian regime. Given limited resources, there was a long-run impossibility of reconciling the interests of the national security bureaucracies with those of domestic and foreign business. An additional problem emerged from the countries' extreme vulnerability to external factors (e.g., the unmanageable debt burden, deteriorating terms of trade) and constituencies. As power conflicts intensified in Washington in the post-Nixon era, opposition from liberal political sectors against authoritarian regimes grew. Furthermore, the shrinkage of crucial support from international business compounded the internal erosion of power suffered by the Latin American dictatorships. Democratic transition became the alternative to popular revolt. The conversion from dictatorship to limited democracy has to be seen in the context of the previous transition to national security, both in the bureaucratic-authoritarian context of the Southern Cone and in the less institutionalized setting of Central America. Growing participation and dependent development could coexist only under conditions of economic expansion and for as long as such participation did not threaten the perceived interests of the local and regional elites.

The Nature of the Receiver State

In the mid-1980s the mounting debt crisis set the parameters for the emergence throughout the Americas of a new political formula: a "receiver state" blending limited democracy and neoliberal economics. The result was a weak, highly transnationalized state, acting in partnership with foreign creditors and international financial institutions as manager, executor, and liquidator of national bankruptcy. The central function of this arrangement has been the administration of the debt combined with the implementation of structural adjustment policies geared to massive privatization and de-nationalization of the economy. This state reflects the nature of the transnationalized political alliances and the narrow spaces for political participation, where economic and fiscal policies have been effectively left out of the political debate. Yet these policies define the rules of the game and set the limits for social policies.

Pacts of Elites and Exclusionary Socioeconomic Agendas

The various national incarnations of receivership exhibit important differences. These depend on the nature of the transition processes, as well as the particular coloration of the civilian management to appear in the postauthoritarian period and the early adjustment phase. At close scrutiny, irrespective of the elected nature of the government in charge, the economic agenda has a striking resemblance with that imposed under authoritarian rule. These arrangements are not a mere transitional phase from elite domination to genuine democracy: free and participatory politics with effective popular control. Rather, the repressive state of the 1970s and the receiver state of the 1990s and 2000s are two different manifestations of a similar cluster of elite interests.

The receiver state expresses the consensus of a mostly transnational and conservative coalition, though at times managed by tamed center-left governments. Limited democracies, with narrow mobility opportunities and exclusionary agendas, have provided a thin cushion to confront the deep structural problems once controlled by repression. The current modality of conflict management, while reducing the most blatant human rights abuses, has left the most pressing and fundamental socioeconomic and political problems largely unresolved. The combination of the transnational integration of the domestic elites (economic, military, technocratic, and bureaucratic) with the demobilization and marginalization of the popular sectors does not provide a formula for stable governance, let alone democracy. In the absence of tangible rewards to buy legitimacy, insurgent, repressive, institutionalized (as well as criminal) violence has become a common expression. State failure—as in Ecuador in 1999, Argentina in 2001, and Colombia or Mexico in 2009—has also emerged as a distinct possibility.

Despite the phasing out of the old national security regimes, contemporary Latin America is not undergoing a change toward substantial democratization. Formal demilitarization and return to limited democracy are not synonymous with an alteration of the status quo. Nor is democracy nowadays any more "real" in those countries in the hemisphere where civilian governments have remained in control. On the contrary, the prevailing discourse on democracy among the official intelligentsia throughout the Americas involves a juxtaposition of a substantially domesticated democracy with neoliberal economics.[21] The above model amounts to a plutocracy with popular support, occasionally resorting to electoral rituals. While this "low-intensity democracy"[22] may appeal to the consumption-intensive, high-income core groups in the hemisphere, it is not really majority, let alone popular, rule. It is basically the same elitist formula articulated by the Trilateral Commission in the mid-1970s that considered the root cause of the crisis of democracy to be democracy itself. Under a legal façade, this mode of conflict management entrenches a corporatist pact of elites representing basically the same economic, social, and political alliances that sustained the antidemocratic regimes: the power elite at the core, the military, the local bourgeoisie, and upper segments of the middle classes. Democratic development, with the qualified exception of Costa Rica, is weak and fragile at best throughout the hemisphere.

The regressive socioeconomic policies implemented under authoritarian rule have been enshrined both in the pacts of transition and in ad hoc constitutional mechanisms. The re-democratized regimes are constrained by other factors too. One is the weakness of the governing political alliances, since the transition arrangements effectively excluded most left of center and populist political forces from holding power. Another is the crucial autonomous role played by the transnationalized security forces, as a parallel state to maintain the status quo and prevent exposure of past and present human rights abuses. Then there are the odious massive debt obligations incurred mostly under the previous repressive regimes. They severely limit the rendering of services to those in need, while fiscal austerity inevitably leads to confrontation and increasingly repressive governmental responses. The impact of the debt service on already exiguous fiscal resources is compounded by the strict conditions imposed by the international financial institutions (the IMF, the World Bank, the IDB, and private banks). Structural adjustments resulting from such conditions have gravitated against demands for reform, equity, and social justice, already frozen by the previous dictatorships.

The Biophysical and Environmental Effects of Public Policies

Since the 1980s, the Latin American and Caribbean countries have experienced an expanding and converging set of problems, whose common denominator is a fiscal crisis of the state. These affect employment, purchasing power, housing, safe drinking water, the quality of sanitation, the growing incidence of old and new diseases of epidemic proportions, a deteriorating ecosystem, and a profound inability to meet challenges. A regional health crisis is unfolding as life-threatening ailments that were considered eradicated (such as malaria, Chagas disease, tuberculosis) are making a dramatic comeback, and new morbidity and mortality factors (like HVI/AIDS or swine flu) are on the rise. This has happened at a time when social safety nets and health delivery mechanisms are collapsing as a consequence of structural adjustment policies. The 1990 cholera epidemic was paradigmatic of extreme mutual vulnerability. The combination of a poverty-driven disease, multiplied by the dismantling of the institutional mechanisms for disease containment and treatment, had the effect of multiplying generalized insecurity across class and national boundaries.

Environmental threats are another example of policy-driven dysfunction. These include sewage, waste, and air pollution, but also encompass a broader complexity of and multiplicity of reciprocating issues. In an earlier study Robles and I sketched a calamitous situation in which retro-feeding and destructive processes create a vicious cycle of vulnerability.[23] Current industrial, mining, and agricultural practices, mixed with uncontrolled urbanization, create an interwoven pattern of biophysical and social stress on the ecosystem and human populations.[24] For instance, deforestation, with its sequel of health-related effects, accounts annually for over 40 percent of the global loss of forests. On a per capita basis, this makes Latin America the number one contributor to green depletion and loss of biodiversity. Furthermore, in the midst of an expansion of agricultural production for export, food insecurity still remains a major threat to large segments of the population, even in the statistically "rich" countries. Once again, the pressure to manage the debt and its conditions put a premium on cash crops and the merciless exploitation of natural and human resources.

Structural Poverty and Inequality

Since 1980, those living below the poverty line in Latin America and the Caribbean *increased* from above 120 million to over 200 million and from 41 to 46 percent of the population.[25] The most affected have been those already vulnerable: women, children, the elderly, ethnic minorities. Though poverty and indigence have gone down to 1996 levels in most countries, overall deprivation is still higher than two decades ago, and rural poverty has increased steadily. Central America has been the most seriously affected by the double impact of concentration of wealth and the spread of poverty: at the verge of the twenty-first century, reportedly nearly 80 percent of its inhabitants were unable to access a basic food basket and half of these were destitute. According to the same report, between 1977 and 1994, Guatemala witnessed an accelerated concentration of wealth and resources with fewer than 2 percent of the landowners owning now more than 65 percent of the total farmland.[26] Between 1990 and 1993, after just two years of structural adjustment, the poverty rate in Honduras increased from 68 percent of the total population to 78 percent. In Nicaragua, as a result of the Contra war and the implementation of the postwar austerity package, 71.3 percent of the economically active population was either effectively unemployed or underemployed. Illiteracy, which had been effectively reduced to 12 percent between 1979 and 1989, actually *increased* in 1993 in absolute and relative terms. The same was the case with infant mortality, from 50 per 1,000 in the 1980s to 71 per 1,000 in 1991 and 83 per 1,000 in 1993. Although the acuteness of these figures has been less pronounced in recent years, the legacy of catastrophic decade of man-made and natural catastrophes has left a deep imprint.

Even the widely hailed economic "miracles" have not produced lasting development. The combination of entrenched elite interests, extreme free market agendas, and structural adjustment policies left a lasting burden of poverty and despair. The areas of health, education, and community development have suffered continuously, impacting precisely those who need the most. Since the end of the boom of the 1970s, Brazil's only enduring feature has been the most unequal income distribution in the Western Hemisphere, and one of the worst in the world. Chile's "success story" does not fare any better under close scrutiny. Between 1970 and 1987, the proportion of Chileans defined as poor increased by an average yearly rate of 7.2 percent. Meanwhile, real income per capita grew at an annual average rate of 0.3 percent. Since 1990, with a democratic government and despite the fact that the speed of impoverishment has been arrested, widespread privation persists. Despite impressive GNP annual growth rates between 4.5 and 10 percent, Chile has dismal pattern of income distribution.

Pauperization and expanding inequity are not limited to the cases mentioned above. They are present all over the hemisphere: throughout the Caribbean, in Argentina, Uruguay, Paraguay, Venezuela, Colombia, Peru, Bolivia, Ecuador, Panama, Costa Rica, the Dominican Republic, Haiti, and particularly Mexico. As mentioned, the most affected are the rural and urban poor, but white-collar, middle-class sectors have seen their economic opportunities and social safety nets dramatically eroded as well. In Latin America, as in Canada and the United States today, the middle classes are disintegrating in the growing gap between the extremes of wealth and poverty (Wolff 2003). [27]

Civil-Military Relations

Beneath the civilian mantle, praetorianism has a lingering presence. Given the polarized and violent nature of political conflicts, militarization has been a long-standing feature of the Latin American state. It has also been a constant in the United States. With few exceptions, the military establishment has played a disproportionately large role in most of the countries, whether under civilian executives or not. Even in the supposedly exceptional cases, careful examination reveals that direct military rule or militarized repression has always been present. This is abundantly clear in the deepening conflict in Colombia. Since the end of the Cold War, the military has been less conspicuously present in politics, but closer scrutiny reveals a more complex picture. The end of the civil conflicts in El Salvador and Nicaragua, declining insurgent threats in Peru, as well as the effects of structural adjustment packages on defense budgets, suggest a trend toward demilitarization.[28] Yet overall budget reductions have not been matched by personnel reductions. Rather, a small increase in personnel has taken place. But average figures are deceiving: downturns in countries with large establishments, such as Argentina (-39.8 percent), Chile (-9.1 percent), Nicaragua (-76.6 percent), and Peru (-12.5 percent), mask the incidence of significant upturns in most other countries. Twelve out of twenty of the countries actually increased the size of their defense forces between 1985 and 1991. Colombia topped the list with 76.7 percent, followed by Venezuela (53.1 percent), Guatemala (40.7 percent), and Mexico (35.6 percent). The largest establishment, Brazil's, with nearly 270,000, grew 7 percent between 1988 and 1993 (IISS 1087–1992).

Though in comparison with the G8 nations and the Middle East, the size of the Latin American forces is relatively modest, the impact, influence, and transnationalization of the security establishment, especially of its officer corps, remain extensive. Not including some 760,000 paramilitary and an indeterminate number of reservists, Latin America has over 1.3 million individuals under arms and spends close to $9 billion in defense. Given its economic base, Latin America remains overly militarized; the externally controlled security sector is still a voracious competitor for the scarce resources needed for development. It constitutes a persistent obstacle to the sovereignty of, and the cooperation among, nations and continues to be the single most serious threat to political stability, integration, sustainable democracy, and human rights.

With the end of the Cold War and a declining threat of regional insurgency, a fundamental security issue in the Americas is not so much how to protect society from external and internal enemies but how to safeguard the population in most countries from their security forces. In this context, we must reconsider civil-military relations and the nature of the prevailing civil-military regimes in the emerging inter-American order, especially in light of new strategic factors. One is the persistent conservative, interventionist, and apocalyptic mood in American politics, and the extensive post-9/11 resurgence of Pentagonism; a proclivity that the Obama administration will be hard-pressed to maintain. Another is lingering border tensions, exemplified by flare-ups like the 1995 Ecuadorian-Peruvian war. A third factor is the growing militarization of social conflicts, as in Mexico, or in the vertical and horizontal expansion of Colombia's civil strife, narco-wars in the Andean region and recently in Mexico, the ongoing confrontation between Venezuela and Colombia and Colombia and Ecuador and the involvement—both mercenary and otherwise—of Latin American forces in the Middle East conflict. Underpinning this dysfunctional militarization is the close and dependent association between the Latin American and US military establishments.

Limited Democracy and Elected Plutocracies

Current political developments in Latin America, while conveying a less repressive picture, especially by contrast with a somber record of the 1970s, present at best mixed signals. On the positive side, most of the region is ruled nowadays by governments generated through formally free and competitive elections: what Guyana's former prime minister Cheddi Jagan sarcastically called "5-minute democracy."[29] In various instances, some sort of consolidation has taken place, as a second and even a third generation of elected governments have been inaugurated. There have also been sporadic yet significant attempts to hold governments accountable to the electorate. Most importantly, as relations between Latin America and the United States deteriorated during the George W. Bush administration, center-left governments have been elected throughout the Americas between 2006 and

2009, including Nicaragua, Guatemala, El Salvador, Bolivia, Ecuador, Argentina, Paraguay, and even the United States. Instances of torture, disappearances, and blatant state terrorism, with notable exceptions such as Colombia, have become less frequent. However, there are also disturbing signs. One is the persistence, and even revival, of authoritarian and oligarchic traditions. Power remains highly concentrated. Other less tangible but basic values, such as respect for human life, honest government, and the reduction of discrimination and official abuse, are not widely adhered to. Corruption in both parts of the hemisphere is widespread, deep, and fast growing. The United States and Canada have not been exempt from scandal, bribery, and other forms of dishonest management in the councils of power.

Limited democracies based on pacts among elites are distinctively exclusionary. Until recently electoral processes, though a common sight throughout the Americas, have been void of choice and even meaning. Fraud and manipulation have been a common feature. Voters can cast the ballot but the menus and policy options are roughly the same. The socioeconomic and institutional pillars of the former national security regimes (landowners, business, foreign investors, and authoritarian preserves within the military, the judiciary, and the technocracy) are also those of the new democratic orchestrations. A majority of those who perpetrated crimes against humanity are still at large. Thus it is hardly surprising that public apathy and cynicism throughout the hemisphere are high, while government legitimacy is low. Despite the unfolding of formally contested elections during the 1990s in all of the countries and apparently normal constitutional reforms in a good number of others, these processes failed to provide real alternatives. The alienation of the population from the political process noted above has resulted until recently in extremely high rates of electoral abstention.[30] For instance, 84 percent abstained in the Guatemalan referendum of 1994 and 50 percent in El Salvador's general election of March 1994. In the Colombian parliamentary elections of 1994, over 70 percent did not vote, while in the Ecuadorian congressional competition the same year, spoiled ballots received the second largest plurality. Colombia tops the list of electoral abstention, with roughly 40 percent of the voters casing their ballots in 2000, and it is followed closely by the United States.[31] In addition, many of these contests have been tainted with serious irregularities. Yet the abovementioned tide of center-left shifts in presidential elections over the past three to four years indicates a changing pattern, though not yet a definitive trend.

Beyond ceremonial transfers of offices by electoral means and the absence of direct military rule, democracy in the Americas was not consolidated in the 1990–2000 decade. Transition remains incomplete and in some cases de-democratization has been the predominant trend. Oligarchies throughout the continent, despite the historical watershed of the Obama election in 2008, have shown a remarkable continuity. The old practice of executive *continuismo* and dynastic-type succession (the elimination of which was central to the region's past democratic agenda) has resurfaced. There is also a remarkable continuity of policy. Neoliberal recipes have become entrenched in the conditions attached to debt alleviation, regional trade agreements (such as NAFTA or MERCOSUR), and the so-called macroeconomic equilibrium policies that effectively remove fiscal, monetary, and credit matters from national political debate. In addition, the "new" Cold War in the context of

unipolarism, with its pseudo moralistic and messianic discourse, has debilitated democracy, development, and security.

Conclusion: The Fires Within

A profound structural contradiction has emerged in the region's governance. If elected governments stressed *democracy*, equity, majority rule, and the interests of the public (the civil society), they would face relentless opposition and sabotage from domestic and international elites, leading to eventual ineffectiveness, if not outright destabilization. Thus the more common course is to stress *liberalism* and ignore the civil society and rule on behalf of the profit sector. This is what in the North American context Ralph Nader has labeled a *plutocracy*. The political cost of this option is very high in the long run: loss of legitimacy, sovereignty, and an erosion of the trust between elected officials and the electorate, a central tenet of both governance and pluralist institutionalization.

Given the level of political alienation, it is not surprising that popular insurrections have arisen among angry communities confronting threats to their livelihood: Chiapas (1993), Quito (2000), Buenos Aires (2001), and La Paz (2003). The mobilizations and insurrections mentioned above have had broad domestic and international implications. They are a specific Latin American expression of the antiglobalization (and anti-neoliberal) movement, recreating a civil society, where popular organizations had been crushed by the double squeeze of military rule in the 1970s and economic restructuring in the 1990s. These developments suggest that popular movements and rebellions are present in the new globalized regional order.[32] They have reemerged as political options, and we may witness more such manifestations in the near future. Instability, even under the illusion of the NAFTA and FTAA umbrella, is more than skin deep. On the other hand, by challenging the legitimacy of the new intra-elite and transnational arrangements, the new modes of resistance reveal the intrinsic weakness of the low-intensity democracies.

Thus from a long-range structural perspective, massive upheavals have not withered away altogether in the region, although their manifestations have changed. In a way, the social movements and broad coalitions that have opened prospects for democratic change in most of the Americas in recent years have built on the early protest mobilizations of the 1990s and early 2000s. Our analysis strongly suggests that the politics of limited democratization with neoliberal economics, while an improvement over the human rights record of the military dictatorships, imposes built-in constraints on the realization of a truly stable and sustainable democratic project for and by the bulk of the population. Nor is the combination of limited democracy with neoliberalism a guarantee against expanding corruption or popular alienation. In fact, the opposite seems to be the case. If economic recovery fails to produce a better standard of living for the majorities or if the structural economic crisis deepens, these weak and "pragmatic" civilian regimes may be overturned by equally weak, yet violently repressive civil-military regimes. After all, the national security doctrine is still the ideological "software" (or culture) of the security establishments and a regular staple in the training of Special Forces in the hemisphere. The "communist" subversion of yore is being replaced by a new definition of the internal enemy: "terrorism," "anarchy," "war on drugs," or more broadly anything that threatens the investment climate or the interests of the core elites. Growing military and US involvement, as in the case of Plan Colombia or Plan Mérida, or the expansion of the role of the US Southern Command, is a case in point. Certainly the post-9/11 atmosphere may have a destabilizing effect by reviving a hard "counterterrorist" posture to justify elite rule.

As the entire region becomes more closely integrated, a potentially dysfunctional system of mutual vulnerability has taken shape. Its impact on the life of millions throughout the Americas can be catastrophic. The present course points toward scenarios where unemployment, poverty, violence, criminality, health hazards, addiction, forced migration, massive population displacements, repression, and environmental decay feed on each other. The drug-trading regime is a dramatic illustration of this interconnectedness. The ties that link the drug trade begin with peasant producers in the depressed Andean region, and continue with crime syndicates in both producing and importing areas, corrupt officials (as well as rabid "patriots"), retailers, and users, ranging from the destitute to those in high social standing. Being an essentially consumer-driven market, and operating on pure market logic, its containment requires addressing its social-psychological and economic causes—including the roots of addiction—rather than exclusively its tactical symptoms.

Under these circumstances, the dysfunctional linkages of mutual vulnerability between North and South, and their multiple accelerators, create a spiraling lose-lose situation: a negative-score game. Without profound changes in both the South and the North of the hemisphere, the possibility of arresting or reversing serious threats to human security will remain doubtful. Short of a radical reorganization of the pattern of governance throughout the Americas, including decision making, accountability, and regional cooperation (e.g., the largely dysfunctional Inter-American system), multiple and critical dysfunctions are likely to increase.[33]

Regional security cannot be equated with short-term business confidence or with a messianic vision of Manifest Destiny, or "wars" on terrorism or drugs, or more recently, fending off the "Hispanic threat."[34] A breakdown of democratic development, prosperity, and equity, and rising tension in the more volatile countries of the region would have a direct and deleterious effect on the well-being and security of both Americas. The weakness of democratic institutions and their inability to move from democratic transition and elected plutocracies to consolidation of popular rule is a critical structural flaw in the security of the hemisphere. It is becoming painfully obvious that the end of the Cold War did not automatically translate into a Fukuyama-type scenario of the "end of history," with global prosperity, peace, and democracy.[35] The over two-decade-old democratic transition in the region cannot be made synonymous with either the entrenchment of participatory practices or with responsible government, let alone the enhancement of human dignity. The "safe," "limited," "low-intensity," and meaningless democracy, peddled by transition theorists and the neoauthoritarians, impedes more than facilitates the emergence of a sustainable security community in the Americas. So does the persistence of economic dogmatism and the rebirth of national security doctrines designed to fight elusive and perpetual global conflicts. Regime change throughout the hemisphere, particularly in the Northern tier, is a necessary condition for hemispheric human security.

Notes

1. CEPAL, *Panorama Social de América Latina 2004* (online version, October 24, 2005). p. 1; also United Nations, Department of Economic and Social Affairs, *Report on the World Social Situation 2005: The Inequality Predicament,* August 25, 2005, p. 1.
2. United Nations, *World Economic and Social Survey 1994* (New York: United Nations), p. 42.
3. Terry-Lynn Karl and Richard Fagen, "The Logic of Hegemony: The United States as a Superpower in Central America," in Jan Triska, ed., *Dominant Powers and Subordinate States: The United States in Latin America and the Soviet Union in Eastern Europe* (Durham, NC: Duke University Press, 1986), pp. 218–238.
4. These include General Uriburu in Argentina, General Ibáñez in Chile, Getulio Vargas in Brazil, President Terra in Uruguay, General Somoza in Nicaragua, General Hernádez-Martínez in El Salvador, General Trujillo in the Dominican Republic, General Carías in Honduras, General Ubico in Guatemala, General Sánchez-Cerro in Peru, and Colonel Busch in Bolivia.
5. Eugene Stanley, *The Future of Underdeveloped Countries: Political Implications of Economic Development* (New York: Praeger, 1961), pp. 3–4.
6. US Senate Committee on Foreign Relations, Subcommittee on Western Hemisphere Affairs, Hearing (June 24–July 8, 1969), pp. 62–64, 57–61; also Yale Ferguson, "The Departments of Defense and State and Governor Rockefeller on US Military Policies and Programs in Latin America," in *Contemporary Inter-American Relations: A Reader in Theory and Issues,* (Englewood Cliffs: Prentice-Hall, 1972), pp. 327–328.
7. John Lovell, "Military-dominated Regimes and Political Development: A Critique of Some Prominent Views," in Monte Palmer and Larry Stern, eds., *Political Development in Changing Societies: An Analysis of Modernization* (Lexington: Heath Lexington, 1971), pp. 159–179.
8. Charles D. Corbett, *The Latin American Military as a Socio-Political Force: Case Studies of Bolivia and Argentina,* Monographs in International Affairs (Center for Advanced International Studies, University of Miami, 1972), pp. 13–19; also see "Appendix F: Précis of the Counterinsurgency Course (1963), the Special Warfare School Fort Bragg, North Carolina," in Willard Barber and Neale Ronning, *Internal Security and Military Power: Counterinsurgency and Civic Action in Latin America* (Ohio: Ohio State University Press, 1966), pp. 275–276, 217–245; US Army Special Warfare School, *Counterinsurgency Planning Guide,* Special Text no. 31–176 (1964).
9. Jan Knippers Black, *Sentinels of Empire: United States and Latin American Militarism,* Contributions in Political Science (Westport, CT: Greenwood, 1986), passim.
10. Jean-Louis Weil, Joseph Comblin, and Judge Senese, "The Repressive State: The Brazilian National Security Doctrine and Latin America," *LARU Studies,* no. 3 (Toronto: LARU, 1979), pp. 36–73; also see Robinson Rojas, "Notes on the Doctrine of National Security," 2003, www.rrojasdatabank.org/natsec1.
11. Juan Bosch, *El Pentagonismo sustituto del imperialismo,* 3rd ed. (Santo Domingo: Editora Alfa y Omega, 2000), pp. 5–14.
12. Mexico, Venezuela, Colombia, Costa Rica, and communist Cuba.
13. Our calculation is based on ECLA *Anuario Estadistico* data between 1970 and 1985.
14. According to ECLAC, *Anuario Estadístico 2001,* the figures for disbursed foreign debt were US$22,256,000 (1980) and US$739,930,000 (2000).
15. For a direct view of the "developmental deontology" of counterinsurgency, see US Army Special Warfare School, *Counterinsurgency Planning Guide,* Special Text no. 31–176 (1964).

16. Orlando Letelier, "The 'Chicago Boys' in Chile: Economic Freedom's Awful Toll," *The Nation*, August 28, 1976, pp. 138, 142.
17. Sol Linowitz, *The Americas in a Changing World* (New York: Quadrangle, 1975).
18. Holly Sklar, "Managing Dependence and Democracy: An Overview," in *Trilateralism: The Trilateral Commission and Elite Planning for World Management* (Montreal: Black Rose, 1980), pp. 1–55.
19. Arturo Siat and Gregorio Iriarte, "De la Seguridad Nacional al Trilateralismo," *Cuadernos de Cristianismo y Sociedad*, May 1979, pp. 23–24.
20. Osvaldo Martínez, "Debt and Foreign Capital: The Origins of the Crisis," *Latin American Perspectives*, Winter 1992, p. 65; World Bank, *World Development Report*, 1990, 1991 and 1992, and 1994, pp. 206–207; and *World Debt Tables: External Debt of Developing Countries*, 1987–1988, 1989–1990, and 1991–1992, vol. 2, *Country Tables* (Washington, D.C:. World Bank, 1988, 1989, 1992).
21. Verónica Montecinos and John Markoff, "Democrats and Technocrats: Professional Economists and Regime Transition in Latin America," *Canadian Journal of Development Studies* 14, no. 1 (1993): 7–22.
22. Barry Gills and Joel Rocamora, "Low-Intensity Democracy," *Third World Quarterly* 13, no. 3 (1992):501.
23. Jorge Nef and Wilder Robles, "Environmental Issues, Politics, and Administration in Latin America: An Overview," in Joseph Jabbra and Onkar Dwivedi, eds., *Governmental Response to Environmental Challenges in Global Perspective* (Amsterdam: IOS Press, 1998), pp. 42–62.
24. Urban population has expanded exponentially in the region, at nearly twice the average rate of population growth. While in 1950, only one city (Buenos Aires) ranked eighth among the ten most populated cities in the world (with 5 million), by 2000 there were three cities among the world's largest, respectively ranking second, fourth, and tenth: Mexico City (18.5 million), São Paulo (17.8 million), and Buenos Aires (12.6 million). While this expansion of megalopolis has been dramatic, even more pronounced is the growth of large metropolitan (Santiago, Bogota, Caracas, Lima) and secondary cities (Medellín, Curitiba, Córdoba, Concepción, Guadalajara, etc.). This phenomenon is the tip of the iceberg of a looming urban crisis, resulting from migration rooted in rural poverty. It has been estimated that by 2050 Latin America will be double the population of North America.
25. William Robinson, "Central America: Which Way After the Cold War?" *NotiSur*, February 25, 1994, pp. 1–9, esp. p. 5; also Oscar Altimir, "Income Distribution and Poverty Through Crisis and Adjustment," *CEPAL Review*, April 1994, passim.
26. *NotiSur*, January 14, 1994, p. 9.
27. William Robinson, citing the 1993 UNDP *Human Development Report*, notes that the wealthiest 20 percent of humanity receives 82.7 percent of the world's income. They also control 80 percent of world trade, 95 percent of all loans, 80 percent of all domestic savings, 80.5 percent of world investments. They consume 70 percent of world energy, 75 percent of all metals, 85 percent of its timber and 60 percent of its food supplies. He noted that in this context the middle classes are shrinking considerably, since the 20 percent of what could be called the world's middle class receives only 11.7 percent of the world's wealth. *NotiSur*, February 18, 1994, p. 7. A US study by the Levy Institute, based on the 1998 Federal Reserve's *Survey of Consumer Finances*, indicated that while the top 1 percent of the population controlled 38 percent of the country's net worth, the poorest 40 percent controlled 0.26 percent of it. In the period between 1983 and 1998, the net worth of that top 1 percent increased 42.3 percent, while the bottom 40 percent of the population was 76.5 percent worse off. See Edward Wolff, "Recent Trends in Wealth Ownership, 1983–1998," Levy Institute Working Paper no. 300, Tables 2–3 (2003). All indications are that income concentration has worsened since 1998.

28. Between 1985 and 1991, the region's defense budgets declined on the average 24.6 percent, or 4.1 percent per year, and twelve out of twenty countries cut defense expenditures ranging between 59 percent (Chile) and 4.8 percent (Honduras). On the other hand, two rather large countries, Venezuela and Colombia, dramatically increased such expenditures: respectively 23 percent and 275 percent. When the number of troops is examined, the overall trend is a seemingly modest increase of 4.2 percent for the region, or 0.7 percent per year.
29. Cheddy Jagan, "Sustainable Development in the Americas," keynote address to the twenty-seventh annual Congress of the Canadian Association of Latin American and Caribbean Studies, York University, October 31, 1996.
30. *NotiSur*, February 1994, p. 8.
31. For purposes of comparison, the rate in the United States for 2002 was 46.6 percent and about 55 percent in Canada (2000). An examination of voting turnout in parliamentary elections held in both Latin and North America in the decade between 1988 and 1991 and 1998 and 2001 shows a declining trend in half of the countries and also low voting turnout in nearly half of the nations, by comparison to most European democracies.
32. *Latin America Weekly Report*, January 13, 1994, p. 2; February 17, 1994, p. 62; and February 17, 1994, 62.
33. Until the 2005 election of José Miguel Insulza to the general secretariat of the OAS, all secretaries-general had been supported by the United States; those denied Washington's support have been defeated.
34. Samuel Huntington, "The Hispanic Threat," *Foreign Policy*, March-April 2004, www.keepmedia.com/pubs/ForeignPolicy/2004/03/01/387925.
35. Francis Fukuyama, "The End of History?" *National Interest*, Summer 1989, pp. 3–18.

Statistical Sources

World Bank. *World Development Report*, 1990, 1991 and 1992, passim; and 1994, pp. 206–207. Figures come from the International Bank of Reconstruction and Development/World Bank, *World Development Report 1989* and *World Development Report 1992. Development and the Environment* (New York: Oxford University Press, 1989, 1992). Data include total external debt; total external debt ratios, population growth and projections. The 1990 GNP figure for Nicaragua was estimated on the basis of the 1987 figure and an average decline of 2.5 percent per year. 2000 figures came from the United Nations Development Program, *Human Development Report 2002*, 203–205.

Altimir, Oscar. "Income Distribution and Poverty Through Crisis and Adjustment." *CEPAL Review*, April 1994, p. 12.

IISS. *The Military Balance*, several issues 1989–2003; *World Resources*, 1994–1995; *SIPRI Yearbook 1993*

International Institute for Democracy and Electoral Assistance (IDEA). *Voter Turnout from 1945 to Date*. Stockholm, Sweden, 2003. www.idea.int/vt/analysis.

TABLE 12.1 Twenty-First Century Trends in Latin American Presidential Elections

LEFT OF CENTER

Year	Country[1]	President	Party	Tendency	Share
1998	Venezuela	Hugo Chávez	PSUV[2]	Socialist	62.8%
2003	Brazil	Lula Da Silva	PT	Social democrat	48.6%
2004	Uruguay	Tabaré Vázquez	Broad Front	Center-left	51.6%
2005	Bolivia	Evo Morales	MAS[3]	Socialist	54.0%
2005	Honduras	Manuel Zelaya	PL	Liberal	49.9%
2006	Costa Rica	Oscar Arias	PLN	Social democrat	40.6%
2006	Haiti	Rene Preval	Lespwa	Left populist	51.1%
2006	Peru	Alan Garcia	APRA	Social democrat	52.6%
2006	Chile	Michelle Bachelet	PS	Social democrat	53/0%
2006	Ecuador	Rafael Correa	PAIS[4]	Christian humanist	57.0%
2006	Nicaragua	Daniel Ortega	FSNL[5]	Socialist	38/0%
2007	Argentina	Cristina Kirchner	PJ	Peronist	45.2%
2007	Guatemala	Álvaro Colom	UNE[6]	Center-left	53/0%
2008	Dominican Rep.	Leonel Fernández	PLD	Social democrat	53.8%
2008	Paraguay	Fernando Lugo	PDC[7]	Christian democrat	37.0%
2009	El Salvador	Mauricio Funes	FMLN[8]	Social democrat	52.0%

RIGHT OF CENTER

Year	Country	President	Party	Tendency	Share
2006	Columbia	Álvaro Uribe	PC[9]	conservative	62.0%
2006	Mexico	Felipe Calderón	PAN[10]	Conservative	35.9%
2009	Panama	Ricardo Martinelli	CD[11]	Conservative	60.6%

1. Note: We have not included here the English-speaking Commonwealth Caribbean countries (e.g., Jamaica, Trinidad Tobago, the Bahamas, and other island-states), nor Belize or Guyana in this list.

2. PSUV = United Socialist Party of Venezuela (2007), evolved from the 1980s Fifth Republic Movement.

3. MAS = Movimiento al Socialisml: Movement towards Socialism

4. PAIS = Patria Altiva y Soberana (Proud and Sovereign Motherland)

5. Sandinista = Left-leaning Socialist/Social Democrat: Sandinista From for National Liberation

6. UNE = Unión Nacionalde la Esperanza (National Unity for Hope)

7. PDC = Partido Demócrata Cristiano (Christian Democratic Party)

8. FMLN = Farabundo Martí para la Liberación Nacional: Farabundo Martí National Liberation Front

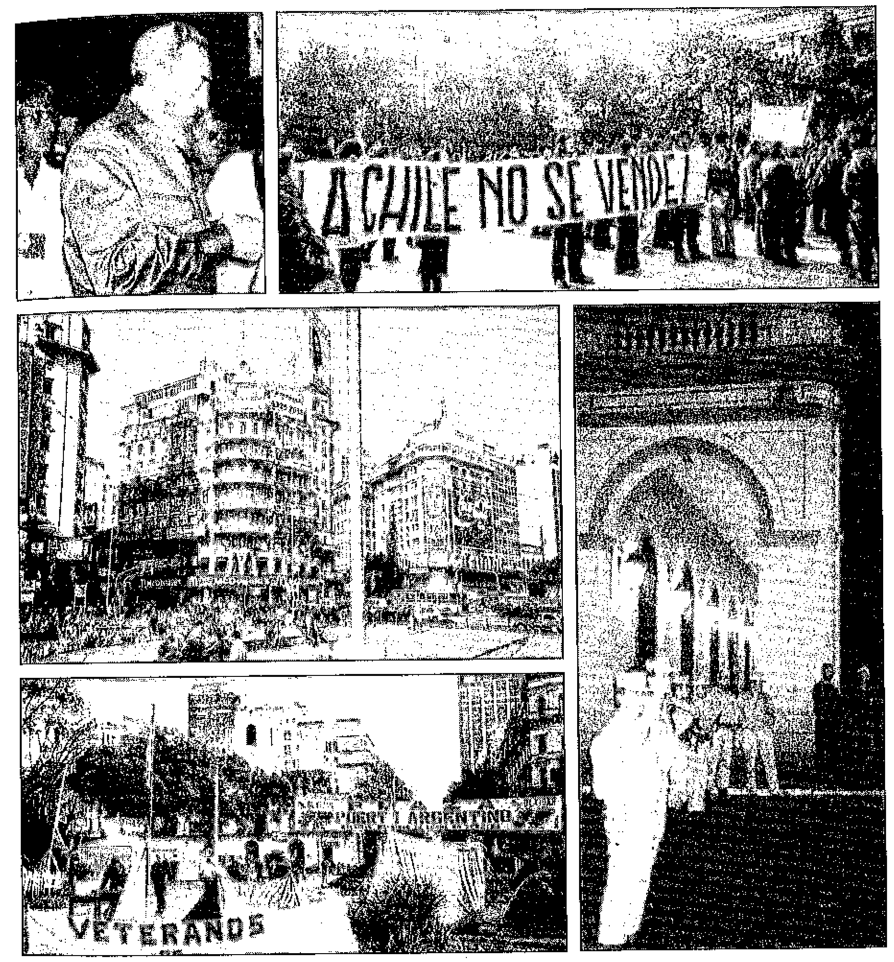
9. Primero Columbia: instrumental right-wing coalition

10. PAN = National Action Party

11. CD = Cambio Democratico: right-wing, neoliberal, breaking a left-wing trend in the region in 2009.

PART V

EXTERNAL RELATIONS



MEXICO

A Revolution Laid to Rest?

FRED R. HARRIS AND
MARTIN C. NEEDLER

ALL NATIONS AND peoples are, more or less, products of their own history.[1] Mexico and Mexicans are more so than most. Mexican sociologist Raúl Béjar Navarro has shown that studies seeking to prove that there is a unique Mexican "character" are largely impressionistic and unscientific.[2] But there certainly is, in Mexico, such a thing as national experience, a shared history.

History is not only a chronological recording of past events but also an attempt to explain those events. In order to understand a country and a people, then, we must know not only what has happened to them but also what they choose to remember and what they choose to make of what they remember—what they teach.

HISTORICAL FOUNDATIONS

"To say Benito Juárez is to say Mexico. To say Mexico is to say sovereign nation." Those were the beginning words of a patriotic speaker at the annual Mexico City ceremony on Benito Juárez Day, March 21, 1982—the 176th anniversary of the birth of the Zapotecan Indian who rose to be president of Mexico. Virtually every Mexican town and city has a monument to Juárez or a principal street named for him—this stern "man of law" who stripped the Catholic Church of its property and privileges; reformed Mexican politics; instituted public education; ended the rule of the Mexican dictator Santa Anna; and later, drove the French from Mexico.

Reform. Respect for law. Nationalism and resistance to foreign aggression. Civilian control of the government. The importance of "great leaders." Public morality. Separation of church and state. Pride in Indian history. These are some of the concepts that the memory of Benito Juárez evokes for Mexicans—and is used to evoke. To Mexicans, Juárez was an Indian who became a Mexican, as Mexico was an Indian nation that became a Mexican nation. But it was Indian first.

The Pre-Cortés Period

Within the great sweep of Middle America lies the Valley of Mexico (in which present-day Mexico City is situated). It is 7,000 feet (2,134 meters) above sea level and encompasses some 5,000 square miles (12,950 square kilometers). The valley is bounded on all sides by snowy volcanic mountains. In prehistoric times, much of the valley floor was covered by large, shallow lakes. By around 8000 BC, people had begun farming in the valley. After 1500 BC, population centers began to develop. Stratifications of power and wealth evolved. Trade flourished over wide areas. Agriculture became highly advanced.

Civilization was already ancient—great cities, like Teotihuacán and Tula, had already risen and then fallen—by the time the Aztecs came into the Valley of Mexico in the thirteenth century. They were an especially industrious, vigorous, and expansionist people. By 1425, they had subjugated, or made alliances with, all the other peoples of the valley. Eventually, their influence reached from the Mexican highlands to the coasts on either side and as far south as present Guatemala. Only the Tlaxcalans to the east, the Tarascans to the west, and some of the Mixtecs to the south remained apart.

By the time Moctezuma II became its principal lord in 1502, the capital city of the Aztecs, Tenochtitlán, was a clean, healthy, bustling metropolis, one of the largest cities of the world, with a population as high as 200,000 people. (By contrast, Seville, the Spanish city from which the conquistadores were later to sail, had a population of around 40,000, and only four European cities—Paris, Venice, Milan, and Naples—had populations of 100,000 or more.) There were some fifty other cities in the Valley of Mexico. Millions and millions of people lived in an area of one of the greatest population concentrations in the world.

The Spanish Conquest

When Hernán Cortés and the conquistadores came over the snowy pass to the east and first saw Tenochtitlán and the other cities in and around the lake, they could hardly believe their eyes. Bernal Díaz del Castillo, who was in the party, later wrote that "we were amazed and said that it was like the enchantment they tell of in the legend of Amadis, on account of the great towers and cues and buildings rising from the water, and all built of masonry." Within three years thereafter, Cortés was the ruler of all he had at first surveyed—except that, by then, the great city was in ruins.

Why did Moctezuma II, the Aztec ruler, let the Spaniards come freely into Tenochtitlán? Cortés's monstrous use of terrorism as a tactic must have been puzzlingly and terrifyingly different from any kind of war that Moctezuma II had known. Why destroy a huge tribute city like Cholula and the income one could derive from it, as Cortés did? Why kill such great numbers of people for no useful purpose? Moctezuma II must also have let the Spaniards come because he was certain that at any later moment when he wanted to, he could easily defeat and capture Cortés and his army. Moctezuma must have been influenced, too, by Cortés's continued and effusive expressions of friendly intention. And, philosopher and thinker that he was, intellectually curious, Moctezuma must have been intrigued by these strange white men and anxious to know more about their identity and their place of origin.

In any event, Cortés did indeed come in. Once inside Tenochtitlán, he seized Moctezuma and held him prisoner. But Cortés soon had to leave for the gulf coast to defeat a rival Spanish army sent by the governor of Cuba. While he was away, the Aztecs at last rose up and attacked the Spaniards. Moctezuma was killed in the bloody fighting. Cortés, with his Tlaxcalan allies, marched back to Tenochtitlán to relieve the embattled Spanish garrison there. But the Aztecs had had enough, and they drove Cortés and the Spaniards from the city.

Then came into play one of the most terrible factors in the success of the conquest—European disease, in this case, smallpox. The European plagues—smallpox, influenza, typhus, typhoid, diphtheria, measles, whooping cough, and others—were unknown in the New World. The native peoples of the Western Hemisphere had built up no immunities to them. Time after time, then, with first contact, one or another of the European diseases decimated whole populations in the Americas. Such was now the fate of Tenochtitlán. Smallpox swept through the city with devastating effect, throwing social and political organization into disarray and shaking religious beliefs. Thousands upon thousands died within the span of a week. Bodies piled up and could not be disposed of rapidly enough. Cuitlahuac, the nephew of Moctezuma who succeeded him, was one of those who died. Cuauhtémoc assumed the leadership. As one historian has written, "Clearly, if smallpox had not come when it did, the Spanish victory could not have been achieved in Mexico."[3] Another historian concurs, writing that "the glorious victories attributed to Spanish arms would not have been possible without the devastation wrought by Spanish disease."[4] Cortés had time to regroup. When he attacked, he fought a weakened enemy. Still, Cuauhtémoc and the Aztecs resisted fiercely until, at last, they were defeated—and Cuauhtémoc captured—in the suburb of Tlatelolco on August 21, 1521. By that time, Tenochtitlán had been destroyed.

As Robert E. Quirk and others have written, one can tell a great deal about a country by the monuments it chooses to erect—and by the monuments it chooses *not* to erect. There are no monuments in Mexico to Cortés. Neither are there monuments to Malinche, the collaborating Indian woman who became mistress of and interpreter for Cortés (indeed, in Mexico today, *malinchismo* is the act of selling out one's country to foreigners). There are no monuments to Moctezuma. Cuauhtémoc is the Indian hero of Mexico history.

Spanish Colonialism

Cortés had cut off the head of the Aztec empire. In the next years, the body followed. The Spanish captain rewarded his men—and himself—as richly as he had promised. There were great quantities of gold. Cortés took for himself vast estates of rich land and huge *encomiendas* (entrustments or grants of Indians) to work them. He gave land and *encomiendas* to his followers, also.

The first year, Cortés began growing sugarcane. With this and other crops, the plow was also introduced. Soon, great herds of sheep and cattle were imported and set to graze. Slave labor built *ingenios,* or sugar mills. Forests were felled to provide fuel, lumber for building, and charcoal for cooking. Thus began, from the first year of Spanish colonialism, the overplowing, overgrazing, deforestation, and desertification that have continued to plague Mexico to this day.

Gold and silver mines were established, expanded, and worked, under incredibly brutal conditions, by Indian slave labor. *Obrajes,* or sweatshops, were everywhere set up to produce the coarse cloth and other products needed for domestic consumption. When the *encomienda* system and slavery were later made illegal, these monarchical edicts were often ignored, or were replaced by debt peonage, which was just as bad. Brutal treatment and European diseases wiped out more than two-thirds of the native population in the Valley of Mexico between 1519 and 1650!

Spanish colonialism, then, was characterized by exploitation of people and natural resources. It was also characterized by mercantilism—the crown's practice of keeping Mexico a producer of raw materials only and a purchaser of Spain's manufactured goods. Education was a privilege in colonial Mexico, not a right. The Roman Catholic Church was the established church. After a first period of missionary zeal, the Church fell, in many instances, into dissolution. The Church, itself, became a great landholder and exploiter of Indian labor. There were wholesale conversions to Catholicism, but the Indian converts still held on to much of their old religion. The Spaniards built churches on sacred Indian sites. The Virgin of Guadalupe appeared to an Indian convert, Juan Diego, at a site where there had previously been a shrine to an Aztec goddess.

After 1700, the Mexican and Spanish economies, both of which had been depressed, began to revive. The population in Mexico began to grow—mostly among the mestizos. The numbers of the *criollos* (Spaniards born in the New World) also grew, and they began to develop a pride in Mexicanness, which paralleled their increasing resentment of the privileged position of the *peninsulares,* who had been born in Spain.

Spain's wars in Europe meant more taxes in Mexico, more "forced loans" to the crown, and confiscation of Church charitable funds. Then, Napoleon Bonaparte imposed his brother on Spain as its ruler. At this, some *criollos* in Mexico attempted a revolt against the *peninsulares,* but this revolt was put down. Political dissatisfaction was soon joined by economic troubles.

Independence and Empire

Throughout Mexico, groups of dissidents began to meet in 1809, some to plot. One such group met regularly in Querétaro. Among its members were a young cavalry captain, Ignacio Allende, thirty-five, and a fifty-seven-year-old priest, Miguel Hidalgo y Costilla, whose parish was in the small nearby village of Dolores. Hidalgo, a *criollo,* had been investigated twice by the Inquisition for his political views. When word leaked out about the conspiracy in Querétaro, its members were warned by the wife of the local *corregidor,* or governor (she is celebrated in Mexican history as *la corregidora*). In Dolores, with Allende by his side, Father Hidalgo rang his church bell to summon his parishioners and issued what came to be called the *grito de Dolores,* a call to rebellion, on September 16, 1810. Many *criollos* were alarmed by the excesses of the mestizos and Indians who fought for Hidalgo and independence. Government forces rallied. Hidalgo and Allende were defeated, captured, and killed.

A mestizo priest, José María Morelos y Pavón, took up the sword of leadership, and in the congress that he called in 1813, he made clear by his stirring speech to the delegates that the sword he carried was meant to cut the *criollo,* as well as the *peninsular,* bonds that had for so long held down the mestizos and Indians of Mexico. The constitution adopted by this congress was a liberal document. Principles could not stand up to guns, however. *Criollos* and *peninsulares* joined together in opposition to this rebellion, and by 1815, Morelos, too, had been captured and killed. Still, the war—or wars—for independence sputtered on for another five years.

In Spain, Ferdinand VII had been restored to the throne in 1814, but the *criollos* of Mexico felt increasingly separate from Spain. In 1823, led by a conservative military man, Agustín de Iturbide, the *criollos,* backed by the Church, declared Mexican independence—a conservative independence, much different from that for which Morelos and Hidalgo had fought and died. Spain, after years of war, had no alternative but to agree to Mexican independence. The Mexican economy was in shambles. And after all the fighting, the lives of the great mass of the Mexican people had not changed. The identity of their oppressors had changed, but the nature of the oppression remained the same. Iturbide had himself declared emperor of Mexico—the first of its *caudillo,* or strongman, rulers. But the imperial grandeur in which Iturbide lived and ruled lasted only ten months.

Now, there rode onto the Mexican scene one of the most flamboyant and most enduring *caudillos* of Mexican history, the Veracruz military commander, a twenty-nine-year-old *criollo,* Antonio López de Santa Anna. Santa Anna had switched from the Spanish army to support Iturbide. After Iturbide dissolved the Mexican congress, Santa Anna switched and led the forces that unseated Iturbide. He could be a monarchist or an antimonarchist. He could be a liberal or a conservative. He could be a defender of his country, or he could sell it out. For him, expediency and self-interest were the first principles. In February of 1823, Iturbide was driven into European exile, and his rule was replaced by that of a provisional government, run by a three-man military junta.

Needless to say, there are no statues in Mexico honoring Iturbide. By contrast, both Hidalgo and Morelos had states named after them, and there are many monuments to them. On each anniversary of the *grito de Dolores,* the president of the Mexican republic rings the old bell, now at the National Palace, in commemoration of that important event.

The Mexican Republic

A new Mexican constitution was promulgated in 1824. It established the Estados Unidos Mexicanos, which consisted of nineteen states and four territories. Patterned after the constitution of the United States and influenced by the writings of the French philosopher Montesquieu, the Mexican constitution established a national government of three branches—executive, legislative, and judicial—a bicameral legislature, and a president to be elected by nationwide popular vote. Roman Catholicism was continued as the established religion. Military men and priests were guaranteed their special privilege of the *fuero*—that is, the right to be tried for any offense not by the civil courts but by military or Church courts.

After Manuel Félix Fernández Guadalupe Victoria was elected as the first president, poor Iturbide mistakenly thought he heard a call of the Mexican people—all the way over in Italy. He unwisely returned home, where he was arrested and executed. In 1827, Santa Anna put down another attempted revolt. In 1830, he was called on to defend the country and the government once more. When the second republican president had pushed through legislation expelling all Spaniards from Mexico, Spain had invaded Mexico at Tampico. Santa Anna laid siege to the Spanish forces and eventually forced their surrender. By then, he was easily the most popular figure in Mexico. The president of Mexico was then thrown out of office and executed by his vice president. Santa Anna rose up and threw this usurper out of office. He was then elected president of Mexico in 1833.

It turned out that Santa Anna was not very much interested in governing. His vice-president, though, began to push through liberal reforms. So the army, the Church, and other conservatives banded together to overthrow the constitutional government and rescind the reforms. And who should lead this revolt but the president of the republic himself, Antonio López de Santa Anna. Now the foremost conservative, Santa Anna abolished the constitution of 1824 and made the states into military districts. He required that he be addressed as Your Serene Highness. He was to occupy the presidency again and again, off and on, until 1855. During those years, the army became larger and larger, the bureaucracy became ever more bloated, taxes became higher and higher, the economy stagnated, bribery and corruption of officials became outrageous, and there were conflicts with foreign governments—first with the Republic of Texas, then with France, and finally, and disastrously, with the United States.

For years, Mexico had encouraged emigration from the United States to the sparsely settled, vast lands of Texas—provided only that the new emigrants were Catholics, would be loyal to the Mexican government, and would use Spanish as their official language. As the years passed, little was done to enforce these requirements. The flood of emigration swelled. Eventually, people from the United States greatly outnumbered Mexicans in Texas, and they became increasingly critical of the central government, until, at last, they rebelled and declared the establishment of the Lone Star republic in 1836. Santa Anna took personal command of the Mexican army and marched to San Antonio, where, at the Alamo on March 6, 1836, he defeated the Texas defenders there and killed them all. Another part of the Mexican army captured the small town of Goliad, taking 365 prisoners, all of whom Santa Anna had executed. Then, on April 21 of that same year, Santa Anna was himself defeated at the San Jacinto River and was taken captive.

To save himself, Santa Anna promised the Texans that Mexico would not again fight against Texas and that the Mexican cabinet would receive a formal mission from the Lone Star republic. When the cabinet heard of these agreements, they immediately repudiated them and sent Santa Anna back to his estate near Veracruz. Soon, however, the trumpets sounded again for Santa Anna. Provoked by Mexico's refusal—actually an inability—to pay its French debts, France ordered a shelling and invasion of Veracruz. Santa Anna led the Mexican forces that eventually drove the French away.

War with the United States

Then came the war between the United States and Mexico (1846–1848). US attitudes toward Mexico and Mexicans were highly derogatory, even racist—especially after the war with Texas. Furthermore, the people and government of the United States felt that it was their Manifest Destiny to stretch their country's boundaries westward, all the way to the Pacific. The United States annexed Texas as a state of the Union in 1845. Mexican officials seethed, but were largely powerless to do anything else. Then, without any discoverable basis in law or fact, Texas claimed that its border went, not just to the Nueces River, but much past it to the Rio Grande (which the Mexicans call the Rio Bravo). Not only had Mexico suffered the loss of Texas, but it was now expected to accept the doubling of Texas territory—to include additionally, for example, San Antonio, Nacogdoches, and Galveston in Texas as well as Albuquerque, Santa Fe, and Taos in present New Mexico.

It is known from President James K. Polk's diary that he had made up his mind early to engage in a war with Mexico and was only waiting for a provocation. He sent US troops into the area between the Nueces and the Rio Grande. When they skirmished with Mexican cavalry, Polk went before Congress, declared that he had made every effort at reconciliation, that the Mexicans had invaded US territory and "shed American blood on American soil," and asked for a declaration of war. Congress complied.

The US Army of the West was divided into three attack groups, which rapidly took New Mexico, California, and Chihuahua. The Army of the Center attacked Monterrey, where it was stopped by none other than Santa Anna. The main US attack came from the Army of Occupation at Veracruz, which eventually marched all the way to Mexico City. The last battle there was on September 13 at Chapultepec Castle, the site of a military academy. Young Mexican cadets fought alongside the Mexican regulars, many preferring death to surrender. Mexico was defeated.

Peace was even more humiliating for Mexico than the war had been. According to the Treaty of Guadalupe Hidalgo, Mexico lost half of its territory in return for a payment of a little over $18 million—all of California, some of present-day Colorado, and most of the present states of New Mexico and Arizona. More humiliation was to come. When Santa Anna again came to power in 1853, needing money, he sold the rest of present New Mexico and Arizona (in the so-called Gadsden Purchase) to the United States for $10 million.

Today, one of Mexico's principal national monuments is located in Chapultepec Park. It is dedicated to the *niños héroes* ("boy heroes") of the war with the United States. Similar national monuments commemorating the patriotism and courage of the young cadets have been erected in villages and towns throughout Mexico. There are no monuments to Santa Anna.

The Reform

By 1854, the liberals of Mexico had had enough of dictatorial government. Among them was Benito Juárez, the lawyer of Zapotec Indian origin who had been governor of his home state, Oaxaca. They rose up in arms behind the liberal Plan of

Ayutla. Santa Anna was driven into exile in 1855. Thus began what is called La Reforma (the Reform). Benito Juárez, as secretary of justice in the new government, was instrumental in having promulgated three important new reform laws: *ley Juárez, ley Lerdo,* and *ley Iglesias.* The first law abolished the *fuero,* the right of priests and military men to be tried in their own courts. The second law prohibited the Church and public units (including *ejidos,* the communal landholdings of Indian villages) from owning more property than was necessary for Church or governmental functions. The extra lands were not divided among the people. They were put up for sale. The unfortunate result was that large landholdings went to those who had the money. The third law struck again at the Church—making registration of births, deaths, marriages, and adoptions a civil, not a Church, responsibility; giving control of cemeteries to civil authorities; and prohibiting priests from charging high fees for administering the sacraments.

The constitution of 1857 incorporated these and other reforms. Pope Pius IX declared any who followed the constitution heretics. The lines were sharply and bitterly drawn between the liberals on one side and the conservatives and supporters of the Church on the other. The War of the Reform broke out in 1858. Conservative forces overran the capital. Benito Juárez, who had earlier been elected chief justice and was, therefore, next in line for succession to the presidency, took over that office when its occupant resigned. Juárez eventually made his capital in Veracruz.

The conservative government in Mexico City renounced the Reform laws and swore allegiance to the pope. The Juárez government, on the other hand, issued even stronger decrees against the Church. The Church and the state were formally separated. Monastic orders were outlawed. All Church properties and assets were nationalized. Taking advantage of dissension within conservative circles, the liberal forces began to win some battles. Finally, on January 1, 1861, Mexico City fell to them.

French Intervention

Juárez entered Mexico triumphantly in March and was officially elected president. But before 1861 was over, foreign troops invaded. Mexico owed debts to France, Spain, and Great Britain, which it had not been able to pay. Napoleon III of France persuaded the other powers to join with him in an invasion of Mexico. The Spanish and British withdrew after they learned that Napoleon III was bent on conquest. The French troops were then reinforced, and they began to march toward Mexico City. On the *cinco de mayo* ("the fifth of May"), the French troops were defeated near Puebla by the Mexican army. After this victory, Juárez, incensed by the fact that many priests had urged their parishioners to support the French, issued a decree prohibiting priests and nuns from wearing distinguishing garments and from speaking against the government.

The *cinco de mayo* victory was short-lived. Juárez retreated northward, eventually all the way to El Paso del Norte (later to be renamed Ciudad Juárez). Now began one of the most bizarre and tragic episodes in Mexico's political history—the imposition in 1864 by Napoleon III of the Hapsburg prince from Austria, Ferdinand Maximilian, as emperor of Mexico. Poor Maximilian and his wife, Carlota, believed the Mexican conservative, monarchist, and pro-Church emissaries who

came to urge Maximilian to accept the Mexican throne. They were told that the people would welcome them with warm enthusiasm. They also believed Napoleon III when he said he would finance Maximilian's rule and sustain him on the Mexican throne with French troops as long as necessary. They also believed their Mexican advisers who told them that Juárez was defeated and had fled to the United States. These things were not true.

When the US Civil War ended, the United States again turned its attention to Mexico and began to pressure France to withdraw. At the same time, the US government began to furnish munitions and other supplies to Juárez. In late 1865 and early 1866, the French troops were called home, and Napoleon III announced that he could no longer pay the costs of Maximilian's government. Carlota went to Rome to secure the pope's help; when this effort was unsuccessful, she lost her mind. Maximilian began a final and hopeless resistance to the republican army—being soundly defeated and captured in Querétaro on May 15, 1867. Despite a great number of petitions by numerous heads of state, Juárez denied clemency for Maximilian and had him executed. Juárez entered Mexico City once more, reinstituted the constitution of 1857, and in December of 1867, was elected to a third term as president. During this "restored republic," Juárez reduced the size of the army, instituted economic and educational reforms, and began construction of a railroad system to pull Mexico together as one nation.

Mexico had developed a strong sense of nationalism—and significantly, this nationalism had flowered in struggles against foreign powers. There are, of course, no monuments in Mexico to Maximilian. There are many monuments dedicated to Juárez, and Mexico City's principal boulevard is named the Paseo de la Reforma.

The Porfiriato

Perhaps Juárez stayed in office too long. There were complaints that he centralized too much authority in the presidency, manipulated and dominated the congress, caused the alienation of *ejido* land, and increased the power of the national government, to the detriment of state and local governments. Nevertheless, Juárez announced for election to a fourth term in 1871. There was a three-way contest, and no candidate received a majority of the vote. The election was thrown into the congress, which chose Juárez. One of the other candidates, a military hero of the battles with the French, Porfirio Díaz, attempted a revolt under the slogan of No Reelection. The attempt failed. The revolt was quashed. But, in July of 1872, before he could take office, Juárez died.

The chief justice, one of the other candidates, Sebastián Lerdo de Tejada, succeeded to the office and in special elections in October of that year, was elected president. Lerdo continued the basic policies of Juárez and then announced for reelection to a second term. Porfirio Díaz took to the field with his military supporters again. This time, his No Reelection slogan caught fire. By force of arms and general support among those who counted, Díaz took over the presidency in 1876. This Mexican *caudillo* was to rule Mexico for over a third of a century. True to his No Reelection theme, Díaz did not seek reelection in 1880. After the undistinguished administration of his successor, Díaz became president again in the election of 1884. Thereafter, he remained in office until he was forced out in 1911.

The Porfiriato, as the Díaz reign is called, was a time of stability, law and order, and overall economic growth. It was dominated by men whom detractors later came to call *científicos*—followers of French positivism (a belief in progress through scientific knowledge and the scientific method), pragmatism, and Social Darwinism. Chief among the *científicos* was the son of a French emigrant, José Yves Limantour, who became secretary of the treasury. Porfirio Díaz and his backers believed, among other things, that Mexico needed a period of "administrative power"—a nice way to say dictatorship—if the country was to be transformed from a backward nation into a modern one.

Díaz created a powerful political machine, run from the top. He practiced a shrewd politics of conciliation and coalition. There were great political and economic benefits for those who joined up—jobs and positions, land, subsidies, concessions. Constitutional local government continued in theory, but real local power was vested in some 300 *jefes políticos* ("political chiefs"), named by Díaz. The military was also a part of the Díaz coalition. Key generals were allowed to dominate their states. Government policies encouraged bigness in agriculture, as in everything else. New laws allowed surveying companies to keep a portion of any idle, unclaimed, or public lands they surveyed. Great land grabs resulted. Four surveying companies, for example, were able to obtain two-thirds of all the land in the northern state of Sonora, territory equal to the size of England and Wales combined!

The *científicos* believed that Mexico's economic development depended upon attracting foreign capital through special subsidies and concessions. By 1910, US interests controlled 75 percent of Mexican mines, 72 percent of the metal industry, 68 percent of the rubber business, and 58 percent of oil production. Other foreigners—mostly British, French, German, and Dutch—controlled 80 percent of the rest of Mexico's industry.

The theme of the Porfiriato was "peace, order, and progress." A modern railroad network was built. This helped to double cotton production. Mining flourished; so did industrialization. Some ports were modernized and others opened. Exports mushroomed—and Mexico became dependent upon them. Mexico's population doubled.

But the costs were exorbitant. The great majority of Mexicans lived in misery or in otherwise intolerable conditions. The Indians, who Limantour believed were biologically inferior, were considerably worse off by 1910 than they had been a hundred years earlier, prior to independence. The rural *peones,* or laborers, were also worse off. The *peones,* as well as the miners, were paid, not in money, but in scrip or special coins, which could be spent only at the *tienda de raya,* the company store, and they were perpetually behind in what they owed. *Rurales* ("rural police") hunted down and brought back anyone who tried to escape. Debts were passed on from one generation to another. Because Mexico's agriculture had increasingly been converted to cash crops and to the cattle and sheep business, especially for export, Mexico was producing less corn and beans in 1910 than it had produced in 1867—and was a large importer of food.

Railroad, mining, and industrial workers became increasingly hostile to the owners, to foreigners, and to their own government. Labor agitation and attempts at organization began in the 1880s—some of it encouraged by the Catholic Church following the issuance of a papal encyclical in 1891 that called for greater

recognition of the rights of labor. Between 1881 and 1911, there were 250 strikes. In the worst of these, against French- and US-owned companies, federal troops were used to break the strikes.

A growing Mexican middle class was also increasingly unhappy with the government. The economic policies and the educational programs of the Díaz regime had helped to create this middle class. But, as Porfirio Díaz and his administration aged, they turned more and more to a politics of exclusion. Liberal intellectuals began to speak out against the undemocratic practices of the government and the exploitation of Mexican labor. Two Flores Magón brothers, Jesús and Ricardo, started a liberal publication, *Regeneración,* to call for change. The publication was closed down by the government, and the Flores Magón brothers fled to the United States, where their writings and calls for action became increasingly radical.

On top of all this came bad economic times. The year 1907 was one of both severe drought in Mexico and severe economic problems in the world. A financial panic in the United States cut off credit to Mexico. The worldwide economic problems deprived Mexico of its export market, upon which it had come to depend so heavily. Mines were shut down. The economy stagnated. The prices of food and clothing rose rapidly—the costs of flour, beans, wheat, corn, and chili nearly doubling.

Then, in an interview with a US magazine in 1908, Porfirio Díaz announced—and this was widely publicized in Mexico—that he felt the time had come for Mexico to choose its own president in the elections of 1910. Nevertheless Díaz himself eventually became a candidate for reelection. In the meantime, Francisco Ignacio Madero, the son of a Coahuila *hacendado* who had studied for five years in France and eight months at the University of California in Berkeley, wrote a very important book, *The Presidential Succession of 1910,* in which he called for political reform (although he said virtually nothing in regard to land, labor, or other economic or social reforms). Madero formed an Anti-Reelection Party and began to expound his views in well-attended meetings around the country. Actually doubtful that Díaz would really allow a free election, Madero nevertheless announced as a candidate for president. Madero's doubts were well founded. He was arrested and jailed. Díaz was declared the winner in the 1910 elections; Madero went into exile in San Antonio, Texas.

The Revolution

With this latest usurpation of power by Porfirio Díaz, Madero's frustrations at last rose to a level that matched Mexico's. In October of 1910, he issued his Plan of San Luís Potosí, reiterating his call for political reform and asking Mexicans to rise up in arms against the Díaz regime on November 20. Rise up they did! This moderate man, with his moderate plan, became the lightning rod that attracted all of the dissident elements of the country. Some who joined him were more conservative than Madero; many were more radical. Some joined him to secure a share of the power and wealth, others to fight for social and economic, as well as political, reforms.

There was an uprising in Yucatán. The Flores Magón brothers led an uprising in Baja California. In Chihuahua, Pascual Orozco Jr., a muleteer disgruntled by the political and economic stranglehold of the *hacendados*, raised an army and began to achieve significant victories over the federal forces. Among his lieutenants was a man who called himself Francisco "Pancho" Villa. Born Doroteo Arango into a poor family living on a hacienda, Villa had spent most of his life as a bandit and a cattle rustler.

In February of 1911, Madero returned to Mexico and took command of the revolutionary army. In the state of Morelos, Emiliano Zapata, a charismatic and dedicated leader for land reform, announced his support for the Madero revolution. It turned out that the federal army had become as debilitated by power and corruption as the government itself. It could not stop Zapata in the state of Morelos nor Orozco and Villa in the northern states. Zapata took Cuautla; Orozco and Villa captured Ciudad Juárez. It became clear to Díaz and those around him that after a third of a century, his government had lost its legitimacy and, with it, control of the country. Limantour went to Ciudad Juárez and negotiated a transfer of power. Díaz abdicated on May 25 and left for Europe, never to return. The Porfiriato had ended. Madero thought that the revolution had also ended, but it had only begun.

The war was to continue for another decade. Countless Mexicans, including Madero himself, were to be killed by other Mexicans. The country was to be ravished, the economy devastated. The population of Mexico, which had been rapidly growing, was to suffer a decline of nearly 1 million people between 1910 and 1920. But all that was somewhere in the future when a triumphant Madero boarded the train for Mexico City. The troubles to come were presaged, though, by a harsh confrontation Madero had with Orozco and Villa just before he left Ciudad Juárez. In Mexico City, Madero made a strategic mistake. A stickler for legality, he allowed an interim president to serve until Madero could be formally elected in October of 1911. By then, perhaps, his moment had passed. Madero was to govern for only thirteen months. His meager and timid reforms did nothing to satisfy labor and land-reform demands. He continued the fiscal policies of Díaz and retained many of the Porfiriato's high officials.

Orozco took to the battlefield again. Zapata issued his Plan of Ayala, which demanded immediate land reform; denounced Madero; and recognized Orozco as the true leader of the revolution. Now, Madero made another mistake, this one literally a fatal mistake. He called upon a Porfiriato general, Victoriano Huerta, a mestizo from the state of Jalisco, to head the federal army against Orozco and Zapata. Huerta was successful against Orozco (who later, opportunistically, joined forces with him), and he began to put pressure upon Zapata. Then came another challenge—from the right. Felix Díaz, a nephew of the former president, rose in arms in Veracruz against the Madero government. Again, Huerta was successful. This rebellion too was quashed, and Felix Díaz was brought to Mexico City and jailed. Soon, however, other conservative forces freed Díaz and threatened the government again. There then ensued what is called in Mexican history the decena trágica ("the ten tragic days"). The killing and destruction wrought by the Díaz and the Huerta forces, fighting against each other, were horrible. It appears now that Huerta might have been going through a sham in order, purposely, to cause the decimation of his own government army, because he was, at the same time, opening secret negotiations with Díaz. These negotiations culminated in an agreement, which was reached under the direction and guidance of the US ambassador, Henry Lane Wilson. Huerta switched sides and the US ambassador supported him. Herta immediately took over the government, arrested Madero, and had the president's brother killed. Madero was imprisoned. Despite the pleas for help by Madero's wife to Wilson, the ambassador did nothing, and Madero and his vice-president were taken out and cruelly murdered.

In the United States, President Woodrow Wilson refused to recognize the Huerta regime. But, in Mexico, most state governors did. Zapata, of course, did not recognize Huerta. Neither did Villa, and he was joined in arms by Alvaro Obregón, a former schoolteacher and *cacique* ("political boss") in Sonora, and a former revolutionary commander. The leadership of these constitutionalist forces was assumed by Venustiano Carranza, nearly sixty years old, the governor of Coahuila, and the patriarch of a distinguished *criollo* family there. Carranza took as his title First Chief. He issued his Plan of Guadalupe, a moderate plan, promising, again, only political reforms. As the fighting worsened and widened, as villages were taken first by one side and then another, many people began to wonder what it was all about. Even the soldiers—in both the federal and constitutionalist armies—were not agreed among themselves on what they were fighting for.

Although, interestingly, Huerta probably achieved more in the way of reforms and in support of education than did Madero, he also severely suppressed the press, jailed opponents, countenanced the use of assassination as a political tool, and practiced harsh repression generally. Huerta also initiated forced conscription to supply his army with soldiers—producing an inferior army and depleting the Mexican work force, adding injury to the Mexican economy. President Wilson possessed a moralistic zeal for democracy. He replaced Henry Lane Wilson and, using the pretext of a Mexican affront to some US sailors, sent an armed force to capture the port of Veracruz in 1914. This caused a new wave of severely anti-US feeling in Mexico. The vigor and successes of the constitutionalist army, augmented by the facts that Huerta had to divert troops to Veracruz and that his outside sources of supply had been cut off by the US occupation of that port, brought down the Huerta government in July of that same year. Huerta resigned, blaming the United States for his fall (he later died in a Texas jail in 1916, still plotting to return to Mexico).

The First Chief, Venustiano Carranza, took control of the Mexican government. Partisans of social and economic reform soon found out that he was not one of them. To consolidate his position, Carranza called a military convention in Aguascalientes in 1914. *Carrancistas*, *Villistas*, and *Zapatistas* met to pull the country together and to decide upon a provisional president until elections could be held. But the convention soon got out of hand. Led by the *Zapatistas*, a majority of the delegates, in a burst of revolutionary fervor, elected a provisional president who was opposed by Carranza. The First Chief disowned the convention and called for his representatives to withdraw from it. Fatefully, as time would show, one of those who decided to obey this order was Alvaro Obregón.

The troops of Villa and Zapata marched on Mexico City. Carranza withdrew his headquarters to Veracruz (from which, incidentally, the US occupation forces were eventually evacuated). The provisional president chosen by the Aguascalientes Convention was installed in office. But Obregón was a student of the new tactics of war being used at the time in Europe. At Celaya, in April of 1915, he met an old-style massed cavalry charge with a deadly stationary defense. Thousands of Villa's men were killed and wounded, and Villa himself withdrew northward. Zapata thereafter confined himself and his forces to the state of Morelos.

Carranza returned to power in Mexico City. His government was recognized by President Woodrow Wilson. The First Chief then called another convention, this one a constitutional convention in Querétaro. To avoid his earlier mistake, he decreed that none of the delegates to be elected could include anyone who had fought with Huerta, Villa, or Zapata. But when the convention met, these restrictions proved unavailing. A majority of the delegates quickly rejected the moderate model constitution that Carranza had sent them. Instead, they wrote an organic law—still in effect in Mexico—which was a radical document for its day. It limited the president to one four-year term. Its Article 3 was vigorously anti-Church, incorporating all such earlier restrictions and prohibitions and, further, taking primary education away from the Church (making education purely secular as well as mandatory and free). Article 27 incorporated the basic philosophy and provisions of the Plan of Ayala in regard to land reform, made private ownership a privilege subject to the public interest as the government might define it, and restricted the right to exploit Mexico's water and mineral resources to Mexican nationals. Article 123 mandated extensive labor reforms—an eight-hour day, a six-day week, equal pay regardless of sex or nationality, and a minimum wage. The right of labor to organize and to strike was guaranteed.

Shocked as he was by the product of this second runaway convention, Carranza nevertheless accepted the constitution, although he made it clear that he had no intention of following it. He was elected president in March of 1917. Carranza distributed very little land. His labor reforms were also minor, although he did permit the organization of Mexico's first nationwide union, the Regional Confederation of Mexican Labor (CROM). In the north, Villa was relatively quiet—and wealthy—on his hacienda. But from Morelos, Zapata wrote a defiant open letter to Carranza, calling on him to resign and charging that Carranza and his friends had fought in the revolution only for "riches, honors, businesses, banquets, sumptuous feasts, bacchanals, orgies." Carranza had tried direct military action against Zapata, to no avail. Now he decided upon treachery. On Carranza's orders, an officer of the federal army in Morelos, indicating that he wanted to defect to Zapata, led Zapata into a trap and killed him in 1919. Carranza rewarded the assassin with an army promotion and a generous cash prize.

But things were far from settled in Mexico, and the battered country had not seen the last of political violence—nor of political assassinations. General Obregón, the one-armed hero of the constitutionalist forces, had gone back to his native Sonora after Carranza's government had been firmly put in place. As a *hacendado,* a grower and "merchant of garbanzos," a cattleman and an exporter of beef and hides, and an all-around entrepreneur, Obregón had grown very wealthy. But power interested him as much as wealth. So, when he thought Carranza had passed over him in choosing the "approved" presidential candidate for 1920, Obregón led a military revolt against Carranza—a successful one. Sadly, Carranza was killed while retreating toward Veracruz. Obregón's subsequent election as president in 1920 was not the last time a presidential election would ratify a result earlier achieved by military means. But Obregón's revolt was the last successful revolt against the government.

The Mexican revolution was over, and it was soon enshrined forever—with a capital *R*—in Mexican history. With time, the Mexican constitution came to be regarded as a nearly sacred document—though it was a long way from actually being implemented. Time did not improve the image of Huerta, whom Mexican history remembers as "the bloody usurper." No Mexican monuments were erected in memory of Porfirio Díaz (although, ironically, a street in El Paso, Texas, still bears his name). But plenty of Mexican monuments and street names, today, pay homage to Madero, Carranza, and Zapata. Mexican history makes Madero "the apostle" of the revolution and of Mexican democracy, Carranza "the father of the constitution," and Zapata the heroic fighter for the Mexican masses.

The Northern Dynasty

Alvaro Obregón and his fellow Sonoran, Plutarco Elías Calles, who had fought with Obregón, apparently soon worked out an arrangement by which they agreed to pass the presidency back and forth between them in the years that were to follow. Obregón was elected president in 1920. He was a charismatic leader and a dynamic orator, and he gathered power into the presidency. Obregón was also a conciliator. He made a kind of peace with the Church and with his former foes. He had another rich hacienda bought for Pancho Villa, and the mellowing revolutionary of the North settled down (and was later assassinated in 1923). The economy recovered. Mexico became the world's third largest producer of oil. The first national system of education was established, and rural schools were built. Obregón allowed some cautious labor advances to be made and endorsed some cautious land reform. A sense of what came to be called revolutionary nationalism began to develop in the country—in its writings, in its music, and in its art. In the United States, Warren G. Harding, a friend of big oil, became president in 1921. He pressured Mexico to recognize the US oil holdings there, and Obregón yielded.

Calles became president in 1924—after an attempted rightist rebellion was put down by military force. Taking office, Calles became the strongest—and, as it turned out, the longest-lived—president and *caudillo* since Díaz. He put down his enemies without mercy. He built up Mexico's economy, pushed health programs, expanded education, helped make labor more powerful, and established a cooperative relationship with CROM. He also vigorously enforced, as Obregón had not, the anti-Church provisions of the constitution. Militant Catholics rose up in a bloody rebellion, their cry being "Viva Cristo Rey!" ("Long live Christ, the King!"). Calles dealt very harshly with this *cristero* rebellion and, after much shedding of blood on both sides, eventually suppressed it.

Calles also confronted the United States in regard to oil. It was decreed that all interests that predated the constitution of 1917 would have to be renegotiated with the government—and these new concessions were to be limited in duration. The United States sent a Wall Street investment banker, Dwight Morrow, to Mexico as its ambassador. His quiet negotiations eventually worked out a compromise. The oil interests were allowed to continue their concessions without the duration lid.

Calles caused the presidential term to be changed from four years to six years. He then prepared to turn the government back over to Obregón in the 1928 presidential election. There was a rebellion, again, and it was again put down. The election ratified the earlier military victory. But before Obregón could take office, he was killed by a religious mystic. Calles assumed power again—ruling through puppets as the *jefe máximo* ("maximum chief") until 1934. During this period, called in Mexican history the *maximato,* Calles established Mexico's ruling party in order to institutionalize his political control, since he was not charismatic or dynamic enough to rule by power of personality. Calles shifted the revolution to the right. Powerful leaders of labor, business, and government became immensely wealthy during the Calles *maximato.* Calles, himself, seemed to own property almost everywhere.

The Cárdenas *Sexenio*

With the end of the 1928–1934 *sexenio,* the *maximato* had run its course. Calles was the last survivor of the great revolutionary *caudillos*—Madero, Zapata, Villa, Carranza, and Obregón had all been assassinated—and he was now to lose control. But Calles did not know that that was about to happen when he chose the populist and popular governor of Michoacán and his former minister of war, Lázaro Cárdenas, as the National Revolutionary Party (PNR) presidential candidate in the elections of 1934. Elected, Cárdenas turned out to have a mind of his own. Once he had cut down the strength and influence of the military and had bolstered his own political position with labor, the peasants, and other elements in the country, he confronted Calles and exiled him from the country.

Cárdenas undertook more land reform—mostly by delivering land to *ejidos*—than all of his predecessors put together. He instituted socialist education in the schools and expanded education generally. He reorganized the national labor union into the Confederation of Mexican Workers (CTM) and made this organization a much more aggressive and representative body. The minimum wage was raised. The old hacienda system was broken. A limited peace was achieved with the Church. The railroads were nearly all nationalized. Nationalistic artists were encouraged. A cultural nationalism blossomed. The ruling party, PNR, was reorganized to make it much more broad based and more truly representative of the people to the government, rather than, as it had been, from the government to the people. The name of the party was changed to Mexican Revolutionary Party (PRM).

Then, in 1938, came the major decision of the Cárdenas *sexenio,* the confrontation with big oil. Oil workers had gone on strike. By modern standards, their demands in regard to wages, hours, and working conditions were modest. But the oil interests, chiefly based in the United States and Great Britain, were adamant in their rejection of the demands and in their intention to crush the strike. When the companies showed their arrogance toward the president himself and, thus, toward Mexican sovereignty, Cárdenas invoked Article 27 of the constitution and nationalized the oil industry. He did not turn the industry over to the workers as they wanted, but he did create a public corporation, Petróleos Mexicanos (PEMEX), to run it. He saw to it that this public company dealt generously with the *petroleros,* or oil workers, as it has done ever since.

In the United States, the powerful oil industry called upon the United States to take action—from economic sanctions to outright invasion—to protect their oil holdings and businesses. The US government, and the government of Great Britain, were only too happy to back the companies. They boycotted Mexican oil and sought to isolate PEMEX from oil-production and exploration technology and technical assistance (thus, it turned out, forcing Mexico to build what is today a first-rate oil industry of its own).

Cárdenas had spent a great part of his term walking among the ordinary people of Mexico. Unannounced, he would visit small villages and, on the spot, sign orders for irrigation projects, for distribution of land, for clinics, and for other responses to local petitions that were humbly presented to him. The people of the country saw Cárdenas as one of their own. Now, with the expropriation of oil, the people—including even leaders of the Church and many conservatives—stood up with Cárdenas and with their country against the "greedy" oil companies and against foreign powers—particularly *el coloso del norte* ("the colossus of the North"), the United States. Never had there been such an outpouring of popular support for a president and his government.

Today, Cárdenas remains the greatest hero of Mexico's modern history. The anniversary of his birth and the anniversary of his expropriation of Mexico's oil are national holidays (by contrast, Calles is not considered to have been one of the "revolutionary family"). Under Cárdenas, Mexico's political system became more firmly institutionalized—in the presidency and in the official party (later renamed Institutional Revolutionary Party, PRI).

Mexico Since 1940

Mexico's history since 1940 can best be capsulized by considering a series of "lasts" and "firsts" among its presidents during that period and earlier. Calles was the last presidential exemplar of *continuismo,* continued control past one term. Cárdenas (1934–1940) was the last of the openly and consistently leftist and populist presidents. After his *sexenio,* the Mexican government increasingly focused its attention and efforts on rapid economic growth—the *milagro mexicano* ("Mexican miracle")—to the detriment of economic equity.

Avila Camacho (1940–1946), chosen by Cárdenas to succeed him, was the last military man to serve as president. Interestingly, it was he who disbanded the military arm of the official party (though this action by no means eliminated the influence of the military on government and policy). Miguel Alemán Valdés (1946–1952) was the first civilian president popularly elected for a full term. He allowed new parties to form (some had formed earlier, too). But the PRI's monopoly was not seriously challenged. Alemán was the first Mexican president to exchange visits with a US president. Trade with the United States flourished, as did US private investment in Mexico. Alemán was the last president to devote a really substantial portion of Mexican public investment to agriculture. After his term, the trends toward rapid industrialization and urbanization were accelerated, and Mexico eventually became an urban nation and a net importer of food.

Gustavo Díaz Ordáz (1964–1970) was the last Mexican president to come from outside the metropolis of Mexico City, and he was the last president to have held prior elective office. His political experience did not protect his popularity, though, when economic conditions worsened. The legitimacy of the Mexican political system was seriously strained when students at the national university and other protesters mounted huge demonstrations against government policies and were brutally attacked, with many killed and imprisoned, at Tlatelolco. Still, Díaz Ordaz was the last president under whom Mexico's foreign debt was below double-digit billions of dollars. He was the last president, too, during whose administration the rate of inflation remained at tolerable levels and the value of the peso continued to be stable.

Luís Echeverría Alvarez (1970–1976) was the first of four "insider" presidents—Echeverría, José López Portillo, Miguel de la Madrid Hurtado, and Carlos Salinas de Gortari; each came from the Federal District, had built his career in federal-government positions, and had served in the cabinet of his predecessor. Echeverría was also the first president since 1954 to devalue the peso. He was the first president to lead Mexico into an activist role in foreign affairs, particularly in regard to its own region and Third World countries, and this role increasingly diverged from US policy. Echeverría was the first Mexican president to institute government-backed family planning—none too soon, since Mexico's population had gone from 16.5 million in the 1930s to around 51 million by 1970 (and over 80 million and growing by 1987).

José López Portillo (1976–1982) was the first Mexican president to expropriate Mexican private banks. He did so after hopes had soared at the beginning of his term, when new oil was discovered, only to plummet with a drop in world oil prices. This drop in prices, coupled with skyrocketing federal deficits, inflation, foreign borrowing, and two devaluations, as well as reports of widespread corruption, produced a crisis of confidence for his government.

Miguel de la Madrid Hurtado (1982–1988) was the first president to institute a *sexenio*-long austerity program, causing increased Mexican unemployment and poverty. Pressured to follow this course by the International Monetary Fund and the foreign banks that held Mexico's mammoth $100 billion foreign debt, he was the object of increasing public criticism and opposition during his term.

Carlos Salinas de Gortari (1988–1994) was the first modern president to take office with questioned legitimacy, his victory having been clouded by serious charges of widespread election fraud, as were previous PRI-claimed victories in certain northern state elections. He was the first president to face heavy parliamentary opposition and the first president whose inaugural ceremony in the great hall of the Chamber of Deputies was marred by a raucous demonstration and a protest walkout. Improvement in economic conditions and restoration of the legitimacy of the Mexican system—these were the fundamental challenges Salinas de Gortari had to confront. The economy was at first restored, and Salinas de Gortari signed the North American Free Trade Agreement. But it was suspected that after the nationalized banks and other enterprises were re-privatized, Salinas himself benefited personally, and after a *Zapatista* rebellion in Chiapas exploded and the handpicked PRI presidential candidate, Luís Donaldo Colosio, was assassinated, a severe financial crisis and economic depression ensued.

The succeeding PRI nominee and president, Ernesto Zedillo (1994–2000), was truly elected but took office when the legitimacy of the system and the hegemony

of PRI were being challenged as never before. The brother of Carlos Salinas de Gortari was imprisoned for complicity in political assassination and for unlawful enrichment, and at the end of his term Carlos Salinas himself fled into exile. President Zedillo struggled to restore political and economic stability, and had at least the satisfaction of acquitting himself with honor, presiding over scrupulously fair elections in which for the first time ever in Mexican history an opposition candidate for the presidency won.

The Legacy of Revolution

Mexican politics and government are of course products of Mexican history. Authority is still concentrated in the national government and, within it, in the president. Mexicans have a justified cynicism about government and a skepticism about the rhetoric of candidates and officials. Yet at the beginning of each *sexenio*, there is hope anew (tinged, of course, with some skepticism). Each new president becomes the symbolic leader of the country as well as its official leader, the repository of national authority and national honor, and the focus of Mexican aspirations. For more than fifty years, the Mexican system was stable, and the country's governmental system generally was seen as legitimate by Mexicans—despite gross inequities that existed, and a good deal of misery. The "institutionalization" of the revolution and the legitimacy of the "official" PRI government faced serious questioning and challenge, however, after the early 1980s and in the 2000 elections the long hegemony of the PRI, the party of the Mexican revolution, was finally brought to an end.

Mexico in the Twenty-First Century

The present is a particularly difficult time for those who try to understand Mexican politics and economics. The system's parameters are undergoing a fundamental shift, and it is not clear, even to the major participants themselves, what directions change will take. To try to understand that change, we must understand its starting point.

The system might have been difficult to characterize, but it was not hard to understand. It was established after the Mexican revolution had stabilized. Behind the façade of a constitutional democratic system similar to that of the United States, it was dominated by a hegemonic political party growing out of the coalition of those who had fought successfully for the revolution. In this respect it was similar to other dominant parties that claimed origins in a national revolution, such as those in the developing countries of Africa and Asia, and even those in the Communist countries of Eastern Europe. Like them, its social and economic policies reflected at least in part its revolutionary and nationalist rhetoric. But after a period of experimentation the ruling elite had come to terms with the facts of the world capitalist system and Mexico's position as a neighbor of the dominant country in that system. Although the economy was mixed, with some government ownership of basic utilities and major industries and with central government guidance and planning, the bulk of the economy was in private hands, and foreign investment was encouraged.

The rules that were supposed to protect Mexico's independence from foreign control by carefully stipulating the areas in which foreign investment was allowed, and the circumstances in which only state investment or investment by private Mexican nationals was to be tolerated, could often be evaded. Indeed, evasion of the law was widespread, Political figures became wealthy by one means or another, and the various police forces of the republic were notorious more as a cause of crime than as a deterrent to it. But Mexico was not simply a kleptocracy, a government that existed only so that its rulers could steal; the ideals of the revolution lived on and were frequently embodied in policy, and many government officials were capable and progressive servants of the public interest.

The Political System

The formal political system resembles that of the United States in its major structural features, but it was modified to meet objections raised by opposition parties to the fact that the same party, the Institutional Revolutionary Party (PRI), occupied the presidency and dominated the legislature and the state governments from its founding in 1929 until 2000. Before the administration of President Zedillo, however, the changes in the system that made it easier for opposition parties to win lesser offices never threatened PRI control of the presidency or its majority in the federal legislature.

There is a constitutional separation between the president and the two houses of the legislature; they are elected independently of each other and each has powers specified in the constitution. The president is directly elected by the voters for a single six-year term and can never be reelected. Members of the senate, now four from each state (the number increased from two to make it easier for the opposition parties to elect senators), are not elected for staggered terms, as they were formerly, but all at the same time as the president. Members of the chamber of deputies are elected for three-year terms by a method similar to that pioneered by the German Federal Republic but increasingly adopted elsewhere; under it 300 members represent individual districts, but another 200 are chosen by proportional representation on party lists—again, so that opposition parties would have a better chance of electing representatives.

It is a federal system, with each state having its own constitutional structure and elections for governor and a single-chamber legislature. When the PRI dominated the system, gubernatorial autonomy was often overridden by high-handed presidential acts. President Carlos Salinas (1988–1994), especially, used to treat governors as though they were his political appointees, moving them into cabinet or party positions or ordering them to resign if he thought the local political situation required it.

President Ernesto Zedillo (1994–2000) found himself in a much weaker political position than Salinas, however. Not the most popular or politically skilled of possible successors, Salinas picked him (behind the formal procedures, the outgoing PRI president in effect designated his successor) after the popular nominee, Luís Donaldo Colosio, was assassinated under circumstances that have never been satisfactorily explained. Zedillo was never able to impose his authority on a disciplined PRI, and local party machines resisted his attempts to comply with promises to fully democratize and constitutionalize Mexican political life by guaranteeing honest elections, impartial media, and an uncorrupt police and judiciary.

Nevertheless, a 1996 reform diminished the possibility of political manipulation of election results by establishing an electoral tribunal independent of the executive branch (along with providing for the direct election of the governor of the Federal District, which includes Mexico City) and paved the way for an opposition victory in the 2000 presidential election.

The second oldest party, founded in 1940, is the PAN, the Party of National Action. Its leadership core has traditionally consisted of those educated in Catholic secondary schools and active in Catholic lay organizations, working in the professions and small business. But as its access to local and state-level political power grew, it attracted some big business support and the votes of opponents of the PRI regime from across the class and income structure. Its national organization is uneven, being stronger in the northern border states and some other specific regions, such as Yucatán, but its presidential candidate Vicente Fox, governor of Guanajuato, finally won the presidency in 2000, and it retained the presidency in the 2006 elections.

This meant fewer policy changes than might have been expected, since PRI policy positions had shifted to the center-right of the political spectrum, with acceptance of neoliberal economic theory. Thus the PRI and the PAN had already formed an implicit alliance on some policy issues in the legislature, especially when two-thirds of the votes were required to pass a constitutional amendment, more than the PRI could muster on its own.

Such cooperation was made necessary by the growth of the third major party, the PRD, or Democratic Revolutionary Party. The PRD developed out of a secessionist movement from the left of the PRI, a movement loyal to the nationalism, agrarianism (support of land reform), and semisocialism that had characterized the PRI's rhetoric, and to some extent its policy, before the shift to the right that began under President Miguel de la Madrid (1982–1988) and was carried further by Carlos Salinas (1988–1994). That secessionist movement managed to attract substantial support for its 1988 presidential candidate, Cuauhtémoc Cárdenas, the decidedly uncharismatic son of the leftist revolutionary general who served from 1934 to 1940 as probably the most popular president of Mexico ever.

While Salinas may perhaps have received more votes than Cárdenas, the official results were universally regarded with skepticism. Cárdenas's incompetent campaigning and indecision on policy questions, however, together with the apparent success of Salinas's economic policies and a strong showing by a dynamic PAN candidate, put the PRD in a weak third place in the 1994 presidential elections. The disgrace into which Salinas fell after the end of his term, however, led to an upswing in support for the PRD and the election of Cárdenas, then vindicated, as governor of the Federal District in 1997.

The PRD has held the governorship of the Federal District—essentially the mayoralty of Mexico City—since then, and the mayor who took office in 2000, Manuel López Obrador, proved able, popular, and a strong candidate for the presidency in 2006. By then, however, the PAN administration had managed to repoliticize the independent electoral commission set up by President Zedillo, and the 2006 election was characterized by a suspiciously narrow victory for the PAN candidate after López Obrador's lead disappeared during a computer malfunction.

With electoral reforms making for a multiparty system—essentially of three major parties and a few much smaller ones—with weak party discipline, President Vicente Fox (2000–2006) was unable to register any significant departures in policy, especially since control of the bureaucracy also eluded him. In historical retrospect, his achievement will simply be to have been elected and breaking the political monopoly of the PRI. The second president from the PAN, Felipe Calderón (2006–2012), more low-key and less dramatic than his predecessor, had to confront the indignant PRD street demonstrations against the election result; the failure of the United States to honor some provisions of NAFTA, such as the right of Mexican trucks to travel on US roads; a harsh campaign in the US against immigration from Mexico; then the consequences of the financial and economic downturn in the United States during 2008 and 2009, which meant declining revenue from trade, lower oil prices, and declining remittances from Mexicans working in the United States, further complicated by an epidemic of swine flu severe enough to cause hundreds of deaths and a lot of panic.

However, the major long-term policy problem the country faces is the deterioration of law and order as the burgeoning drug trade, primarily to supply US demand, means gang wars and assassinations, the corruption of the police and the judiciary, and increasing lawlessness and violence generally. Responding to pressure from US authorities, keen to seem to be doing something about drugs but afraid for political reasons to crack down on the availability of weapons or the replacement of the punitive approach to the problem by a medicalized "harm reduction" approach, Calderón assigned the Mexican army to antidrug operations in place of hopelessly corrupt police forces, only to see the same corruption and breakdown of discipline begin to affect the military too.

Extra-System Opposition

As the PRI moved to the right, it abandoned the principles of land reform under which land expropriated from large owners was owned in common (but usually farmed individually) by *ejido* collectivities. This provided the occasion for a revolt of rural workers who had been mobilized through Catholic liberation theology grassroots organizations by activists left over from the student movements of the late 1960s. Taking the name of the great agrarian reformer of revolutionary days, Emiliano Zapata, the movement was catalyzed in the southern border state of Chiapas by the collapse in coffee prices and competition from immigrant Guatemalan agricultural workers. As notoriously mistreated people espousing noble goals, the Chiapas Indians who made up the Zapatista forces that took up arms on January 1, 1995, and especially their ironic and quotable leader, Subcomandante Marcos, aroused sympathy among the Mexican public. Although the Zapatista forces were too weak to win any military victories, the government correctly perceived that a straightforward military attempt to wipe them out would create an endless Vietnam War in southern Mexico, with all the political costs that would entail, and instead settled down to an indefinite process of negotiating, making agreements that were never fully implemented and continuing tactics of local repression that fell below the radar of the major international media.

The mountainous state of Guerrero, which lies west and south of Mexico City, has always been home to bandit and even guerrilla forces. From time to time, guerrilla movements appear there and sometimes in other mountainous states, but it is out of the question that guerrilla movements of this kind could come to power by force. The country is too big, too complicated, and too sophisticated; as weak as the government may be, it is stronger by many orders of magnitude than any conceivable guerrilla army.

Economic Structure and Performance Until 1980

The economic performance of the country was very impressive until the early 1980s. The long-term rate of growth in the gross national product between 1940 and 1980 was 7 or 8 percent annually. Industry grew, producing both for the domestic market and, under special tariff arrangements, for export; but today about 8 million Mexicans still work on the land. Commercial farmers in the north of Mexico grow many specialty crops, such as winter vegetables, that are exported to the United States and constitute a valuable source of foreign exchange.

Since the middle of the 1970s, Mexico's major industry and major export has been petroleum. Early in the century, before the coming of the automobile era, when demand for the product was limited, Mexico was the world's leading petroleum producer. The international oil companies were active in Mexico until 1938. They played the obstreperous role they have often played elsewhere, mixing in the country's politics to try to minimize their tax payments and labor costs and making themselves generally disliked. The 1938 expropriation of the oil companies by Lázaro Cárdenas was thus very popular in Mexico and was looked on as a kind of economic declaration of independence. After the expropriation, the international corporations got their crude elsewhere, however, and Mexican production declined to the level necessary simply to supply the domestic market. The state oil corporation, now called Petróleos Mexicanos (PEMEX), contented itself with producing mostly from established wells, lacking the incentive or the funds for serious exploration.

However, over the years, PEMEX built up the technical capabilities necessary for all phases of the industry—exploration, production, refining, and marketing—except for offshore drilling. With the development of an adverse balance of payments and the sharp rise in world petroleum prices that took place in the early 1970s, PEMEX undertook explorations that established Mexico's possession of huge reserves; in mid-1997 proven and potential reserves exceeded 300 billion barrels. Yet this figure represents the exploration of only a fraction of the sedimentary basins that could contain hydrocarbon deposits. Mexico advanced to fourth place among the world's petroleum producers and became the third largest exporter after Saudi Arabia and Venezuela.

The ambiguity of the economic system, which combined capitalism with a strong dose of nationalism and socialism, paralleled the ambiguity of the political system, whose democratic institutions were belied by its underlying authoritarian character. In foreign policy, similarly, Mexico combined a wariness of its giant neighbor that reflected a long history of intervention, insult, and loss of territory, with a lively appreciation of the relative political and economic power of the two countries, which meant that defiant confrontation was not a viable option. Thus, equally well-informed observers believed that Mexico had a nationalist foreign policy behind a façade of cooperation with the United States or that it had a policy of subservience to the United States behind a nationalist façade.

Despite its revolutionary rhetoric and the many social welfare and economic projects undertaken by the government, twentieth-century Mexico fell a long way short of meeting the goals of the revolution. Although Mexico's economic growth was undeniable, the benefits of that growth were concentrated in the upper and middle ranges of the income distribution. Moreover, privilege and corruption were widespread, and the country never came close to achieving full employment. Nevertheless, by the relative standards appropriate to an imperfect world, on the whole most observers accounted the Mexican experiment a success until late in the century.

Political stability was underwritten by economic growth. For most of the period, the economy grew steadily; indeed, Mexico had more years of continuous uninterrupted economic growth than any other country. The political system remained stable, and since 1920 the constitutional succession has been unbroken, although perhaps bent a few times. The possibility of a military seizure of power, a daily worry in many of the Latin American countries, has long been a thing of the past in Mexico.

There was room for steady expansion of the domestic market as remote rural areas and indigenous populations that had been self-sufficient were progressively incorporated into the national market. In a country that lacked so much, government expenditure on infrastructure—communications, social investment, or the provision of basic utilities—was bound to generate a substantial return. Mexico's geographic position next to the United States guaranteed a constant inflow of capital and income from tourism and border transactions, plus assembly plants (*maquiladoras*) in special duty-free zones importing components from and re-exporting the finished product to the United States. The steady stream of convertible currency that these activities provided normally made unnecessary the fiscal austerity to avoid inflation that put brakes on economic growth elsewhere. After the oil boom unbalanced the economy, however, poor handling of public finances led to a major crisis in each decade of the end of the century and the beginning of the next one.

The Inevitability of Change

When democracy triumphed with the collapse of the Soviet Union, so did the world capitalist system, which flexed its muscles and decided it no longer needed to tolerate socialist- or nationalist-inspired restrictions on its ability to seek maximum profits across state boundaries. So the classic Mexican mixed economy would have been under pressure to change in any case. However, the change in the Mexican economic model, like most major events in history, was overdetermined; that is, several factors were working in the same direction to make it happen.

It had been clear to students of development that the political and economic model that characterized the middle years of the century could not last indefinitely. For one thing, the social changes that were occurring would clearly put intolerable strains, sooner or later, on the single-party system. As the country developed socially, more students went to the university, more illiterates learned to read, more peasants moved to the city. A nation of illiterate peasants may believe that their government always does everything right and public officials are invariably competent and public-spirited. A nation of sophisticated urban dwellers led by a large university-trained elite is likely to be more skeptical. A growing managerial class is likely to chafe at government controls, and it is not possible to provide comfortable, well-paying positions for all members of a rapidly growing educated elite.

Mexico's steady economic growth was based on the gradual incorporation into the market of hitherto marginalized Indian peasants, gradually growing foreign earnings, and a stable exchange rate of the peso to the dollar. In the late 1970s, however, a volatile new factor was introduced into this equation when the rise in international petroleum prices made it worthwhile for PEMEX, the national oil monopoly, to incur the costs involved in exploring for new sources of petroleum. The tremendous reserves that were found made it possible for Mexico to earn huge amounts of money on the international oil market. But the sudden affluence brought by oil exports, like the touch of King Midas, proved in the long run a curse rather than a blessing. Corruption grew to new levels; the ready availability of foreign exchange made it easier to import everything than to produce it in Mexico, and Mexico's own factories closed down. Government employment mushroomed, and growing inflation hurt the standard of living of everyone not in a position to benefit from oil revenues.

When the inevitable downturn in oil prices came, the government of President José López Portillo (1976–1982) refused to adjust and instead borrowed abroad to cover the government's inflated expenses, hoping that prices would quickly rebound. When that didn't happen, Mexico's international creditors forced a drastic retrenchment in expenditures, so that all available resources could be devoted to paying down the debt. The result was that it was precisely those who had benefited least from the oil boom who were forced to bear the brunt of the policies of austerity that became necessary in its wake.

The abandonment by the governments of de la Madrid and Salinas of the distinctive Mexican mixed economic model, as they moved to align Mexico with the norms of the world capitalist economy, was thus presented as a painful but necessary process of adjustment that would get the economy on a sound footing and make renewed growth possible. During Salinas's presidential term, it appeared that the formula was successful. The value of the currency stabilized, economic growth resumed, and for a while the ruling PRI seemed to have regained the legitimacy it had lost with the economic crisis.

The shift in the economic model was drastic, involving not only changes in the laws governing the freedom of action of foreign capital but also a colossal sell-off of industries that had been in the public sector and the introduction of private enterprise norms into the reformed sector of agriculture, whose collectivist principles had until then been viewed as sacred cows of revolutionary ideology. Out of the profits of the privatization program (which would have been greater if state property had not been sold to the president's friends and family at bargain prices), Salinas managed to mount a significant poverty reduction program, called Solidarity, which softened the blow that structural reform dealt to Mexicans of lower income.

It also contributed to the president's popularity and looked for a time as though it could provide a new generation of political activists Salinas would use to replace the "dinosaurs" of the PRI party organization.

However, the economic stabilization successes of the Salinas administration were based in part on a sort of confidence trick. Long-term monetary stability and economic growth were financed by short-term and potentially volatile investment funds, many of them attracted into high-interest government bonds. Not wanting to damage his image as a financial wizard, which he thought would help him win the post of secretary-general of the new World Trade Organization, Salinas did not devalue the peso when it would have been appropriate to do so. His successor, Ernesto Zedillo, then mishandled the overdue devaluation, when it finally came, with the result that capital fled the country, the value of the peso dropped, and a new wave of foreign borrowing, "structural reform," and declining living standards ensued.

Much was hoped for from the North American Free Trade Area (NAFTA), which went into effect in 1995 and purported to integrate the economies of Mexico and Canada with that of the United States. Mexico already had a partially integrated zone along its US border, where *maquiladoras,* or assembly plants, could import raw materials and components from the United States and export finished products, without being subject to tariffs and other restrictions. As is the case with such arrangements, some interests benefited and some were disadvantaged, though the overall balance was supposed to be advantageous on both sides of the frontier. But a stronger power can be expected to bias the arrangement in its own favor (e.g., NAFTA allowed the free movement of capital but not of labor) and although provisions were added to the agreement embodying antipollution rules and fair labor practices, enforcement mechanisms were weakened by political pressures from US industry so as to make them ineffective. Meanwhile, capitalism's relentless pursuit of lower costs and higher profits meant that the jobs which had left the United States often did not stay long in Mexico before moving on to China.

Social Structure and Problems

During the years of steady economic growth, before the borrowing, inflation, and austerity of the 1980s and 1990s, things gradually got better for most Mexicans. Life expectancy at birth, a good general measure of well-being, increased from forty-eight years in 1950 to sixty-eight years in 1986. Literacy climbed during the same period from about 66 percent to about 90 percent of the population. The high rate of annual population increase—which made social problems more difficult to resolve—dropped from 3.2 percent in the 1960s to 2.9 percent in the 1970s and 2.4 percent in the 1980s.

Thereafter, however, social indicators stopped improving and indicators of economic well-being deteriorated as gains in income were nullified and the average standard of living in the mid-1990s dropped back to about where it was in the 1960s. Income inequality increased. By 1995 the top 10 percent of Mexicans received 41 percent of national income, while 3.2 percent went to the 20 percent at the bottom of the scale. As much as half of the urban population lacks regular paid employment and makes do with occasional temporary work, street vending, marginal and dubiously legal activity. In the rural areas, about half of those engaged in

agriculture are landless laborers, while most of the rest have small plots that provide hardly more than a subsistence living.

Problems of Mexico City

Even if the rate of population increase should decline further, however, it will come too late to avoid the onset of some major problems. The combination of population growth and migration to the cities has made Mexico City the largest urban agglomeration in the world. This has meant an avalanche of problems in the areas of housing, employment, transportation, sanitation, and so on. Government performance has fallen short of a satisfactory resolution of these problems, which were worsened by the effects of the 1985 earthquake. Unemployment and underemployment are acute; housing standards are uneven, ranging down to very poor in the satellite city of Netzahualcoyotl; and pollution sometimes reaches health-threatening proportions. Surface transportation can be an ordeal; a worker may have to travel as much as two hours each way to get to work and back each day. Construction of a subway system has alleviated the problems somewhat, however; the energetic mayor, Manuel López Obrador, and his successors from the PRD have generally been credited with making sincere efforts to attack the city's other problems, and even managed, at least for a while, to reduce corruption among the District's bureaucrats and police.

Change in the Political System

The political effects of these economic developments reinforced tendencies in the political arena that grew out of other causes. The general strategy adopted by the ruling PRI for dealing with the political pressures arising from the changes going forward in Mexican society was to negotiate a long drawn out strategic retreat that kept opposition political forces engaged in the political game and willing to channel their opposition into constitutional means within the system, by delivering a phased series of concessions. These, it was thought, were enough to enable the opposition parties to feel they were gaining ground but not enough to affect the substance of power at the national level. From time to time, electoral laws were reformed so as to enable opposition parties to win a few more legislative seats; some opposition victories in municipal elections were recognized. Over time, the concessions became greater: opposition victories were recognized for governorships, and senators from opposition parties were seated. Finally, all of the little changes coalesced into one big change, and political life in Mexico began to approximate the façade it had always had, that of a constitutional democracy.

After so many years of distinctiveness, Mexico faces the future of a "normal" country. Today, however, that means a country in which money strongly influences the media and the political process, and the PAN has given signs of wanting to make itself the permanent governing party by hook or by crook. Mexico is still next door to a hegemonic country dominated by powerful economic interests and is embedded in an unforgiving international financial system. Will it make any difference, in years to come, that Mexico was the locus of one of the great social revolutions of the twentieth century?

Notes

1. The "Historical Foundations" section of this chapter was written by Fred R. Harris; "Mexico in the Twenty-First Century" by Martin C. Needler.
2. Raúl Béjar Navarro, *El Mexicano: Aspectos culturales y psicosociales* (Mexico City: Univérsidad Nacional Autónoma de México, 1979).
3. William C. McNeill, *Plagues and People* (Garden City, N.Y.: Doubleday Anchor, 1976), p. 207.
4. John Duffy, "Smallpox and the Indians in the American Colonies," in Roger L. Nichols, ed., *The American Indian: Past and Present*, 2d ed. (New York: Wiley, 1981), p. 64.

Suggested Readings

Barry, Tom, ed. *Mexico: A Country Guide.* Albuquerque, N.M.: Inter-Hemispheric Education Resource Center, 1992. A detailed report and analysis of Mexico's politics, government, and economy.

Basáñez, Miguel. *El Pulso de los Sexenios: 20 años de crisis en México.* 2d ed. Mexico City: Siglo XXI, 1991. An account of the shifts in popular attitudes as revealed in opinion polls.

Collier, Ruth Berins. *The Contradictory Alliance: State-Labor Relations and Regime Change in Mexico.* Berkeley, Calif.: International and Area Studies, 1992.

Grayson, George W. *The United States and Mexico: Patterns of Influence.* New York: Praeger, 1984. This is an excellent history and assessment of relations between Mexico and the United States, with particular emphasis on key issues, including marketing of oil and gas, policy toward Central America and Cuba, and illegal immigration of Mexicans to the United States.

Hellman, Judith Adler. *Mexico in Crisis.* 2d ed. New York: Holmes & Meier, 1983. A good critique of Mexican political practice from the left.

Informe. This annual report by Mexico's president is one of the most valuable sources on Mexican politics and policies. It consists of a compendium of figures, a review of the previous year's performance (hardly an impartial one, of course), and a prognosis of what is to come. The report is reproduced in the major newspapers, and it is usually made available as a separate document by the office of the president (and sometimes in translation by the US embassy).

Levy, Daniel, and Gabriel Székely. *Mexico: Paradoxes of Stability and Change.* 2d ed. Boulder: Westview, 1987. A brief text of outstanding quality, this book discusses Mexican politics and government from precolonial days to the time of President de la Madrid.

Lustig, Nora. *Mexico: The Remaking of an Economy.* Washington, D.C.: Brookings Institution, 1992.

Meyer, Michael C., and William L. Sherman. *The Course of Mexican History.* New York: Oxford University Press, 1979. This is a highly readable and well-researched history of Mexico from pre-Cortés times to the election of President José López Portillo.

Needler, Martin C. *Mexican Politics: The Containment of Conflict.* 3d ed. New York: Praeger, 1995. This general book covers the country's history, geography, economy, and social structure—as well as its politics—from the same point of view as this chapter.

———. *Politics and Society in Mexico.* Albuquerque: University of New Mexico Press, 1971. Interpretive essays, generally optimistic and favorable in tone.

Pastor, Robert A., and Jorge Castañeda. *Limits to Friendship: The United States and Mexico.* New York: Knopf, 1988. Two scholars who have also held high government positions have written alternating chapters in this illuminating book about US-Mexican relations and the misperceptions that have hampered greater cooperation.

Paz, Octavio. *The Labyrinth of Solitude.* Translated by Lysander Kemp. New York: Grove, 1961. A brilliant discussion of the national character of Mexico by one of the country's leading men of letters.

Philip, George. *The Presidency in Mexico.* New York: St. Martin's, 1992. Examines the terms of some recent presidents and takes into account psychological as well as political and economic factors.

Raat, W. Dirk, and William H. Beezley. *Twentieth-Century Mexico.* Lincoln: University of Nebraska Press, 1986. This highly worthwhile anthology contains chapters that usefully explain Mexico "from Porfirio Díaz to petrodollars."

Ruíz, Ramón Eduardo. *The Great Rebellion: Mexico, 1905–1924.* New York: Norton, 1980. This is a well-researched and fully footnoted study of the events, conditions, and leaders that made the Mexican revolution. It characterizes the revolution as a bourgeois revolt led by middle-class dissidents that did not produce the social and economic justice some of its rhetoric promised.

Selee, Andrew D., ed. *Mexico in Transition,* Washington, D.C.: Woodrow Wilson Center, 2003. Summary reports on various aspects of Mexico's society, economics, and politics by leading commentators.

Wilkie, James W., and Albert L. Michaels. *Revolution in Mexico: Years of Upheaval, 1910–1940.* New York: Knopf, 1969. This excellent sourcebook reprints works by various authors, as well as some original documents, and contains several useful chronologies.

Wolf, Eric. *Sons of the Shaking Earth.* Chicago: University of Chicago Press, 1959. Written by an anthropologist, this history of Mexico is particularly useful in regard to the pre-Cortés and colonial periods.

Womack, John, Jr. *Zapata and the Mexican Revolution.* New York: Random House, 1970. This is a detailed, step-by-step account of the Mexican revolution and the role of the heroic fighter for agrarian reform.

Chapter 16

Central America

From Revolution to "Low-Intensity Democracies"

THOMAS W. WALKER
AND CHRISTINE J. WADE

The 1970s and 1980s were a tumultuous time in Central America. Decades of economic and political marginalization resulted in violent struggles between the status quo and those challenging the system. The victory of the Sandinista Front for National Liberation (FSLN) in Nicaragua in 1979 gave way to revolutionary rule and a bloody and costly US-orchestrated counterrevolution for almost eleven years before its people elected a conservative government more compatible with the whims of Washington. Prolonged armed struggles between revolutionary insurgents and elite-dominated regimes led eventually to comprehensive peace settlements and democratization in El Salvador (1992) and Guatemala (1996). Although they avoided armed struggle, Honduras and Costa Rica were strongly buffeted by events taking place in neighboring countries.

The region's transitions to democracy were accompanied by changes in economic policy as well. The dominant economic model of the time, the so-called Washington Consensus, demanded strict adherence to neoliberal economic policies. The resulting structural reforms resulted in cuts in government bureaucracy and social services, the privatization of former government enterprises, the redirection of credit away from the peasantry into large private export activities, and a variety of other socially regressive policies designed to stimulate export. They were implemented to earn foreign exchange and ultimately service the region's enormous foreign debt. Many of these "neoliberal" policies were reminiscent of the laissez-faire, agro-export measures promoted by the region's liberal politicians of the late nineteenth and early twentieth centuries. The consequences of these policies had serious implications for the new democracies.

Although the violent conflicts ended, new threats to the civilian population and democratic governance emerged. Soaring crime, increasing marginalization and inequality, and corruption and impunity resulted in widespread loss of confidence and support for democratic governance in the region's most fragile countries. Less than two decades after the historic transitions, prospects for meaningful change had given way to "low-intensity democracies." After two decades of neoliberal policies, an increasingly dissatisfied populace brought the left to power in each of the Central American countries. Effectively resuscitating support for democratic governance would be the greatest challenge for these countries.

Contemporary Differences and Their Historical Determinants

Within this matrix of sweeping change, however, there were significant differences among the countries that deserve examination and explanation. Why, for instance, did Nicaragua, El Salvador, and Guatemala experience violent upheaval while Costa Rica and Honduras remained relatively peaceful? The answer, as John Booth, Christine Wade, and Thomas Walker have suggested, probably lies in five centuries of historical formation.[1] Put in very simple terms, the large native populations of what would become Guatemala, Nicaragua, and El Salvador were quickly conquered by invading Spaniards at the beginning of the sixteenth century, thus forming a vast, racially distinct underclass that could be exploited for the enrichment of a small European ruling class. In those countries the foundations of very inegalitarian societies were already firmly set within decades of the arrival of the conquistadors. In Costa Rica, in contrast, the native population resisted fiercely and, for their troubles, were largely exterminated or driven out of the fertile highlands where the Spanish eventually settled. With no racially distinct underclass to exploit, the society created by the Spanish settlers in Costa Rica was relatively more egalitarian. For its part, Honduras until the twentieth century was so underpopulated and such an economic backwater that a self-confident and exploitative ruling class was slow in developing.

By the 1970s, as a result of these distinct social histories, Costa Rica had developed a functioning democracy and welfare state; Honduran governments, though not always democratic, were normally willing at least to pay lip service to grassroots demands; and the dictatorships in the other three countries had become accustomed to responding with violence to growing demands for social justice from the impoverished majority. While social problems existed throughout the region, they had been allowed to build to explosive levels only in Nicaragua, Guatemala, and El Salvador. It was primarily this built-up pressure rather than some sort of sinister "communist" conspiracy—as the US government would claim—that led to the armed revolts of the 1970s and 1980s.[2]

The Revolutionary Three

Though Nicaragua, El Salvador, and Guatemala share the experience of prolonged armed revolt, only in Nicaragua did the insurgents actually seize power. It is interesting to ask why insurgents succeeded there and not in the other two countries. Perhaps the best explanation is given by Timothy Wickham-Crowley.[3] Rejecting single-factor theories, he argues that four conditions were met in Nicaragua that were not fully met elsewhere in Latin America, except in Cuba two decades earlier. (1) Nicaragua (and Cuba) had the right social conditions (an impoverished and exploited rural population living in very precarious circumstances). (2) There was an intelligent and flexible guerrilla movement. (3) The target regime was so despicable that it had alienated most of its political base. (4) The right international environment existed (i.e., a temporary lapse in US support for the local dictator).

Guatemala and El Salvador met only the first two conditions. In both countries, military and civilian presidents succeeded each other at relatively short intervals. Though brutal and undemocratic, these governments were hardly caudillo-dominated "mafiacracies" of the type run by Fulgencio Batista in Cuba or Anastasio Somoza in Nicaragua. As a result, much of the Salvadoran and Guatemalan upper and middle classes remained loyal to their respective regimes. In addition, alarmed by the Sandinista victory in Nicaragua, the United States—which had been immobilized by the contradictions inherent in trying to promote human rights in Somoza's Nicaragua—now focused on preventing leftist victories in the other two countries, often with little regard for human rights. Even though they did not come to power, the rebels in both countries eventually forced their foes to accept major changes in historically repressive systems as their price for peace.

Nicaragua

The Sandinista Period. From July 19, 1979, to April 25, 1990, Nicaragua had an avowedly revolutionary government. However, sobered by an awareness of the weakness of the socialist model of the Soviet Union and the Eastern European countries and some obvious excesses of the Cuban experiment (the cult of personality, overnationalization of the economy, etc.), the Sandinistas developed policies that were moderate and pragmatic.[4]

The Sandinista revolution can be divided into two periods: transition and reconstruction (1979–1984) and the constitutional period (1985–1990). The first was a time of innovation, experimentation, some excess, and a number of successes. In the second, the US-orchestrated Contra war, though never a military threat, inflicted such heavy economic and human damage that the revolution began to unravel and was eventually voted out of office.

The Period of Transition. The economic policy adopted during the period of transition and maintained thereafter favored a mixed economy. Confiscation of property was confined mainly to land and enterprises owned by ousted dictator Anastasio Somoza and his henchmen. Though these were turned into public enterprises or cooperatives or parceled out to the poor, around 60 percent of the productive capacity of the country remained in private hands throughout the revolution. Indeed, though very nervous about the intent of the Sandinistas, the private sector was actually encouraged, through favorable exchange rates and other measures, to remain productive.

Complementing these domestic economic policies, the Sandinistas pursued international policies—renegotiating and servicing the national debt and writing liberal foreign investment laws—designed to maintain Nicaragua's credit in Western circles. These policies paid off. From 1979 through 1983, Nicaragua's gross domestic product per capita grew a total of 7 percent, while Central America as a whole suffered a decline of 14.7 percent.[5] It was only in the wake of the full impact of the Contra war and a US-orchestrated international credit boycott that the Nicaraguan economy began to decline (1984) and then plummet (1985 onward).

The new government also oversaw innovative and highly successful social projects during this period. Inexpensive, grassroots-based programs for literacy (1980) and health (beginning in 1981) brought such positive change that by 1984 even President Reagan's Kissinger Commission had to admit that "Nicaragua's government has made significant gains against illiteracy and disease."[6]

There was also much innovation and some success in the area of politics and government. First, the government encouraged the creation or strengthening of massive grassroots organizations representing neighborhoods, women, youth, urban and rural workers, and peasants. These groupings in turn were given the responsibility of articulating the interests of their constituencies and delegated the task of implementing programs designed to help the people (the literacy crusade, health work days, neighborhood watch, etc.). By 1984, an in-house US embassy report placed membership in these organizations at 700,000 to 800,000, the equivalent of about half of the population aged sixteen or over.[7]

During this time the revolution moved from transitional to elected constitutional government. The first institutions of government were a multiperson executive, or junta; a corporative legislature (Council of State); and a judiciary composed of the usual lower and higher courts plus People's Anti-Somoza Tribunals set up to process Somoza-era war criminals but later used to deal with Contras. By 1983, however, the Council of State was writing election and party laws (designed with the advice of the Swedish Electoral Commission and modeled after Western European practices) that would produce a clean, competitive, internationally monitored[8] election in November 1984 and the swearing-in of a constituent assembly and an elected president, Daniel Ortega, in 1985.

Finally, in the area of human rights, Sandinista performance, though not perfect, was better than that of most other contemporary Latin American governments—and strikingly good compared with that of US client regimes in northern Central America. There were restrictions of civil liberties, as take place almost anywhere when a country is under siege, but freedom of religion was generally respected, there were no death squads, and extralegal deprivation of life was relatively infrequent.[9]

The worst problems Nicaragua encountered during the early 1980s were in foreign affairs, particularly with the United States. Though the Sandinistas (FSLN) repeatedly expressed their interest in having good relations with the superpower to the north, the victory of revolutionaries in Nicaragua—and the specter of a "second Cuba"—had alarmed Washington from the very beginning.[10] While the Carter administration was frigid but correct in its relations with the new government in Nicaragua, the Reagan administration, inaugurated in January 1981, immediately set out to destroy what it portrayed as a dangerous extension of Soviet and Cuban influence into Central America. It began training, equipping, and directing a Nicaraguan exile counterrevolutionary (Contra) army to fight against its own government, used its influence to block normal World Bank and Inter-American Development Bank loans to the upstart state, and orchestrated a massive propaganda campaign and program of dirty tricks to discredit the Sandinistas.[11]

The Constitutional Period. The second half of the Sandinista period was marked by both significant achievements and serious economic, social, and political setbacks. Respect for human rights continued at a relatively high level. New governmental institutions were created by the constituent assembly elected in 1984. After much open public debate, a new constitution was promulgated in 1987. That same year, an innovative autonomy law for the peoples of the Atlantic coast was formalized. Later, new parties and electoral laws were passed (1988) and amended (1989) laying the groundwork for a second clean, internationally supervised election in February 1990. Two months later, the losing FSLN turned over the reins of power to the victorious opposition.

But this was also a time of hardship that ultimately led to the defeat of the FSLN at the polls. The cost of the Contra war, US-orchestrated international economic strangulation, and some Sandinista mismanagement combined to produce such a collapse of the economy that by 1988 hyperinflation had reached over 33,000 percent annually. Though the Sandinistas implemented structural reforms that year and the next that would cut inflation to 1,690 percent by 1989,[12] the unemployment and social pain these early neoliberal policies caused were enormous. Added to this, cutbacks in government social programs and the tremendous human cost of the war (almost 31,000 dead and many more wounded and maimed)[13] created an environment in which the National Opposition Union (UNO)—organized, managed, and funded by the United States—was able to defeat the Sandinistas handily in the 1990 election.[14]

The Post-Sandinista Period.[15] Violeta Barrios de Chamorro, elected president with 55 percent of the vote, was inaugurated in April 1990. A political novice with a high school education, Chamorro eventually scored some important successes. Her economic policies cut inflation to relatively low levels and by the mid-1990s actually led to modest overall growth for the first time in over a decade.

Her greatest achievements, however, lay in the area of peacemaking and reconciliation. After months of negotiation, the Contra war was brought to an end in mid-1990. By cleverly allowing Sandinista general Humberto Ortega to oversee that otherwise difficult task, Chamorro was able to bring the size of the Sandinista People's Army down from over 80,000 to under 15,000. Finally, Chamorro steadfastly eschewed pressure from the United States (until 1993) and right-wing members of UNO to engage in a vengeful "desandinization" program for the country. As a result, a new political "normalcy" gradually developed. Negotiations in the National Assembly led to the promulgation of a new military code (1994) and some revisions in the 1987 constitution (1995). Elections on the Atlantic coast (1994) and nationwide (1996) were carried out without a major hitch. In January 1997, Chamorro passed the reins of office to Arnoldo Alemán of the National Liberal Alliance (ALN).

There were also notable failures in this period, many in the social area. The neoliberal economic policies urged on Nicaragua by Washington and the international financial community and enthusiastically implemented by the Chamorro administration pummeled the poor majority. The downsizing of government, cutbacks in social services, privatization of state enterprises, the credit emphasis on agro-export rather than peasant production of domestic foodstuffs, and so on, combined to exacerbate the misery of ordinary people. Unemployment, underemployment, crime rates, drug addiction, domestic violence, and homelessness (especially among children) soared.

This was accompanied by a growing cynicism about politicians and government institutions. In ethically dubious, self-serving legislation, some top Sandinista leaders had appropriated large amounts of property in the last months of their administration. Also it soon appeared that both Arnoldo Alemán and Antonio Lacayo (Chamorro's son-in-law) had increased their fortunes through corruption while serving, respectively, as mayor of Managua and minister of the presidency before launching their presidential campaigns in 1996. Thus, ironically, while Nicaraguans retained faith in elections and the electoral process, many by the mid-1990s were bitterly skeptical about politicians, parties, and most institutions of government.

The unprecedented corruption of the Alemán administration further depleted funds that might have been available to help impoverished Nicaraguans. This corruption, combined with the further destruction of the social service infrastructure, defined Alemán's presidency. It was dramatically illustrated in the wake of Hurricane Mitch in October 1998, which left 2,400 Nicaraguans dead and another 700,000 displaced. Spending cuts in social services and the armed forces left the Nicaraguan government incapable of responding to the crisis in any meaningful way, and it relied heavily on international aid. When Alemán tried to channel relief funds through departments where the Liberal Party (PLC) was in control or through Liberal Party headquarters where it was not, international donors resorted to the unusual practice of channeling assistance through nongovernmental organizations rather than the government.

Negotiations between Alemán and Daniel Ortega hurt Nicaragua's democracy in late 1999 with the Ortega-Alemán Pact, which sought to consolidate the emerging two-party system. The electoral laws passed in early 2000 by the FSLN/PLC legislative majority represented an effort to eliminate third parties.[16] Additionally, the Supreme Court, the Office of the Comptroller General, and the Supreme Electoral Council were all packed with FSLN/PLC partisans. Finally, former presidents were made legislators for life and hence received immunity from prosecution.

The 2001 elections were relatively clean procedurally despite being designed to favor the two major parties. Enrique Bolaños, Alemán's vice president, defeated the FSLN's Ortega by pledging to battle corruption and impunity in Nicaraguan politics. Ortega argued, with justification, that the United States had actively worked to prevent his reelection. As in 1990 and 1996, US pressure shaped the outcome of the 2001 elections. Playing on the events of September 11, 2001, the United States alleged connections between Ortega and "terrorists," while actively supporting the Bolaños candidacy. When Bolaños entered office in 2002, he appealed to the National Assembly to repeal Alemán's legislative immunity and used the legal system to pursue him and other individuals in his corrupt administration. While Alemán was convicted and sentenced for his crimes, the Supreme Court overturned his conviction in January 2009. The battle over Alemán's prosecution provoked a constitutional crisis that paralyzed the Nicaraguan government.

The FSLN's Daniel Ortega returned to power following the 2006 elections. Ortega, who traded in his revolutionary image in favor of peace, love, and reconciliation, narrowly won the presidency with 38 percent of the vote. The FSLN also won the most seats in the National Assembly (38), followed by the PLC with 25, the ALN with 24 and the MRS with 5. Ortega implemented numerous policies, including health, education, and literacy programs, to address Nicaragua's persistent poverty. He also established citizens' power councils (CPCs) to administer antipoverty programs at the local level. These achievements, however, were undermined by accusations of fraud in the 2008 municipal elections, the most contentious in nearly two decades. Preelection violence, a ruling by the Supreme Electoral Council (CSE) that prohibited two of the smaller parties from participating, and the denial of accreditation to international and independent election observers led even regime supporters to question the validity of the results. The FSLN reportedly won 105 of the 146 municipalities where voting occurred. Protests and allegations of fraud followed, which led to the suspension of aid from the European Union and United States. In 2009 a Supreme Court packed by Ortega issued a ruling that allowed him to run for office again in 2011, potentially further consolidating his power.

El Salvador

Insurgency and Counterinsurgency: 1979–1992. The 1970s had been a time of tremendous mobilization in Salvadoran society. Social democratic and Christian democratic parties as well as segments of the Catholic Church and even USAID and the US Peace Corps had promoted development projects and grassroots participation. Salvadoran elites and the military regimes they supported, however, responded to it with repression. Apparent opposition victories in both the 1972 and 1977 elections were overturned as increasingly brutal military regimes used security forces and associated death squads to kill party, interest group, and religious leaders working with the masses. Responding to this repression, groups of various political affiliations fielded small guerrilla armies that united in 1980 to form the Farabundo Martí National Liberation Front (FMLN).

The Sandinista victory in Nicaragua alarmed the status quo and heartened popular organizations in El Salvador. Convinced that it was now possible to topple the dictatorship, the FMLN began preparing for its (unsuccessful) "final offensive" of 1981. At the same time, sobered by events in Nicaragua, the Salvadoran elite and the US government took measures to prevent a repetition. Within days of the Nicaraguan victory, planners in Washington had decided that in order to justify beefing up the Salvadoran military, the existing regime would have to be replaced with a cosmetically more acceptable government run by a junta combining both progressive military and civilian members.[17] On October 15, 1979, a military coup by "moderates" essentially implemented this objective.

For the following twelve years, the forces of the status quo pursued a two-pronged strategy for containing revolution. On the one hand, until the end of the Cold War, Washington insisted on military victory over the insurgents. The United States spent over $6 billion in aid—much of it military aid to security forces that were responsible for killing most of the 75,000 people (mainly civilians) who died during the conflict—in its war against "communism." Though Salvadoran regimes would occasionally go through the motions of negotiating, no serious effort to arrive at a peace accord was made.

On the other hand, in order to get a reluctant US Congress to provide the arms necessary to implement the overall military strategy, it was also necessary for Salvadoran governments to appear both democratic and progressive. Accordingly, after several years of civilian-military juntas in which civilians had no real power, elections for a constituent assembly (1982) and then president (1984) were held. Staged against a background of state-sponsored terror and in the absence of a free press, these elections—in which voting was obligatory and the sequentially numbered, translucent ballots were deposited in clear plastic ballot boxes—produced the presidencies of conservative Christian Democrat José Napoleón Duarte in 1984 and right-wing Nationalist Republican Alliance (ARENA) Party member Alfredo Cristiani in 1989.

At the same time, government social policy took an apparently more humane turn. Immediately after the Sandinista victory in Nicaragua, Salvadoran regimes (under tremendous US pressure) actually seemed to be competing in the social realm with the Nicaraguan revolution.[18] The first junta, like the Sandinista government, implemented sweeping agrarian reform programs and nationalized the banking industry. Though some of this reform was stillborn and much of the rest was reversed after a right-wing victory in the 1982 constituent assembly elections, heavy aid from the United States allowed various civic action and other programs to continue throughout the period.

Meanwhile, responding to international reality, the FMLN modified its objectives in the early 1980s. By 1982 the guerrillas had come to realize that an all-out victory would, in the words of their civilian ally Rubén Zamora, "be ashes in our mouths."[19] They had seen what the United States was already doing to the Nicaraguan revolution. Although they still had confidence that they could win militarily, they had decided instead to fight only until the regime agreed to a peace treaty instituting major changes in the military, political, and social character of the system.

The war dragged on, with Washington and the Salvadoran military pushing for all-out victory and the guerrillas fighting to achieve a negotiated settlement. By the end of 1989, the stalemate was beginning to break. Early that year the government refused an opposition request to delay the national election in order to institute democratic safeguards so that FMLN candidates might participate. That November, in response, the FMLN staged a massive assault on San Salvador, taking over and holding whole neighborhoods for weeks at a time. In addition, under the cover of the turmoil, the US-trained Atlacatl Battalion entered the grounds of the Central American University and executed six prominent Jesuit intellectuals, their maid, and her daughter.

As a result of all this, it was clear that (1) the FMLN was still alive and effective and (2) the regime was still badly in need of reform. Thus when the Soviet Union collapsed a little over a year later, the Bush administration decided to cut its losses in El Salvador by reversing its position on negotiations. As a major report on El Salvador prepared for the US Defense Department put it, with the end of the Cold War, "'Winning' in El Salvador no longer matters much. A negotiated solution, or even 'losing,' would no longer carry the same ominous significance."[20] Now, with the full backing of Washington and even such right-wing Salvadorans as Roberto D'Aubuisson, the United Nations could move ahead and broker a formal peace.

The Imperfect Peace: 1992 Onward. The peace accords of January 1992 encompassed most of the reforms and changes the FMLN had proposed almost a decade earlier. Under UN supervision, the government was to depoliticize and drastically reduce the size of its army. It was obliged to abolish "rapid deployment" forces (such as the Atlacatl Battalion), the treasury police, and the National Guard. The hated national police would be replaced by a civil police as veterans of the conflict would be drawn equally from both sides and, together, would constitute less than half of the force. An ad hoc commission was to be named to provide a list of war criminals to be purged from the armed forces. After that, a truth commission was to make a report on war crimes committed by both sides and by civilians. On another plane, there were to be significant reforms of electoral mechanisms and the judiciary. And land and resources were to be set aside to resettle former combatants from both sides. In return, the FMLN was to demobilize.

The peace accords were in fact implemented, if imperfectly and slowly. The FMLN demobilized, if a bit behind schedule, and turned over most—but apparently not all—of its weapons.[21] The ad hoc and truth commissions performed their duties bravely. The armed forces were reduced, reorganized, and purged, though at a slow pace and not as originally stipulated. Sweeping changes were made in the police forces, though not to the extent envisioned in the accords. Limited changes were made in the corrupt judicial system. In 1994 a closely observed national election took place in which the FMLN was allowed to participate—but not on a "level playing field."[22] As a result of the 1994 election, the candidate of the ruling ARENA Party, Armando Calderón Sol, was inaugurated president on June 1. Though ARENA won the largest bloc of seats in the Legislative Assembly, the FMLN came in second ahead of the Christian Democrats, who had been discredited by corruption and ineffective rule.

Calderón Sol deepened Cristiani's neoliberal program by reducing tariffs, increasing the already regressive value-added tax from 10 to 13 percent, privatizing the Salvadoran telecommunications and electrical industries, and establishing a convertibility plan that pegged the Salvadoran colón to the US dollar. This uncompromising pursuit of neoliberal policies was the source of great tension within ARENA, pitting the industrialists against the traditional agricultural elites. From 1990 to 1995, economic growth averaged 6 percent annually but dropped to only 3 percent from 1996 to 2000.[23] Despite overall economic growth, poverty remained rampant with nearly half of Salvadorans living below the poverty line.[24]

The FMLN capitalized on ARENA's internal troubles and increasing public dissatisfaction with neoliberal policies in the 1997 legislative and municipal elections, winning twenty-seven legislative seats and forty-eight mayoral contests, including the capital. While ARENA maintained a majority of the seats in the Legislative Assembly and mayoralties, the FMLN clearly demonstrated its fortitude as a political party. The FMLN's electoral success at the legislative and municipal levels failed to translate into a presidential win in the 1999 presidential elections. FMLN candidate Facundo Guardado was easily defeated by ARENA's Francisco Flores.

The Flores administration continued the neoliberal thrust of his predecessors, overseeing conversion to the US dollar in 2001. The plan to privatize segments of the health care sector resulted in two bitter and prolonged strikes, which occurred against the backdrop of the 2000 and 2003 elections. Like his predecessors, Flores resolutely applied the neoliberal model. However, El Salvador managed to

avoid significant popular opposition to the neoliberal model due to the influx of remittances from Salvadorans living abroad, which were $2 billion in 2002.[25]

In the 2000 elections the FMLN became the largest political party and secured some of the largest municipalities, gaining four seats in the Legislative Assembly and winning seventy-seven (ten in coalition races) mayoralties. While the FMLN did not make significant gains in the 2003 legislative and municipal elections, the party kept its thirty-one seats in the Legislative Assembly while ARENA lost two seats. Additionally, the FMLN retained its mayoral post in San Salvador despite losing popular two-time mayor Héctor Silva as a candidate. Little more than a decade after the signing of the peace accords, the FMLN had clearly demonstrated its potency as a political party. Such potency caught US attention, prompting the former US ambassador and other officials to express their "concern" over the prospect of a FMLN presidential victory in 2004.

The FMLN, however, did not win the election. Former guerrilla commander Shafik Handal was easily defeated in the first round of voting by ARENA's Antonio Elías Saca. Saca continued ARENA's neoliberal policies, using populist rhetoric to appeal to voters in the *campo*. Saca's method of dealing with crime and social unrest was to replace failed *mano dura* (iron fist) policies with super *mano dura* and an antiterrorist law that criminalized most forms of protest.

In 2009, for the first time since 1994, elections for all offices were held at once.[26] Twenty years of ARENA's neoliberal policies had yielded little socioeconomic progress in a country increasingly dependent on remittances, which totaled $3.8 billion in 2008. Moreover, the failure of *mano dura* policies to reduce crime made El Salvador the most violent country in the hemisphere and one of the most violent in the world. In 2007 the homicide rate was 67 per 100,000. The FMLN nominated popular television journalist Mauricio Funes as its presidential candidate. Funes, who had not been a guerrilla, offered a more centrist option than prior candidates. ARENA, which had been in power since 1989, selected former national police director Rodrigo Avila. Throughout the campaign, ARENA revived its Cold War rhetoric, frequently referring to the "socialist threat" posed by an FMLN victory. The message lacked the potency of 2004 thanks, in part, to the moderate Funes, who defeated Avila in the first round of voting. His inauguration in June 2009 represented the first transfer of power from one party to another in competitive elections.

Guatemala

The Guatemalan experience in the same period bore both striking similarities to and important differences from that of El Salvador. As in El Salvador, bloody civil war raged throughout the late 1970s and 1980s, and the possibility for real peace emerged only after the Cold War ended and Washington changed its policies. And as in El Salvador, the guerrilla strategy of fighting to reform a brutal system seemed to pay off by 1996. However, unlike the case in El Salvador, the US role in the conflict—though very real—was somewhat less visible, and the Guatemalan military appeared to be a bit more autonomous. In addition, the peace settlement would be negotiated (and implemented) in a step-by-step fashion over a period of more than half a decade rather than all at once as in El Salvador.

By the late 1970s, Guatemala had already experienced almost two decades of bloody civil war. Frustrated by the destruction of the democratic revolution in 1954 and by a US-approved military coup that blocked the return to elected civilian rule in 1963, some Guatemalans turned to armed insurrection. In response, the United States trained the Guatemalan army and security forces in the methods of counterinsurgency and "counterterror." By 1966, death squads had begun to operate and the term "disappeared" was first used as a noun to refer to victims of these tactics. By 1979, thousands of people—mainly civilians—had already been killed and a long series of military dictatorships had ruled the country.

As in El Salvador, US policy toward Guatemala was often two-tracked.[27] On the one hand, there was the primordial need to "stop communism." On the other, it was always important to appear concerned with human rights and democracy. Early in his administration, Jimmy Carter's criticism of Guatemalan human rights violations led to a rupture in the flow of open military aid to that country. Though Washington obviously hoped for a Salvador-type coup that would justify a resumption of such aid, the military clung to power until the mid-1980s, thus making it impossible to get such assistance approved by Congress. To some extent, the Reagan administration got around the problem by relabeling as "civilian" such obviously military items as helicopters; by successfully pressuring Israel—the world's leading recipient of US assistance—to increase arms assistance to Guatemala; and by continuing both covert CIA assistance and the US military's counterinsurgency advisory role.[28]

But by the early 1980s things seemed to be getting out of hand. President/General Lucas García (1978–1982) sharply increased already high levels of repression. As a result, the divided guerrilla opposition came together in one organization, the Guatemalan National Revolutionary Unity (URNG), in 1982. Replacing Lucas in a coup d'état that same year, President/General Efraín Ríos Montt increased the repression even more. Altogether, in a scorched-earth war that lasted from 1981 through 1983, between 100,000 and 150,000 civilians were killed, hundreds of villages were destroyed, and over 1 million persons were displaced.[29]

Though the United States had approved of Guatemala's dirty war, it eventually pushed for the emergence of a more cosmetically acceptable system. The vehicle for this policy was General Oscar Humberto Mejía Victores, who overthrew Ríos Montt in 1983. Though the brutality did not cease, a new constitution was written, an election was held, and a civilian president, Christian Democrat Vinicio Cerezo, was inaugurated in 1986.

It would be hard to argue that democracy in Guatemala was born again in 1986. Though the constitution was a reasonably good one and the elections were fairly clean from a procedural standpoint, the fact that the former was frequently violated, that the latter had been held against a background of state-sponsored terror, and that the military, rather than the new president, continued to hold real power obviated such claims. Nevertheless, an atmosphere of possibility began to emerge. For its part, the URNG—by now convinced that outright military victory was neither possible nor desirable for the guerrillas—began calling for a negotiated settlement. In August of the following year, President Cerezo and the other four presidents of Central America signed the Esquipulas Peace Accord, which, after the end of the Cold War four years later, would serve as a rough framework for peacemaking in Guatemala.

With its ally's surface "democratization" in the mid-1980s, the Reagan administration was able to get Congress to approve military aid for Guatemala. The war dragged on, and not much was done to promote a general settlement throughout the rest of the Cerezo administration.

However, as the Cold War was winding down, the Catholic Church and then important civilian groups began to establish a dialog with the URNG. Finally, in 1991, newly inaugurated, conservative president Jorge Serrano began negotiating directly with the guerrillas. In 1992 an agreement on democratization and some discussion of human rights took place. The following year, after Serrano tried (and failed) to seize dictatorial powers, he was removed from office by the military and replaced with former human rights ombudsman Ramiro de León Carpio. Though negotiations stalled for a while, they picked up again in January 1994 and resulted in a framework accord for the negotiation of a settlement to be brokered by the United Nations. This was followed in rapid succession by a global human rights accord in March and two accords in June, one dealing with the resettlement of displaced populations and the other with the creation of a truth commission. In March 1995 a landmark identity and rights of indigenous peoples accord was signed—very important for a country in which over 60 percent of the population is indigenous.

In November 1995, the possibilities of a comprehensive peace moved forward as Alvaro Arzú, a conservative who understood that civil war is bad for business, was elected president. Negotiations were accelerated. In March 1996, the URNG declared an open-ended cessation of hostilities, and the army soon followed suit. This was followed in September by the landmark Accord on the Strengthening of Civilian Power and the Function of the Army. Finally, in December, the two sides signed a "definitive cease-fire," an "Accord on Constitutional and Electoral Reforms," "Bases for the Incorporation of the URNG into Legality," and, at the end of the month, the final comprehensive peace settlement. All said, these appeared to constitute a truly revolutionary end to the war.

The revelry of the Guatemalan peace process was short-lived. In April 1998 Bishop Juan Gerardi was assassinated shortly after his report *Recovery of Historical Memory* (REMHI) revealed atrocities committed during the war, most of which were attributed to the armed forces. This tragedy was a sober reminder that the road to peace would not be smooth.[30] This atmosphere was reinforced when the truth commission report was unveiled in 1999. President Arzú downplayed the report and openly rejected the commission's recommendations. The peace accords received another blow in May 1999, when a referendum on constitutional reforms (including judicial and military reform) required to implement some provisions of the accords was defeated at the polls.

Arzú's failure to address the socioeconomic concerns of the Guatemalan people was a far greater factor in the 1999 elections than issues surrounding the peace accords. Alfonso Portillo, candidate of a rival conservative party, the Guatemalan Republican Front (FRG), easily defeated the PAN candidate in the second round. The FRG, whose membership included numerous former army officers, dominated the congress—with former dictator Ríos Montt presiding.[31] Portillo fared no better than his predecessors in battling corruption, improving social conditions, or furthering the peace accords. His administration was plagued by corruption and stagnation.

Guatemala's peace process had not been as successful as El Salvador's. The lack of political will was the most persistent problem in ensuring their successful implementation. Additionally, the URNG did not hold the political clout or support that the FMLN continued to enjoy in El Salvador. As such, many important terms of the peace accords were ignored or delayed. Additionally, human rights abuses and intimidation of human rights workers persisted in Guatemala. Maneuvers by Rios Montt, whose candidacy was outwardly shunned by the United States, to insert himself into the 2003 presidential race further demonstrated that Guatemala's peace was imperfect.

Although he came in a distant third, Ríos Montt won nearly 20 percent of the vote.[32] His presence was enough to force a second round of voting between National Unity of Hope (UNE) candidate Alvaro Colom and Great Alliance (GANA) candidate Oscar Berger. Former Guatemala City mayor Berger defeated Colom in the second round, promising jobs and a renewed focus on peace accords. As in other Central American countries, Guatemala experienced a surge in social violence after the end of the civil war. Unlike other Central American countries, much of the crime was conducted by organized crime syndicates and clandestine security organizations that had never been fully dismantled following the war.[33] Femicides were a particularly troubling aspect of the crime wave. More than 2,000 young women were murdered between 2002 and 2007. Few of these crimes were ever prosecuted, demonstrating both institutional ineffectiveness and high levels of corruption. To deal with the growing problem, the Berger administration and the United Nations created the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala—CICIG) to "investigate and dismantle violent criminal networks," assist in prosecutions, and recommend policies, including the 2007 murders of three Salvadoran representatives to the Central American Parliament (PARLACEN) and their driver.

The 2007 election season was particularly violent, with more than fifty congressman, candidates, and activists killed in preelection violence.[34] UNE candidate Alvaro Colom narrowly won the first round of voting and faced retired general Otto Pérez Molina of the Patriot Party (Partido Patriota–PP) in a runoff. Colom defeated Pérez Molina in the second round, 53 percent to 47 percent. Increasing crime and violence threatened Colom's government and distracted from the country's glaring social problems. More than half of the population lived below the poverty line in the most unequal country in the region. The situation was even more dire for the country's indigenous population, whose poverty rate was 12 percent higher than the rate for ladinos.[35]

The "Tranquil Two"

Honduras

Having experienced decades of military rule, Honduras was certainly no democracy as it entered the period examined in this chapter. However, its military differed from that of the three neighboring republics in that it responded to grassroots mobilization with reform and cooptation rather than repression.[36] As a result, tiny guerrilla groups that appeared in the 1960s and 1970s never gained legitimacy or support.

In the late 1970s, as part of its policy of promoting human rights, the Carter administration began pressuring Honduras to return to democratic forms. The regime of President/General Policarpio Paz García responded by holding constituent assembly elections in 1980 and full national elections in 1981. The winner of the presidential race, Liberal candidate Roberto Suazo Córdova, was inaugurated early in 1982.

As it turned out, Suazo Córdova was president in name only. By the time he donned the sash of office, the United States was deeply involved in containing "communism" in El Salvador and programming the Contra war in Nicaragua. Nestled between the two, Honduras was seen as an ideal base of operation for many aspects of these two projects. Salvadoran military personnel would be trained in Honduras to circumvent a ceiling the US Congress had placed on the number of US military advisers to be sent to El Salvador. Honduran and Salvadoran forces would perform pincer operations on the border to annihilate Salvadoran civilian populations thought loyal to the guerrillas. Nearly continuous joint US-Honduran military "training" exercises—designed to intimidate the Sandinistas—would be conducted on Honduran territory close to the Nicaraguan border. Several US military bases would be built. And Honduran troops and civilians would be moved out of some territory bordering Nicaragua to allow the Nicaraguan Contras sanctuaries out of which to operate against their own government.

To do all of these things, the United States worked closely with the Honduran military while essentially ignoring the weak civilian government. In the early 1980s, Honduras received hundreds of millions of dollars in US aid, much of it military. CIA asset General Gustavo Alvarez became the head of the military and virtual dictator of the country in 1982. For the first time in Honduran history, "death squads" became active, as opponents to the military were murdered or disappeared by the hundreds. Meanwhile, Alvarez and his clique reportedly "embezzled over $30 million of public funds."[37]

By 1984, Alvarez, who had gone beyond bounds acceptable even to the military, was replaced in an internal military coup by another general with CIA connections, Wálter López Reyes. From then until the end of the Cold War, a growing segment in Honduran society would call for a return to real civilian rule, an end to human rights abuses, and greater US respect for their country's sovereignty. Nominal civilian presidents came and went as Suazo Córdova was succeeded in 1986 by fellow Liberal José Azcona Hoyos, who in turn passed the presidential sash to Nationalist Leonardo Callejas in 1990.

In August 1987, Honduras agreed to the Esquipulas peace framework for Central America. However, under pressure from the United States (which was still pursuing the dream of military victory over the "communists" in Nicaragua and El Salvador), it failed to fulfill its obligation to prevent its territory from being used by irregular troops (the Contras) attacking the government of a neighboring country (Nicaragua). Widespread dissatisfaction with US and Contra troops in Honduras simmered throughout the 1980s. On April 7, 1988, after the United States engineered the illegal extradition of an accused drug trafficker from Honduras, thousands of enraged students set fire to the US consulate building in Tegucigalpa. It is probably significant that the Honduran police took over two hours to respond to calls for assistance from the embassy.

In the long run, the Honduran people would have to wait until the end of the Cold War and the demobilization of the Contras for their country to return to some form of normalcy. Even then, Rafael Leonardo Callejas in the early 1990s would refuse to reform the military, and human rights abuses, a legacy of the early 1980s, would continue at high levels. To make matters worse, as part of an overall package of neoliberal reforms, the Agricultural Modernization Act was passed in 1992 that partially dismantled Honduras's earlier agrarian reform laws, thus threatening the interests of members of agricultural cooperatives.

Understandably, the 1994 inauguration of human rights lawyer Carlos Roberto Reina of the Liberal Party as president inspired hope in many Hondurans. The new president, while pursuing generally neoliberal economic policies, was at least willing to negotiate with those sectors of society (peasants, workers, etc.) on which these policies had the biggest negative impact. In addition, he moved decisively to curb the inordinate power of the military. The secret police was abolished. Obligatory military service was ended in 1994. In 1997 police control was transferred from the military to civilian authority, and a civilian police force was created. Military officers charged with atrocities during the early 1980s were tried and their convictions were upheld by the Supreme Court—despite three amnesty laws passed during previous, more subservient administrations. The administration also ended military control of various nonmilitary entities such as the telecommunications industry and immigration services.

In 1997 Carlos Flores Facussé of the Partido Liberal (PLH) defeated former Tegucigalpa mayor Nora Gunera de Melgar of the Partido Nacional (PN).[38] Flores's economic plan proposed to strengthen the neoliberal model through expanding the maquila industry, increasing tourism, and strengthening the agro-export sector. The neoliberal reforms of the 1990s exacerbated decades of environmental devastation, including deforestation, soil erosion, and urban migration.[39] Many peasants displaced by agribusiness settled on the unstable hillsides of Tegucigalpa and Choluteca. The results would be horrific.

In October 1998, Hurricane Mitch devastated Honduras. Official records indicate 5,657 dead, 8,058 missing, 12,272 injured, and 1.5 million displaced. Many of those affected were migrants who had settled on the crowded hillsides surrounding Tegucigalpa. Some 35,000 homes were destroyed and another 50,000 damaged. The hurricane caused nearly $4 billion in economic losses. The costs of Hurricane Mitch forced Honduras to seek relief under the World Bank's Heavily Indebted Poor Countries (HIPC) initiative, permitting the suspension of payments on its $4.4 billion debt until 2007 and cancellation of $768 million of its debt balance.[40] The military's incompetent response to Hurricane Mitch prompted congress to further demilitarize the country. In 1999 the military was placed under civilian rule, the president was given direct command of the armed forces, and the first civilian defense minister with real power was appointed.

Like other Central American countries, Honduras experienced a prolonged crime wave. Gang activity, extrajudicial killings, and common street crime became

all too frequent in Honduras. Much of the crime wave was blamed on youth gang activity, despite the fact that only a small portion of the murders committed in Honduras were attributed to gangs. One of the most disturbing trends of the crime wave was the extrajudicial killings of Honduran youth. Between 1998 and 2002 more than 1,500 youths were murdered, over 40 percent of them under the age of 18. Human rights organizations, such as Casa Alianza and Amnesty International, attributed some of these deaths to "social cleansing" by state police and private security forces. Equally disturbing is the impunity with which these murders were committed.[41]

Crime was a major theme of the 2001 presidential elections. Ricardo Maduro (National Party), former central bank president and successful businessman, promised to crack down on crime, corruption, and inequality. Maduro, whose own son was killed in a bungled kidnapping, defeated Liberal Party candidate Rafael Pineda. Maduro enlisted 10,000 officers to wage his war against crime and appointed a military official as the head of security, which led to concerns of a regression toward the militarization of the police force.[42] Maduro's *mano dura* policies were imitated throughout the region, although they failed to decrease crime.

As in 2001, crime, the economy, and corruption took center stage in the 2005 elections. Liberal Party candidate Mel Zelaya won the presidency by the narrowest margin in Honduran history, defeating National Party candidate Porfirio Lobo by 4 percent. Zelaya continued Maduro's *mano dura* policies despite their ineffectiveness. In 2006 the homicide rate was 46.2 per 100,000. His tenure was also plagued by organized crime activity and drug trafficking. The socioeconomic realities of Honduras complicated efforts to reverse the crime wave. More than half of the Honduran population lived in poverty. Unemployment and income inequality persisted at high levels. All of these conditions were exacerbated by Hurricane Mitch and the subsequent drought. Additionally, Honduras' ability to address such vital issues was hindered by its debt burden and implementation of neoliberal reforms. While Zelaya supported a number of neoliberal policies such as CAFTA, he also built alliances with other leftist governments. Zelaya secured Honduras's membership in Petrocaribe and ALBA, which angered many within his own party. In March 2009 Zelaya announced a nonbinding referendum for a constituent assembly to rewrite the Honduran constitution. If approved, the measure would be submitted to voters at the polls during the 2009 elections. His opponents questioned the constitutionality of the referendum and attributed it to an attempt by Zelaya to remain in power.[43] Zelaya defied a Supreme Court ruling on the referendum and vowed to hold the election anyway. In June Zelaya was removed from his residence by the army and flown to Costa Rica. It was the first post–Cold War coup in the region. National Congress president and Zelaya rival Roberto Micheletti was sworn in as president. The international community condemned the coup and called for Zelaya's return. Despite widespread international statements of concern, the Micheletti government held the previously scheduled 2009 elections against a background of violent repression. National Party presidential candidate, conservative Porfirio Lobo, was proclaimed the victor. The United States stood practically alone in quickly recognizing the results. Zelaya, who was not restored to office, was exiled to the Dominican Republic hours after Lobo's inauguration.. Clearly Honduras experienced a rockier transition to democracy than did its revolutionary neighbors.

Costa Rica

Costa Rica has the strongest democratic traditions and most egalitarian society in Central America. Its formal democratic system has continued to function without a major hitch, although increasing voter abstention is cause for concern. Conservative Unity (Unidad) president Rodrigo Carazo (1978–1982) was followed in office by Party of National Liberation (PLN) presidents Luís Alberto Monge (1982–1986) and Oscar Arias (1986–1990), Social Christian Unity Party (PUSC) president Rafael Angel Calderón (1990–1994), PLN president José María Figueres (1994–1998), PUSC president Miguel Angel Rodríguez (1998–2002), and PUSC president Abel Pacheco (2002–).

Similarly, Costa Rica's relatively more egalitarian social structures appear to be holding their own. Between 1980 and 1990, even though population grew from slightly less than 2.3 to over 3 million and gross domestic product per capita declined slightly from $2,032 to $1,829, the portion of households in poverty stayed constant at 19 percent, infant mortality actually dropped from 19 to 15 per 1,000, and life expectancy increased from 72.6 to 75.6 years.[44] Costa Rica's economy was strong throughout the 1990s, averaging 5 percent growth throughout the decade. Economic growth slowed significantly in 2000, dropping from 8.4 in 1998 to 1.7 in 1000 and 1.1 in 2001. Despite this, life expectancy increased to 77.6 and the infant mortality rate dropped to 9 per 1,000 in 2001.[45]

But even for Costa Rica, all was not well in this period. First, the Cold War struggles to the north during the 1980s inevitably had their impact on the region's most democratic republic. Attempts by the Reagan administration to involve Costa Rica in the US crusade against Sandinista Nicaragua caused serious problems. During the presidencies of Rodrigo Carazo and Luís Alberto Monge, the United States operated a Contra "southern front" out of Costa Rica.[46] At the same time, it built a military airstrip and subverted Costa Rica's tradition of not having a military by pouring tens of millions of dollars into that country's "civil guard." Meanwhile, the CIA carried out dirty tricks and disseminated anti-Sandinista propaganda via segments of the Costa Rican media that it came to influence. There were even credible charges that CIA planes carrying weapons for the Contras were off-loading in Costa Rica and returning to the United States with drugs to help pay for the Contra war.[47]

All of this offended the national sensibilities of many Costa Ricans and led to the February 1986 electoral victory of Oscar Arias, who had promised to bring such affronts to his country's sovereignty to an end. Almost immediately the airstrip was shut down for fear that "it was being used by counterrevolutionaries or by drug traffickers."[48] Arias also defied the will of the United States—at the time still bent on outright military victory over its chosen enemies—by working on a comprehensive peace plan for Central America. The Esquipulas Peace Accord of August 1987 won that year's Nobel Peace Prize for Arias. Apparently annoyed by Arias's disloyalty, the United States subsequently channeled large sums of money through the National Endowment for Democracy into the conservative Costa Rican Association for the Defense of Democracy and Liberty, whose executive director, Rafael Calderón Fournier, would win the 1990 presidential election.

Though Costa Rica's Contra war–related problems would fade by the late 1980s, economic difficulties would quickly take their place. A growing government deficit and foreign debt combined with intensified pressures from international lenders would cause the country's leaders to implement neoliberal economic reforms in the late 1980s and 1990s that would threaten the relatively egalitarian nature of the country's social system. Social spending would drop in 1989 to 1992 from slightly under 22 percent to slightly under 19 percent of gross domestic product.[49] By the mid-1990s, neoliberal policies were in play as José María Figueres was downsizing the government payroll and reducing social services, selling state enterprises, lowering tariffs, raising taxes, and "reforming" Costa Rica's unique state pension system.

The PUSC and PLN continued to dominate Costa Rican politics throughout the 1990s. In 1998 PUSC candidate Miguel Angel Rodríguez defeated PLN candidate José Miguel Corrales. Voter abstention, typically 20 percent, was 30 percent in the 1998 elections. While Costa Rica had been more successful than its neighbors in offsetting the costs of adjustment, opposition to neoliberal policies and public displeasure at corruption scandals began to emerge. In fact, increasing evidence suggested that Costa Ricans' confidence in political parties and government was only marginally better (and sometimes worse) than in other Central America countries.[50]

Costa Rica's traditional two-party dominant system was challenged in the 2002 elections when a coalition dedicated to transparency, accountability, and citizen participation entered the race. The Citizen's Action Party (PAC) was founded in 2001 by Ottón Solís Fallas, formerly of the PLN and the minister of planning under Oscar Arias. The anti-neoliberal PAC platform opposed privatization of the remaining state enterprises—telecommunications, electricity, oil processing, and social security among others. Its campaign against corruption and neoliberal policies was particularly appealing to the urban middle class, which had been become poorer as a result of neoliberal policies.[51]

The PAC's presence forced a runoff in the presidential election, a first in Costa Rican history.[52] In it Abel Pacheco (PUSC) defeated Rolando Araya (PLN), 58 percent to 42 percent. The election was the first time that the PUSC held the presidency for two successive terms. As evidence of increasing public displeasure with politics as usual, the abstention rate for the second round was 39 percent. The PAC also prevented the PUSC and PLN from holding a majority in the Legislative Assembly.[53] It was the beginning of a significant shift in Central America's most stable democracy. By 2006 the dynamics of Costa Rican politics had shifted. Former president and PLN candidate Oscar Arias narrowly defeated the PAC's Solís. The PLN also won twenty-five seats in the legislature, followed by the PAC with seventeen seats. The PUSC continued its decline, displaced by the PAC. Voter turnout also continued to decline as Costa Ricans tired of politics as usual. CAFTA, which Arias supported, was at the heart of the 2006 campaign. Costa Rica was the only country to put the contentious issue to a popular vote. There was widespread concern that the agreement would increase inequality and poverty, which had increased under neoliberal policies. The agreement was so unpopular that the government feared losing the referendum. An internal government memorandum advising a "campaign of fear" to generate support for CAFTA surfaced shortly before the election. The treaty was approved 51.6 percent to 48.4 percent. Costa Rica became the last country in the region to implement the agreement in 2009. Thus even Costa Rica did not emerge from the neoliberal onslaught unscathed. While its social structures were measurably better than those of its neighbors, implementation of the neoliberal model had significant consequences for Costa Rica's political structures. Unlike other countries in the region, this dissatisfaction did not translate into an electoral victory for the left. In 2010 PLN candidate and Arias ally Laura Chinchilla won the presidential election with 45 percent of the vote, becoming the country's first woman president.

Central America in the Twenty-First Century

Clearly the previous quarter century under review brought advances as well as tragedy and problems to Central America. The insurrectionary wars, and especially the US-coordinated reaction to them, cost the lives of well over 300,000 people, mainly innocent civilians. Yet the political landscape of Central America was radically transformed. The political systems in Nicaragua, El Salvador, and Guatemala, though not perfect, were far more democratic than they were in the 1970s. Costa Rica remained resilient despite declining voter turnout and the demise of one of its dominant parties.

However, all was not well. Neoliberalism had a significant impact on the region. Increasing disparities in wealth led to rising disenchantment among the new democracies in the region and in Costa Rica as well. The social violence of peace replaced the political violence of war, contributing to increased levels of insecurity and disillusionment with the democratic process. Despite economic growth throughout the 1990s, poverty continued to plague the region and threatened the fragile peace. The 2009 coup in Honduras that removed President Zelaya from office served as a stark reminder about the serious challenges that lay ahead for the region.

Notes

1. John A. Booth, Christine J. Wade, and Thomas W. Walker, *Understanding Central America* (Boulder: Westview, 2009).

2. Washington's point of view was articulated in the Kissinger Commission report of 1984. *Report of the National Bipartisan Commission on Central America* (Washington, D.C.: Government Printing Office, 1984). While mentioning social injustice, the report stresses the communist conspiracy explanation.

3. Timothy P. Wickham-Crowley, *Guerrillas and Revolution in Latin America: A Comparative Study of Insurgents and Regimes Since 1956* (Princeton, N.J.: Princeton University Press, 1992).

4. Daniel Ortega once argued, if immodestly, that "it is the Sandinista Revolution which invented perestroika." In his first meeting with Mikhail Gorbachev in April 1985, he claims to have informed the new Soviet leader—who had not yet gone public with his reformist ideas—that Nicaragua was following a path very different from that of the Soviet Union with its command economy. To his surprise, Gorbachev responded with ap-

proval. From an Ortega interview with Pierre Hurel, "Ortega ne rend pas les armes," *Paris Match*, March 22, 1990, pp. 78–81.

5. Michael E. Conroy, "Economic Legacy and Policies: Performance and Critique," in Thomas W. Walker, ed., *Nicaragua: The First Five Years* (New York: Praeger, 1985), pp. 219–244.

6. National Bipartisan Commission on Central America, *Report of the National Bipartisan Commission*, p. 30.

7. This information was revealed by an official of the US embassy to a group of which Thomas Walker was part on June 25, 1985.

8. For a discussion of that election and citation of the pertinent British Parliament and House of Lords, Irish Parliament, Dutch government, and other observer reports, see Thomas W. Walker, *Nicaragua: Living in the Shadow of the Eagle* (Boulder: Westview, 1991), pp. 52–53; 71–72 nn. 23, 25.

9. Michael Linfield, "Human Rights," in Thomas W. Walker, ed., *Revolution and Counterrevolution in Nicaragua* (Boulder: Westview, 1996), pp. 275–294.

10. On August 2, 1979, less than two weeks after the Sandinista victory, coauthor Walker had the unusual experience of being one of three academics to deliver short presentations at a dinner seminar on Central America hosted by CIA director Admiral Stansfield Turner in his executive dining room. (By prior agreement, his presentation consisted of a sharp criticism of US policy in Central America.) Turner, who had just left a long meeting with President Carter, set the tone of the evening with his first six words: "There can be no more Nicaraguas."

11. See Thomas W. Walker, ed., *Reagan Versus the Sandinistas: The Undeclared War on Nicaragua* (Boulder: Westview, 1987).

12. Both inflation figures are from United Nations ECLAC, "Balance Preliminar de la Economía de la América Latina y el Caribe, 1990," *Notas Sobre la Economía y el Desarrollo* 500/501 (December 1990): 27.

13. This figure is from eight pages of charts on the human cost of the war provided Walker by the ministry of the presidency in January 1990.

14. William I. Robinson, *A Faustian Bargain: The US Involvement in the Nicaraguan Elections and American Foreign Policy in the Post–Cold War Era* (Boulder: Westview, 1992).

15. For coverage of this period, see Thomas W. Walker, ed., *Nicaragua Without Illusions: Regime Transition and Structural Adjustment in the 1990s* (Wilmington, Del.: Scholarly Resources, 1997).

16. Sandinista Front for National Liberation (FSLN); Liberal Constitutionalist Party (PLC)

17. In fact, that solution was openly discussed at the August 2, 1979, CIA dinner seminar mentioned in note 11.

18. Indeed, State Department official James Cheek, addressing a plenary session of the Latin American Studies Association congress in Washington on October 18, 1980, argued passionately—if unconvincingly—that Salvador's was the "real" revolution.

19. As part of the Presbyterian Task Force on Central America, coauthor Walker had the opportunity to interview both Rubén Zamora (once) and several official spokespersons of the FMLN (twice) in Managua in November 1982.

20. Benjamin C. Schwarz, *American Counterinsurgency Doctrine and El Salvador: The Frustration of Reform and the Illusion of Nation Building* (Santa Monica, Calif.: Rand Corporation, 1991), p. xii.

21. A large cache of FMLN weapons exploded in Managua in March 1993.

22. For good coverage of the implementation of the Salvadoran peace accords, see Hemisphere Initiatives, *Justice Impugned: The Salvadoran Peace Accords and the Problem of Impunity* (Cambridge, Mass.: Hemisphere Initiatives, 1993); Jack Spence and George Vickers, with Margaret Popkin, Philip Williams, and Kevin Murray, *A Negotiated Revolution: A Two Year Progress Report on the Salvadoran Peace Accords* (Cambridge, Mass.: Hemisphere Initiatives, 1994); and Jack Spence, David R. Dye, and George Vickers, with Garth David Cheff, Carol Lynne D'Arcangelis, Pablo Galarce, and Ken Ward, *El Salvador: Elections of the Century: Results, Recommendations, Analysis* (Cambridge, Mass.: Hemisphere Initiatives, 1994).

23. El Salvador Central Bank (BCR).

24. CEPAL (2001). Total poverty in 1997 was 48 percent, while rural poverty was 62 percent and urban poverty was 26 percent.

25. In 2002 remittances accounted for 10 percent of El Salvador's GDP, and were largely responsible for bolstering consumerism and managing inflation.

26. The elections for municipal and legislative seats, however, were held more than a month earlier than the presidential elections.

27. See Susanne Jonas, "Dangerous Liaisons: The US in Guatemala," *Foreign Policy* 103 (Summer 1996): 144–160.

28. For lengthy documentation, see Booth and Walker, *Understanding Central America*, pp. 224–225 n. 27.

29. Jonas, "Dangerous Liaisons," p. 147.

30. In June 2001 three members of the military were convicted in his death. The convictions, however, are on appeal.

31. On a positive note, the URNG coalition had a better than expected showing, winning 13 percent of the vote.

32. URNG candidate Rodrigo Asturias garnered less than 3 percent of the vote.

33. Washington Office on Latin America (WOLA), *The Captive State: Organized Crime and Human Rights in Latin America*, pp. 7–8.

34. Marc Lacey, "Drug Gangs use Violence to Sway Guatemala Vote," *New York Times*, August 4, 2007; Luis Solano, "Political Violence Takes a New Twist,"*Central America Report*, October 19, 2007.

35. Latin American Database, "Hardly a Dent in Guatemalan Poverty," *NotiCen*, October 4, 2007.

36. Rachel Sieder, "Honduras: The Politics of Exception and Military Reformism (1912–1978)," *Journal of Latin American Studies* 27, pt. 1 (February 1995): 99–127.

37. James D. Cockcroft, *Latin America: History, Politics, and US Policy* (Chicago: Nelson Hall, 1996), p. 191.

38. The Liberals continued to hold a majority in congress as well as mayoral posts.

39. Jeff Boyer and Aaron Pell, "Mitch in Honduras: A Disaster Waiting to Happen," *NACLA Report on the Americas*, September-October 1999, pp. 36–43.

40. Debt servicing consumed 46 percent of the annual budget, or nearly 23 percent of GDP.

41. United Nations Report of the Special Rapporteur, *Civil and Political Rights, Including the Question of Disappearances and Summary Executions* (United Nations Economic and Social Council Commission on Human Rights, 2003).

42. Ismael Moreno, "A New President and Cracks in the Two-Party Structure," *Envio*, January-February 2002, pp. 37–43.

43. "Sin condiciones para romper Constitución," *La Prensa*, March 14, 2009, www.laprensahn.com/Pa%C3%ADs/Ediciones/2009/03/15/Noticias/Sin-condiciones-para-romper-Constitucion; "Artículos pétreos no pueden reformarse ni con plebiscito ni referendo," *La Prensa*, May 26, 2009, www.laprensahn.com/Ediciones/2009/05/26/Noticias/Articulos-petreos-no-pueden-reformarse-ni-con-plebiscito-ni-referendo.

44. Proyecto Estado de la Nación, *Estado de la nacion en desarrollo humano sostenible* (San Jose, Costa Rica: Estado de la Nación, 1996), p. 4.

45. World Bank Development Report 2001.

46. Former US ambassador Lewis Tambs as quoted in Cockcroft, *Latin America*, p. 240.

47. Martha Honey, *Hostile Acts: US Policy in Costa Rica in the 1980s* (Gainesville: University of Florida Press, 1993).

48. Costa Rican minister of public safety Hernán Garrón Salazar, as quoted in Cockcroft, *Latin America*, p. 240.

49. Proyecto Estado de la Nación, *Estado de la Nación*, p. 68.

50. Amaru Barahona, "Costa Rican Democracy on the Edge," *Envio*, May 2002, pp. 22–29.

51. Ibid.

52. The PAC won 26 percent of the vote. The PUSC and PLN won 38.5 percent and 31 percent respectively.

53. The PUSC won 19 of the 57 seats, while the PLN won 17 and the PAC won 14. Two smaller parties, the PML and PRC, won 6 and 1 respectively.

Dix, Robert H. *Colombia: The Political Dimensions of Change.* New Haven: Yale University Press, 1967.
———. *The Politics of Colombia.* New York: Praeger, 1987.
Dudley, Steven. *Walking Ghosts: Murder and Guerrilla Politics in Colombia.* London: Routledge, 2004.
Fluharty, Vernon J. *The Dance of the Millions: Military Rule and Social Revolution in Colombia, 1930–1956.* Pittsburg: University of Pittsburg Press, 1957.
Galbraith, W.O. *Colombia: A General Survey,* 2nd ed. London: Oxford University Press, 1966.
Hartlyn, Jonathan. *The Politics of Coalition Rule in Colombia.* Cambridge: Cambridge University Press, 1988.
Holmes, Jennifer S., Sheila Amin Gutiérrez de Piñeres, and Kevin M. Curtin. *Guns, Drugs, and Development in Colombia.* Austin: University of Texas Press, 2009.
Holt, Pat M. *Colombia Today and Tomorrow.* New York: Praeger, 1964.
Hunter, John A. *Emerging Colombia.* Washington, D.C.: Public Affairs, 1962.
Kirk, Robin. *More Terrible Than Death: Massacres, Drugs, and America's War in Colombia.* New York: Public Affairs, 2004.
Kline, Harvey F. *Colombia: Democracy Under Assault.* Boulder: Westview, 1995.
Livingstone, Grace. *Inside Colombia: Drugs, Democracy, and War.* New Brunswick, NJ: Rutgers University Press, 2004.
Martz, John D., Jr. "Colombia: Qualified Democracy." in Martin C. Needler, ed., *Political Systems of Latin America.* Princeton: Van Nostrand, 1964.
———. *The Politics of Clientelism in Colombia: Democracy and the State.* New Brunswick, NJ: Transaction, 1996.
Molano, Alfred. *Loyal Soldiers in the Cocaine Kingdom: Tales of Drugs, Mules, and Gunmen.* Trans. James Graham. New York: Colombia University Press, 2004.
Payne, James L. *Patterns of Conflict in Colombia.* New Haven: Yale University Press, 1968.
Smith, T. Lynn. *Colombia: Social Structure and the Process of Development.* Gainesville: University of Florida Press, 1967.
Stokes, Doug. *America's Other War: Terrorizing Colombia.* London: Zed, 2005.
Tate, Winfred. *Counting the Dead: The Culture and Politics of Human Rights Activism in Colombia.* Berkeley: University of California Press, 2007.
Taussig, Michael. *Law in a Lawless Land: Diary of a Limpieza in Colombia.* New York: New Press, 2004.

Chapter 21

VENEZUELA

The Challenge to a "Model Democracy"

STEVE ELLNER

VENEZUELA WAS AN unlikely nation for the type of social and political turbulence that began during the 1990s and peaked following the election of Hugo Chávez in 1998. For years political scientists had labeled Venezuela a "showcase" or "model" democracy in large part because of its mass-based political parties, which provided organized labor and other institutions with input into decision making, thus assuring political stability. Leaders of the struggle against the dictatorship of Juan Vicente Gómez (1908–1935) founded Venezuela's largest party, Democratic Action (AD), and subsequently came to power during a short-lived democracy from 1945 to 1948. AD and the nation's second largest party, the Social Christian Party (COPEI), alternated in power several times during the modern period of democracy beginning in 1958, at a time when military coups interrupted democratic rule in the rest of Latin America. Cold War imperatives contributed to the international renown of AD and COPEI leaders, who played a leading role in Washington's efforts to banish Cuba from the community of Latin American nations shortly after Fidel Castro's rise to power.

A week of mass disturbances in February 1989 known as the Caracazo signaled the end of AD and COPEI hegemony and coincided with other abrupt and difficult changes. Controversial formulas, which included the privatization of the telecommunications and steel industries and the national airline, replaced the strategy of state intervention in the economy (known as "sowing the oil"), which had enjoyed a near consensus among major political actors after 1958. In addition, erratic international oil prices since the mid-1980s contrasted with the relative stability of the previous half century and underlined Venezuela's dependence on the export of that commodity, leading Venezuelans to question the notion that they were a privileged Third World nation.

Another rupture occurred with Chávez's presidential election. The constitution of 1999 drafted by Chávez supporters established the model of direct popular participation known as participatory democracy, in the process undermining the all-encompassing influence and privilege of political parties. In addition, Chávez's foreign policy, which was designed to promote a multipolar world, distanced

Venezuela from the US orbit more than at any moment until then. In other respects, however, Chávez's appeal to the marginalized poor who worked outside the formal economy was not completely new for Venezuela and Latin America. To a certain extent it represented a throwback to the 1930s and 1940s when radical Latin American leaders known as populists (such as Juan Domingo Perón in Argentina) promoted the incorporation of excluded sectors into their nation's social and political life.

Venezuela Prior to the Outset of the Modern Democratic Period in 1958

Colonial Venezuela's backwater setting and delayed institutional growth molded future developments, including resistance to Spanish rule in the early nineteenth century. Thus, due to Venezuela's backwardness and poverty, few Spanish women arrived to marry into the native elite. As a result the colony was characterized by high rates of miscegenation both in rural areas and towns, and soon virtually all colonists were of mixed blood. Furthermore, the weak presence of Spanish authorities gave rise to widespread contraband, which in turn cemented ties with Spain's traditional adversary England and eventually generated interest in free trade. At the same time it facilitated contact with republican ideas, which also contributed to the wars for independence. Spain's neglect of Venezuela in the sixteenth and seventeenth centuries helped convert town councils (known as *cabildos*), controlled by the local elite but responsive to all citizens, into centers of decision making. Attempts by eighteenth-century Spanish Bourbon kings to centralize power enhanced Caracas's position at the expense of the *cabildos* and created discontent. The relative weakness of Spanish authority in the colony goes a long way in explaining why an army led by Venezuela's Simón Bolívar not only liberated his nation from Spanish rule but went on to win independence in Colombia, Ecuador, Peru, and Bolivia.

Traditional historiography portrayed the period between the death of Bolívar in 1830 and that of Gómez in 1935 as a lost century devoid of meaningful change, characterized by ongoing clashes among caudillos (strongmen) lacking in scruples and programs. Such a simplistic thesis, which is still accepted by many Venezuelans, belies the popular and democratic banners of the struggles and certain changes that occurred during those hundred years. A dynamic view of history would recognize the long-term importance of mobilization around radical social and political slogans, and their influence on popular consciousness, even though most of those demands were neither well defined nor achieved at the time.

As a result of the Federal War between 1859 and 1863, the Liberal Party, which appealed to nonprivileged sectors, gained power from the Conservatives, who had previously dominated politics. When the Liberal leaders landed at the port city of Coro marking the beginning of the war, they proclaimed the abolition of both the death penalty and imprisonment for debt, as well as religious liberty, direct elections, and equality before law. Their arrival at Coro sparked uprisings in several places, including the San Carlos prison in Maracaibo. The Liberal rallying cry "Federation" lacked a precise definition, but for the lower classes it signified a call for liberty, equality, and distribution of land. To raise money for the war effort, the most radical Liberal, General Ezequiel Zamora, decreed a 5 percent tax on the possessions of wealthy Venezuelans. Zamora, however, was killed in battle, possibly on orders from fellow Liberals.

Eventually the rival Liberal leader Antonio Guzmán Blanco gained control and ruled Venezuela between 1870 and 1888. Guzmán Blanco was notoriously corrupt and abandoned the Liberals' democratic commitments. Nevertheless, in his first year in power he decreed obligatory primary education, and subsequently the number of public schools increased nearly tenfold. At the same time, he curtailed the prerogatives of the Catholic Church, a bulwark of the oligarchy, by establishing a civil registry and giving the state a monopoly on legally recognized marriages. Guzmán Blanco also established a mechanism known as the *situado* for distributing a fixed percentage of the federal budget to the states. The *situado* placated the regional caudillos by compensating for the central government's jurisdiction over customs and mineral wealth and the elimination of internal tariffs. Venezuelan historian Germán Carrera Damas has argued that the Liberals in power embraced a "national project" consisting of incipient state centralization and policies that favored the "advanced" enterprising sectors of the elite over the traditional oligarchy.

The next important political change occurred in 1899 when a makeshift army from the state of Táchira led by Cipriano Castro (who governed from 1899 to 1908) and Juan Vicente Gómez (1908–1935) took control of Caracas. Their war cry, "New Men, New Ideals, New Methods," proved deceptive as Castro ruled as a dictator and Gómez as a ruthless one. Nevertheless, Castro, who even before the invasion had embraced a nationalist rhetoric in opposition to British territorial claims, displayed courage in facing up to powerful national and foreign interests that were themselves linked. He put down an uprising known as the Revolución Libertadora in 1902–1903 supported by US and European investors who were irked by Castro's stiff requirements toward foreign capital. During the conflict the rebels hailed the blockade of British, Italian, and German ships sent to force the Venezuelan government to meet its debt obligations. Castro reacted by appealing to national unity and even had a leading political adversary, José Manuel Hernández, released from jail. Hernández called on Venezuelans to put aside differences to face the foreign invaders. Although Castro requested US help in settling the dispute, Washington ended up aiding his ex-comrade in arms, Gómez, in staging a successful coup in 1908.[1]

In promoting centralism and building national institutions, Castro and Gómez continued where Guzmán Blanco left off. Most importantly, Castro created a standing national army while Gómez promoted its professionalization and centralized its command. As a result, the Venezuelan government was able to rein in regional caudillos and avoid a repetition of the Revolución Libertadora uprising.

Oil revenue under Gómez facilitated state building and the formation of a well-equipped standing army. In the early 1920s, Venezuela began to export significant quantities of oil and by the end of the decade had become the largest international supplier. Venezuela's status as a single-product exporter was maintained as the production of coffee and cacao, the nation's main cash crop during the previous century, declined precipitously in the 1920s. The state bureaucracy and programs fed by oil revenue produced opportunities for a burgeoning middle class and working class, which went on to form the social base of democratic political movements that challenged the Gómez dictatorship.

The year 1936 began the modern period of Venezuelan history. Even though President Eleazar López Contreras (1936–1941) and Isaías Medina Angarita (1941–1945) were former Gómez military officers and were called *gomecistas* by their adversaries, they promoted gradual democratization, including legalization of political parties and labor unions, freedom of expression, and electoral reforms. Equally important, both presidents contributed to the institution building and centralism that began with Guzmán Blanco. Thus, for instance, López passed the Social Security Law in 1940 while Medina implemented it by creating the Venezuelan Social Security Institute (IVSS) in 1944.

The October 1945 coup that initiated the *trienio* period of AD rule between 1945 and 1948 deepened the steps toward reform, modernization, and democracy of the previous ten years. An example of gradual change was the *trienio* government's policy of 50-50—for every dollar of oil company profits, the state received at least one dollar in revenue. Although AD called the policy "revolutionary," President Medina had established the 50-50 arrangement as a guiding principle in his Law of Hydrocarbons of 1943 (but in practice the calculation of taxes on oil profits during the next two years fell short of that goal). In some aspects, the *trienio* represented a qualitative change in favor of democracy and modernization. Most importantly, politics was characterized by popular mobilization and participation, including the proliferation of labor organizations, in contrast to the more elitist, restrictive political system operating up until then. Another novelty was the government's strategy of assigning a significant portion of the national budget to the Venezuelan Development Corporation (CVF) in order to grant credit and subsidies to national enterprises.

The military rule under General Marcos Pérez Jiménez between 1948 and 1958 also combined elements of rupture with continuity. By outlawing AD, the Communist Party, and hundreds of labor unions and holding a notoriously rigged election (for a constituent assembly) in 1952 and plebiscite in 1957, the dictatorship broke the "constitutional thread" dating back to 1936. It also halted the *trienio* government's policy of subsidizing national enterprises to promote economic development. Nevertheless, in carrying out ambitious development plans in the industrial Guayana region, including the creation of the state-owned steel company SIDOR, the government rejected laissez-faire (or state nonintervention) economics, thus adhering to general policy dating back to 1936.

The Modern Democratic Period: The Stable Years, 1958–1988

Following the overthrow of Pérez Jiménez as a result of popular mobilization and a broad alliance including political parties, dissident officers, and representatives of the Catholic Church hierarchy, Venezuelan politics evolved into a two-party system based on AD and COPEI. For the first three presidential elections, AD's Rómulo Betancourt (in 1958), AD's Raúl Leoni (in 1963), and COPEI's Rafael Caldera (in 1968) ran in an open field of candidates and were elected with less than 50 percent of the vote. In 1961 the diverse parties converged to draft a national constitution, which remained in effect for nearly forty years.

Pro-establishment AD and COPEI emerged as the dominant parties due in part to a fatal decision by the Venezuelan left, inspired by the Cuban revolution, to participate in guerrilla warfare. The political tensions that led the left to take up arms were partly the product of economic difficulties stemming from the international competition posed by emerging Middle Eastern oil producers. During Leoni's presidency, the pro-guerrilla Communist Party put forward the slogan "Democratic Peace" in order to negotiate its way back into legal life. Upon taking office, President Caldera granted amnesty to the Communists and subsequently to the insurgent Movement of the Revolutionary Left (MIR).

The guerrilla defeat was testimony to the attractiveness of the model of state intervention in the economy embraced by AD and COPEI as an alternative to the socialist system of exclusive state ownership defended by the left. Thus AD and COPEI governments actively promoted economic development and attempted to fulfill social objectives. While Venezuela was basically capitalist, the constitution of 1961 reserved "basic industry" for the state, although it failed to formulate a precise definition of the term. Along these lines, the Betancourt administration expanded the plans for Guayana formulated under the Pérez Jiménez dictatorship by creating the Venezuelan Corporation of Guayana (CVG) in order to run the steel and hydroelectric power industries of the region. In addition, Betancourt created the Venezuelan Petroleum Corporation (CVP), although he stressed its more limited objective of gauging private oil company profits for tax purposes over the more ambitious objective of competing on the international market. Throughout the period, the nation's main labor confederation, the AD-controlled Confederation of Venezuelan Workers (CTV), put forward specific proposals to enhance the central government's role in the economy and in doing so championed the interventionist model even more than the governing parties did. Nevertheless, the limitation of the reformist thrust of these governments was demonstrated by the Agrarian Reform Law passed in 1960, which distributed publicly owned land and property confiscated from Pérez Jiménez's closest followers, but not from large landholders.

The 1974 election of Carlos Andrés Pérez as president initiated a new period in which the combined presidential vote of AD and COPEI approximated 90 percent of the voting population. Pérez's full-fledged application of the interventionist model in the form of ambitious social and economic programs was made possible by a windfall in oil revenue beginning in his first year in office. Pérez nationalized the iron and oil industries (in 1975 and 1976), increased state ownership of the aluminum industry, and invested vast sums of money in the expansion of the state steel company SIDOR.[2] Shortly after he left office, Pérez claimed that the state takeover of private companies under his administration formed part of a strategy of "evolutionary socialism."

Sharply rising international oil prices provided President Pérez and his successor, COPEI's Luís Herrera Campins (1979–1984), with a golden opportunity to promote national development. The subsequent economic contraction and deteriorating social conditions throughout the 1980s served as a reminder that the development strategy of previous decades had failed to produce the expected results. Neoliberal thinking, which minimizes the role of the state, attributed the stagnation to the inherent shortcomings of the interventionist strategy.

Other explanations for the economic shortcomings of the democratic period focus on certain priorities and practices. In the first place, the interventionist policies of the Venezuelan government were biased in favor of social as opposed to developmental objectives (a tendency that has led some political scientists to call Pérez and other presidents of the period "populists"). Thus, for example, the need to create job opportunities overshadowed the goal of increasing productivity and consequently generated artificial employment. In the second place, in spite of Venezuela's image as a showcase democracy, the widespread corruption and patronage practiced by the dominant parties were responsible for the state's low levels of productivity, particularly in telecommunications, steel, aluminum, and airlines companies that were subsequently slated for private takeover. Indeed, there is evidence that the deteriorating conditions in state-run industries in the 1980s were partially induced in order to pave the way for privatization. In the third place, the post-1958 governments generally failed to prioritize the goal of severing dependence on foreign capital and promoting technology and sophisticated products such as capital goods. Finally, even though the nation was awash in hard currency as a result of oil price hikes, the Pérez and Herrera Campins administrations greatly increased the foreign debt, thus limiting budgetary options for many years to come. Political scientist Terry Lynn Karl points out that the magnitude of such indebtedness in a time of prosperity had parallels only with Spain in the sixteenth century.

The Deepening Political Crisis, 1989–1998

Critics of Venezuelan democracy have pointed to two distinct dates signaling the changes that inflicted the most damage on the nation and its political system. President Chávez and his supporters claim that the democratic system was flawed from the outset in 1958 due to the central role assigned to political parties and the key decisions that were reached by a political elite far removed from the general population. Such a view ignores the popular will in favor of the electoral democracy that replaced the Pérez Jiménez dictatorship. In addition, the politics of state intervention in the economy that was a hallmark of the post-1958 regime, for all its shortcomings, promoted economic development and diversification.

A second view pinpoints 1989 as the date when the economic policies implemented under the second presidency of President Carlos Andrés Pérez (1989–1993), coupled with an extended period of relatively low oil prices, aggravated social inequality and sparked social unrest. Over the next ten years, the number of marginalized poor lacking steady work in the formal economy grew steadily, reaching nearly 60 percent of the population. As a result, leading actors such as Carlos Andrés Pérez and other politicians and AD, COPEI, and pro-establishment political parties lost credibility. Pérez's shock treatment—sudden application of neoliberal reforms—included deregulation of exchange rates (which led to the devaluation of the local currency), retail prices, and interest rates. Like Pérez in 1988,

Rafael Caldera in 1993 won the presidential elections on a platform that defended the interventionist model, only to implement neoliberal formulas in his third year in office on terms negotiated with the International Monetary Fund (IMF). In his last two years as president, Caldera signed legislation modifying the system of worker severance payments and privatizing social security along the lines that President Pérez had proposed in 1989 but then had dropped due to lack of sufficient support. Both measures were widely perceived as tinkering with long-standing worker benefits that protected them in difficult circumstances. The CTV (along with business and state representatives) formed part of a presidentially created tripartite commission that drafted the legislation, and in doing so abandoned its traditional insistence on leaving both systems intact. Electoral abstention, which had increased moderately in the 1980s, rose dramatically in the 1990s as a result of widespread disillusionment with the nation's major political parties.

Undoubtedly the most important neoliberal policy promoted by the Pérez and Caldera administrations was the Oil Opening, which deepened the policy of insulating the oil industry from government interference and popular pressure. The new approach allowed private capital to become majority shareholders in joint ventures with the state oil company PDVSA. Much, but not all, of the Oil Opening took in nonconventional, heavy oil and oil wells with reduced productive capacity, which required considerable capital and advanced technology. Nearly all the companies that associated with PDVSA under the terms of the Oil Opening were multinationals. Critics of oil policy feared that the Oil Opening formed part of a PDVSA strategy to bring about the total privatization of the oil industry, thus undoing the nationalization of 1976. They also warned that the sharp increase in Venezuela's productive capacity as a result of the Oil Opening weakened OPEC in that it disregarded the organization's policy of limiting supply in order to increase prices. Indeed, some PDVSA executives considered OPEC's system of production quotas contrary to Venezuelan interests in exploiting its immense reserves, and virtually favored Venezuela's withdrawal from the organization.

The reaction against Pérez's neoliberal reforms was immediate and at times violent. A week of nationwide disturbances known as the Caracazo broke out on February 27, 1989, just minutes after transportation price hikes went into effect. A wave of organized protests and spontaneous street actions encompassed Pérez's four years in office. On February 4, 1992, an abortive coup was staged by middle-level army officers led by Hugo Chávez, and ten months later a second and bloodier revolt was spearheaded by senior officers, including air force and navy ones. The following year Pérez was impeached, ostensibly on accusations of misuse of public funds, but undoubtedly his removal was related to the widespread discontent generated by his economic policies. Subsequently the series of protests subsided, in large part because of President Caldera's more sagacious approach. Not only did Caldera follow a policy of protracted implementation of neoliberal formulas, but he created the tripartite commission and forged a tacit alliance with AD that brought key actors into the decision-making process.

The presidential election of 1998 confirmed the popular repudiation of the political establishment. Chávez with 56 percent of the vote and Henrique Salas Römer with 40 percent both blamed the major parties, and the coterie that ran them, for the nation's woes. In his antiparty rhetoric, Chávez, as an ex-rebel who had tried to overthrow an AD government, outdid Salas Römer, who formerly belonged to COPEI and received an eleventh-hour endorsement from AD and COPEI. Chávez's popularity rose during the nearly two-year presidential campaign at the same time that he subordinated or modified radical positions such as nonpayment of the foreign debt and emphasized political objectives. His main campaign banner was the convocation of a constituent assembly in order to replace "representative democracy," which was underpinned by political parties, with "participatory democracy" consisting of direct popular input.

The Chavez Presidency

In elections held in July 1999, voters gave Chávez's party, the Fifth Republic Movement (MRV), absolute control of the National Constitutional Assembly. A national referendum in December of the same year approved the document by 71 percent of the votes. The framers of the new constitution rejected the model embodied by those who drafted the constitution of 1961 that privileged political parties. Instead, the new constitution established mechanisms for the direct participation of civil society and citizens as a whole in decision making. For instance, while a majority of the members of the national electoral commission in the decades following 1958 had belonged to political parties, the 1999 constitution stipulated that they all had to be independents, and assigned civil organizations a major role in selecting them. The 1999 constitution also allowed for recall elections of elected officials and referendums on policy and legislation.

In his bid for the presidency in 1998, Chávez received campaign contributions from various powerful economic groups as well as political moderates such as the Movement toward Socialism (MAS) party. Chávez, however, did not hide his intentions of going beyond an initial political stage to a more radical one highlighted by socioeconomic changes at a future date, although the moderates and business representatives who backed him may have underestimated his resolve. In 2001 Chávez radicalized his discourse and simultaneously passed forty-nine controversial laws. This legislation included an agrarian reform that forced owners of unproductive land to accept a state plan for cultivation or face expropriation, the Organic Law of Hydrocarbons, which assigned the state majority control of mixed oil ventures, and another law that undid the privatization of the social security system enacted under Caldera. According to an executive decree of February 4, 2002, committees established in slum areas that undertook surveys could distribute deeds to longtime residents who had settled the land illegally.

The opposition—AD, COPEI, MAS, the CTV, the business organization FEDECAMARAS, and the communications media in general—accused Chávez of moving in an authoritarian direction. The opposition pointed out that the new constitution strengthened the executive at the expense of the congress, which, for example, lost the right to veto proposed promotions of military officers to higher ranks. Opposition leaders added that President Chávez's domination over the various branches of government violated the system of checks and balances.

The opposition-sponsored indefinite general strike in April 2002 led to a coup that in turn set off mass mobilizations of slum dwellers in defense of Chávez, paving the way for his return within forty-eight hours. During those two days, FEDECAMARAS president Pedro Carmona assumed the presidency and proceeded to abolish congress and other elected institutions. The US and Spanish ambassadors met with Carmona while the governments of both nations issued statements in support for the new regime, unlike the official positions pronounced in the rest of the hemisphere; the International Monetary Fund also offered to assist Venezuela. The Carmona government announced its intention to revoke the commercial agreement supplying Cuba with oil.[3] A second effort to oust Chávez occurred in December of the same year with a ten-week general strike. Given FEDECAMARAS's leading role in the strike, it was difficult to determine whether the shutdown was supported by the workers or was (as the Chavistas claimed) a management-decreed lockout.

Until 2004, the Chavista government was on the defensive. Two attempts to topple Chávez in 2002 almost succeeded and the recall election two years later threatened to vote him out of office. These opposition offensives limited Chávez's options. Nevertheless, the government's economic program during these years refrained from implementing plans inherited from the previous administration of Rafael Caldera to privatize such sectors as aluminum, petroleum, and the social security system, and thus can be characterized as anti-neoliberal.

Further radicalization had to await the consolidation of the Chávez government and the weakening and demoralization of the opposition. Electoral triumphs opened a window of opportunities for Chávez, specifically his victory in the recall election in August 2004 with 58 percent of the vote and the municipal-gubernatorial contests two months later, when the Chavistas took all the governorships except Zulia and Nueva Esparta. Chávez went on to win the presidential elections in December 2006 with 63 percent of the vote and seventeen of twenty-two governorships and 80 percent of the mayoral positions in the elections of 2008.

In 2005 the government redefined the rights of private property by insisting that the private sector was responsible to fulfill certain basic national objectives. The government broke up various agricultural estates in accordance with the Lands Law of 2001, which required agricultural producers to maintain production levels at 80 percent of capacity or more. At the same time, the government, in keeping with its policy on company closings, nationalized a paper factory that had shut down several years before, and in the following months did the same with several other medium-size firms.

On the social front, the government allocated large sums of money to provide free educational and health services and job opportunities and to undertake public works projects mainly to the benefit of underprivileged sectors. The government promoted the creation of tens of thousands of cooperatives by providing them with generous amounts of credit, lenient terms of payment, contracts from state companies, and tax-exempt status. The majority of cooperatives consist of not many more than five members (the minimum number required by law), taking in mostly members of the same extended family. A law passed in 2006 encouraged the creation of 20,000 community councils representing 200 to 400 families, which approve priority projects in assemblies. The councils plan, administer, and finance public works and housing construction in the community and represent a radical break with the past, when these activities were undertaken by local government. In addition, school "missions" consist of literacy and educational programs in the barrios that, in the case of the pre-university levels, use video cassettes, many of them made in Cuba. Another mission program involves about 20,000 Cuban doctors in poor areas who provide health service and medicine free of charge. Both missions have met resistance from the political opposition, even though the anti-Chavista parties recognize their relative success. In the case of the health mission, for example, physicians in regular hospitals often oblige patients remitted by Cuban doctors to start from scratch by repeating exams and medical consultations.

On the economic front, the government embraced state control of strategic industries, a banner that was first raised in the 1930s and then abandoned in the 1990s. Shortly after being reelected in December 2006, Chávez announced the state takeover of companies that had been privatized during the previous decade. The Venezuelan government bought the controlling shares of the telephone company CANTV (from Verizon) and the electrical utility Electricidad de Caracas (from AES Corporation). In addition, the government assumed greater control over the oil industry. Foreign interests were forced to accept the Venezuelan state's 60 percent ownership of the mixed companies established in the petroleum industry during the neoliberal period of the 1990s, and their employees were transferred to the payroll of the state oil company PDVSA. In 2007 the government took control of the steel company SIDOR (which had been privatized in 1997) and three foreign-owned cement companies, followed by one of the nation's largest banks, the Spanish-owned Banco de Venezuela.

The nationalization of strategic sectors of the economy was designed to promote national development and social objectives, including a more humane treatment of the workforce, goals that overshadowed profit making. Indeed, the newly nationalized companies boasted of accomplishments along these lines. In the first place, the companies took steps to incorporate workers employed by contractor firms into their own workforce, thus fulfilling a long-standing labor union demand. The oil company PDVSA took over several scores of contractor companies, particularly in the area of transportation and gas injection, and committed itself to absorbing all continuous operations in the industry. By 2009 its workforce reached 80,000, double that of 2002. In the second place, both SIDOR and the state-owned cement company began to emphasize satisfying national demand as opposed to export sales.

Prior to 2007, the opposition parties suffered a series of electoral defeats. Refusing to recognize the legitimacy of the Chávez government, they boycotted the National Assembly elections in 2006, thus forfeiting representation at the congressional level. In addition, their unsuccessful efforts to topple the government led to the erosion of confidence in the opposition-led Venezuelan Workers Confederation (CTV), which was replaced by the pro-Chávez National Workers Union (UNT) as the nation's largest worker organization. In response to this development, in 2005 the International Labour Organization (ILO) removed the CTV from its governing council. The opposition modified its tactics by participating in the 2006 presidential elections with the candidacy of the ex-AD leader Manuel Rosales, who went on to recognize Chávez's triumph. In 2007 the opposition managed to defeat Chávez's constitutional reform proposal that was submitted to a national referendum, though by only 1 percent of the vote. In early 2009 Rosales, who was mayor of Maracaibo, sought asylum in Peru, claiming that he was a victim of political persecution. At the same time Antonio Ledezma, the principal mayor of Caracas, who was also a former AD leader, objected to the government's encroachment on his authority in the areas of health, education, and security and appealed to world public opinion to help block Chávez's alleged dictatorial plans. One of the main challenges facing the opposition was the definition of programs and ideology. Over a ten-year period, opposition leaders had sacrificed programmatic clarity in favor of maintaining unity in their effort to oust Chávez, which eclipsed all other objectives and activities.

US-Venezuelan Relations Under Chávez

The radicalization of Chávez's government during his first five years in office was accompanied by deteriorating relations with Washington. During the 1998 presidential campaign, Chávez avoided criticizing the United States, even though the Clinton administration denied his request for a visa to address the international business community in New York. John Maisto, the US ambassador in Caracas under Clinton, set the tone for the strained tolerance that characterized relations during Chávez's first two years in office. Maisto argued that in spite of Chávez's leftist discourse, the United States should avoid open confrontations with his government. The ambassador pointed out that Chávez was elected by a large majority of votes, and that Venezuela continued to supply oil and make payments on its foreign debt. The most important source of friction at the outset was Chávez's refusal to allow US surveillance planes to pursue drug smugglers from neighboring Colombia into Venezuelan space.

Diverse positions assumed by Chávez aggravated relations between the two nations, particularly after George W. Bush assumed the US presidency in 2001. Most importantly, Chávez played a leadership role in OPEC, a position facilitated by the fact that Venezuela was the only non-Muslim member of the organization and thus exempt from internal feuds with religious implications. Chávez's efforts to promote OPEC unity led him to travel to each member nation and personally invite heads of states to OPEC's second summit meeting held in Caracas in September 2000. Subsequently Washington rebuked Chávez for meeting with Iraq's Saddam Hussein and Libya's Muammar Qaddafi.

Chávez's rhetoric favoring a multipolar world with various centers of power, such as the European Union, the Latin American bloc of nations, and OPEC, implicitly (and eventually explicitly) questioned the legitimacy of US hegemony. Other stands and actions that annoyed Washington included Chávez's close ties with Cuba, as reflected by the sale of oil at discounts and the presence of a large mission of Cuban doctors in Venezuela; his vocal opposition to the Free Trade Area of the Americas (FTAA) promoted by Bush; Venezuelan criticism of Plan Colombia to combat the drug trade and guerrilla movement in that nation; and Chávez's decision to order a US military delegation to vacate the Venezuelan army's Caracas headquarters on grounds that such an arrangement was no longer necessary in the aftermath of the Cold War.

Relations with the United States worsened after the September 11, 2001, attacks, when the Bush administration explicitly ruled out a middle ground between Washington's allies and enemies. Although Chávez condemned the attacks, he also criticized the US bombing of Afghanistan. Shortly thereafter, secretary of state Colin Powell accused Chávez of failing to be fully supportive in the war against terrorism. The National Endowment of Democracy (NED) funneled money through conduits to opposition organizations, including political parties, NGOs, and the staunchly antigovernment Confederation of Workers of Venezuela. The NGO Venezuelan Solidarity Network claimed that the NED had allocated $800,000 to Venezuelan organizations in 2002 and 2003. The NED web page included the names of over a dozen Venezuelan recipients of the foundation's grants, some of which were in the anti-Chávez camp.

The White House at first attributed the April 11, 2002, coup to Chávez's errors. On April 12, the Bush administration's Otto Reich, who had met with opposition leaders including coup head Pedro Carmona numerous times in the months prior to April 11, summoned Latin American ambassadors to his office. Reich assured them that the coup would not endanger democracy throughout the region. Nevertheless, as soon as the OAS condemned the coup and internal resistance to it began to mount, the United States adopted a more neutral stand. In the aftermath of the coup relations assumed a lower profile until the general strike in December of that year, which set off an escalation of hostile rhetoric between the two nations. President Chávez for the first time used the term "imperialism" and denounced Washington for its close ties to the opposition. Washington, for its part, distinguished the nationalistic governments in Argentina and Brazil from the more leftist Venezuelan government, and questioned Chávez's democratic credentials.

In subsequent years, President Chávez pursued an activist foreign policy on diverse fronts. Within OPEC, Venezuela abandoned the moderate conciliatory position it had defended since the organization's founding in 1960 and assumed a hard line in favor of oil production reductions and price hikes. At OPEC meetings, minister of energy and petroleum Rafael Ramírez urged member nations to follow Venezuela's example by asserting greater state control over the oil industry as a step to shore up prices. At the continental level President Chávez played a decisive role in defeating the US-sponsored Free Trade Area of the Americas (FTAA) at the Fourth Summit of the Americas held in Mar del Plata, Argentina, in 2005. As an alternative, Venezuela and Cuba founded in 2004 the Bolivarian Alliance for the People of our America (ALBA), which committed itself to priority treatment for national companies and worker cooperatives and the retention of workers' historical gains and respect for existing legislation.

Chávez's scathing denunciations of the foreign policy of the Bush administration were at first replaced with a more friendly tone toward President Obama that led to a warm, well-publicized encounter between the two heads of state at the Fifth Summit of the Americas in Trinidad in April 2009. Nevertheless, the clash between Chávez's hard-line and anti-imperialist rhetoric, on the one hand, and Washington's objectives in the region, on the other, was predictable. Chávez was instrumental in persuading the OAS to condemn the coup staged in Honduras in June 2009 that overthrew his ally Manuel Zelaya; at the same time he criticized Washington for not cutting off economic ties with the de facto regime, a position which the deposed Honduran leader subsequently began to express. Shortly thereafter, Venezuela characterized the US decision to establish several military bases in neighboring Colombia as an act of hostility.

Conclusion

The founding and preservation of democracy in Venezuela after 1958 represented a major achievement for the nation, but the system also had serious defects and limitations. Modern democratic rule contrasted favorably with the previous century and a half of caudillos and military dictatorships following independence. Venezuelan democracy also stood in contrast to the rest of Latin America in the 1960s through the 1980s, which was largely subject to military governments. Furthermore, Venezuelan democracy after 1958 established a model of active state intervention in the economy, which promoted industrial diversification for the internal market, thus substituting many consumer products that were previously imported. On the downside, corruption, the patronage system, and electoral manipulation at all levels became a standard feature of life. In addition, the governments of the period took but timid steps to break dependence on foreign technology and capital.

The difficulties that Venezuela faced in the 1990s clearly demonstrated that it was not a "privileged" Third World nation, as many had thought. Thus Venezuela's two dominant political parties lost considerable prestige as a multiparty system replaced the prevailing two-party system. In addition, two military coup attempts occurred against the backdrop of intense social unrest. Finally, government economic policy failed to relieve the stagnation that characterized the nation's economy since the early 1980s. Developments along these lines forced many Venezuelans, including political analysts, to reconsider their view that Venezuela was a showcase for democracy due to its social and political stability. Most importantly, Venezuela's dependence on petroleum pegged the performance of the nation's economy to fluctuating world oil prices, thus accounting for the economic instability that translated into political instability. These concerns and criticisms provide the backdrop for understanding Hugo Chávez's rise to power and his impressive electoral successes over a ten-year period.

Notes

1. Gómez's more lenient policy toward foreign investors became evident at the outset of his rule when he eliminated the fines imposed on the New York and Bermudez Company for supporting the 1902–1903 rebellion.
2. The terms of nationalization generated controversy. Shortly after nationalization in 1976, a pro-leftist magazine published secret technological and commercialization contracts signed between the state oil company (PDVSA) and Exxon, Shell, and Gulf, which had dominated the Venezuelan petroleum industry for half a century. PDVSA executives defended the contracts as ensuring a smooth transition to state control. At the same time they rejected public debate on grounds that the issues involved were technical matters that nonspecialists could not easily grasp. They also feared that excessive government interference would undermine long-term planning based on technical criteria.
3. The documentary *The Revolution Will Not Be Televised,* produced by two Irish filmmakers sympathetic to Chávez, captures the events of the day of the coup. See, Rod Stoneman, *Chávez: The Revolution Will Not Be Televised: A Case Study of Politics and the Media* (London: Wallflower).

SUGGESTED READINGS

Buxton, Julia. *The Failure of Political Reform in Venezuela*. Aldershot, UK: Ashgate, 2001.
Coppedge, Michael. *Strong Parties and Lame Ducks: Presidential Patriarchy and Factionalism in Venezuela*. Stanford: Stanford University Press, 1994.
Coronil, Fernando. *The Magical State: Nature, Money, and Modernity in Venezuela*. Chicago: University of Chicago Press, 1997.
Ellner, Steve. *Organized Labor in Venezuela: Behavior and Concerns in a Democratic Setting*. Wilmington, DE: Scholarly Resources, 1993.
———. *Rethinking Venezuelan Politics: Class, Conflict, and the Chávez Phenomenon*. Boulder: Lynne Rienner, 2008.
———. "The Perennial Debate over Socialist Goals Played Out in Venezuela." *Science and Society*, January 2010, 63–84.
Ellner, Steve, and Miguel Tinker Salas, eds. *Venezuela: Hugo Chávez and the Decline of an "Exceptional Democracy."* Lanham, MD: Rowman & Littlefield, 2007.
Ewell, Judith. *Venezuela: A Century of Change*. Stanford: Stanford University Press, 1984.
———. *Venezuela and the United States: From Monroe's Hemisphere to Petroleum's Empire*. Athens: University of Georgia Press, 1996.
Friedman, Elisabeth J. *Unfinished Transitions: Women and the Gendered Development of Democracy in Venezuela, 1936–1996*. University Park: Pennsylvania State University Press, 2000.
Jones, Bart. *Hugo! The Hugo Chávez Story: From Mud Hut to Perpetual Revolution*. Hanover, NH: Steerforth, 2007.
Karl, Terry Lynn. *The Paradox of Plenty: Oil Booms and Petro-States*. Berkeley: University of California Press, 1977.
Kozloff, Nikolas. *Hugo Chávez: Oil, Politics, and the Challenge to the United States*. New York: Palgrave Macmillan, 2006.
Lombardi, John. *Venezuela: The Search for Order, the Dream of Progress*. New York: Oxford University Press, 1982.
McCaughan, Michael. *The Battle of Venezuela*. London: Latin American Bureau, 2004.
McCoy, Jennifer L., and David J. Myers, eds. *The Unraveling of Representative Democracy in Venezuela*. Baltimore: Johns Hopkins University Press, 2004.
McCoy, Jennifer, Andrés Serbin, William C. Smith, and Andrés Stambouli, eds. *Venezuelan Democracy Under Stress*. New Brunswick, NJ: Transaction, 1995.
Tinker Salas, Miguel. *The Enduring Legacy: Oil Culture and Society in Venezuela*. Durham, NC: Duke University Press, 2009.
Wilpert, Gregory. *Changing Venezuela by Taking Power: The History and Policies of the Chávez Government*. London: Verso, 2007.
Wright, Winthrop R. *Café Con Leche: Race, Class, and National Image in Venezuela*. Austin: University of Texas Press, 1990.
Yarrington, Doug. *A Coffee Frontier: Land, Society, and Politics in Duaca, Venezuela, 1830–1936*. Pittsburgh: University of Pittsburgh Press, 1997.

Chapter 22

ECUADOR

Political Turmoil, Social Mobilization, and a Turn Toward the Left

PABLO ANDRADE A. AND LIISA L. NORTH

IN NOVEMBER 2006, Ecuadoreans chose a president, Rafael Correa, who embodied the regional turn toward a new left politics aimed at reversing the market friendly neoliberalism that had prevailed since the early 1980s. In the following two years, Correa won four more elections by resounding majorities. In April 2007, 82 percent of the electorate voted for his proposal to rewrite the constitution; five months later, in September, the president's political vehicle, Alianza País, won 80 of the 130 seats in the new Constitutional Assembly; in September 2008, the new constitution was approved by 64 percent of all votes cast; and in April 2009, he won an absolute majority in the first round of the presidential elections held under the terms of the new constitution. But the margin of victory was narrower than before and his alliance failed to garner a majority in the legislature. Correa's victories reflected both voter disgust and hope: disgust with the existing party system that was blamed for the social decay, political instability, corruption, and economic crises of the neoliberal years, and hope in the realization of Correa's promised *revolución ciudadana* (citizen revolution) and the payment of what the president called the "social debt" by a revitalized state.

The two decades prior to Correa's first election were marked by increasing social inequality and poverty, rising debt service costs, the dismantling of state capacity, and economic decline and instability that fed migration out of the country, estimated to have reached 1 million people, or 8 percent of the population during the 1990s.[1] Remittances from the migrants rather than income earned at home provided for the needs of increasing numbers of Ecuadoreans. Real GDP per capita at the time of Correa's first election in 2006 remained below its 1980 level (International Crisis Group 2007, 28). These dismal social and economic conditions were cause and consequence of political turmoil. The first four presidents during the period of transition from military rule (see Table 22.1) finished their constitutionally mandated terms in office, but the party system, which appeared to be consolidating during the early