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# Protest and Democracy in Latin America's Market Era

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## Abstract

Existing studies hold that Latin America's market turn has had a demobilizing effect on collective political activity despite the presence of democracy. However, recent work has documented the revival of protest in the region, emphasizing the repoliticization of collective actors in the wake of economic liberalization, especially when democracy is present. This article expands the theoretical scope of the repoliticization perspective, providing the most comprehensive test of the demobilization and repoliticization hypotheses to date. Using time-series data from seventeen Latin American countries, the article confirms the repoliticization view by showing that protest increases with economic liberalization in democratic settings.

## Keywords

democracy, economic liberalization, Latin America, mobilization, repoliticization

In recent years, several Latin American countries have experienced a generalized rise in various forms of collective political activity. In some cases, these mobilizations have been effective in rolling back unpopular economic policies. In other cases, waves of street protests have forced embattled popularly elected presidents to leave office early. Seen as the new poor, indigenous groups in Ecuador and Bolivia, the unemployed in Argentina, and rural villagers in Peru, among other examples, have been the most important social forces in opposition to the continuation of economic liberalization policies. These popular resistance events suggest that collective actors in Latin America are highly responsive to changes in economic policy and that political democracy has provided a favorable environment to oppose these policies. Indeed, the most recent wave of economic liberalization has also paralleled an unprecedented period of democratization and redemocratization (Hagopian and Mainwaring 2005), suggesting that political democracy has played a bigger role in influencing collective responses to economic liberalization than commonly acknowledged.

Yet the revival of protest in the region is at odds with the literature on the societal consequences of economic reform, which emphasizes the demobilizing effects of economic liberalization policies (Kurtz 2004; Wolff 2007; Oxhorn 2009). Simply stated, the demobilization literature expects a “generalized pattern of decline in mobilization” (Kurtz 2004, 289) as market reforms move forward and does not expect democracy to revitalize collective actors. Given the contradictions between widely

publicized protest events and existing studies, this article reexamines the effects of economic liberalization on collective political activity. The central question is, do economic reforms in the context of democracy demobilize collective actors, as the demobilization literature holds, or do they have a repoliticizing effect, as recent protest events suggest?

Understanding the interrelationship between economic liberalization and democracy is a core question in comparative politics in Latin America and beyond, as existing research has sought to understand the ways these parallel phenomena contradict or complement each other (Haggard and Kaufman 1995). The demobilization literature tells us that economic liberalization and democracy have been on a “collision course” over the past two decades and that political democracy has taken the brunt of this “train wreck,” while the forces of economic liberalization continue forward. The implication here is that democracy remains in form only, making little difference to the popular forces affected by economic liberalization. In contrast, the repoliticization literature portrays political democracy as a “firewall,” which can help contest or modify economic liberalization policies, through either

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the ballot box or extraparliamentary protest activity. The implication in this case is that democracy shapes societal responses to economic liberalization. Therefore, it is theoretically and substantively important to know whether and how political democracy has influenced societal responses to economic liberalization.

This article advances the current debate in two ways. First, the article expands the theoretical scope of the repoliticization perspective by drawing on an established literature on contentious politics. This literature informs us that grievances increase the willingness of collective actors to mobilize, while democracy creates a favorable environment (or opportunity) for societal responses. Several scholars have characterized the expansion of Latin American democracy as the broadest and most durable in the history of the region (Remmer 1995; Hagopian and Mainwaring 2005), even while the quality of political representation remains incomplete. Seen in this light, democratic politics—however imperfect—ought to encourage collective political activity, not render it obsolete (Goldstone 2004, 361). Second, the article provides a cross-national test of the competing views where existing research has remained primarily at the case study level. Although recent case studies appear to support the repoliticization perspective, others provide evidence of demobilization, raising questions about whether either perspective is generalizable beyond a few specific cases. While we applaud the insights of these case studies and highlight their contribution to the literature on the political consequences of market reform, the general pattern of collective responses to economic liberalization remains unknown.

Using cross-sectional time-series data from seventeen Latin American countries for the 1970–2003 period, this article tests the effects of economic liberalization and democracy on collective protests. The results provide confirming evidence for the repoliticization perspective by showing that collective protest increases in response to economic liberalization in the context of democracy and semidemocracy. These findings remain robust across several dichotomous, trichotomous, and graded measures of democracy as well as a host of theoretical and temporal control variables.

### **The Current Debate: Demobilization or Repoliticization?**

The relationship among economic policies, political democracy, and collective political activity has been the subject of inquiry by several well-known Latin American scholars (Collier 1979; O'Donnell 1973). O'Donnell (1973) argued that economic crises resulting from the exhaustion of import substitution industrialization policies, and the economic reforms pursued to resolve them, ushered in an

explosion of popular mobilization and class conflict that made bureaucratic authoritarianism an attractive option for powerful segments of society. According to this classic literature then, the primary threat to democracy was the hypermobilization of collective actors in response to economic reform. Other work pointed out that democracies, with their emphasis on elections and political rights, enhanced the disruptive capacity of social forces (Huntington 1968). In many ways, the revival of protest in the region mirrors the popular conflicts of this classic literature, yet the preoccupation with stability and order that characterized those studies has been relaxed. Increasingly, as Cleary (2006, 41) puts it, “protest politics, including strikes, demonstrations, and roadblocks . . . are seen as a legitimate form of civil disobedience within a democratic system, rather than a direct challenge to the system itself.”

The recent literature on the societal consequences of economic liberalization advances two competing views on the linkage between economic reforms, democracy and protest. The demobilization literature emphasizes the disorganizing effects of economic liberalization and does not expect democracy to revitalize collective actors. Recently, however, the demobilization perspective has been challenged by several studies documenting the resurgence of social protest in the region. These repoliticization studies seek to explain how in some cases collective actors adapt to market reforms and how in other cases new actors and forms of collective activity have emerged in response to economic liberalization.

### **The Demobilization Literature**

The demobilization literature dwells on the consequences of economic crises and their often far-reaching and swift promarket resolution (Kurtz 2004; Wolff 2007; Oxhorn 2009). Increased poverty and inequality, higher levels of unemployment, and lower standards of living, among other economic conditions, are said to hurt the collective capacity of popular subjects and produce anomie, disorder, and societal disorganization (Zermeño 1990). In turn, these outcomes jeopardize the organizational bases of representative institutions and organizations, especially political parties and labor unions (Roberts 2002). Given that these economic conditions have arguably not changed much in recent years (Huber and Solt 2004), the demobilization perspective cannot easily explain the revival of social protest across the region. Quite the opposite, this literature forecasts greater levels of demobilization as a consequence of deeper economic liberalization. As Oxhorn (2009, 223) recently concluded, the economic insecurities produced by market reforms “generate political apathy as people’s efforts are devoted to

participating in the market, and they have less time to become politically active.”

According to the demobilization perspective, the threat to democracy can also be traced to the roots of the reform process. In several Latin American countries, market reforms were executed in a top-down fashion with little input from legislative bodies or a broad cross-section of society. Because the onset of economic liberalization policies destabilized democratic processes, the demobilization literature does not generally perceive democracy as promoting a favorable context to address the grievances caused by economic reforms, especially at later stages of economic liberalization. Market policies, in the view of this literature, erode the quality of democracy in the region, producing a type of procedural democracy dubbed as “low-intensity.” Summing up the relationship among economic liberalization, democracy, and protest, demobilization scholars conclude that the “intrinsic weakness” of popular subjects caused by economic liberalization “helps explain the ‘surprising vitality’ of Latin American democracy in the face of overwhelming economic constraints” (Wolff 2007, 28).

In Chile and Mexico, for instance, studies have shown how economic liberalization left poor and rural segments of society disconnected from the activities of the state and without the economic or political resources needed to organize effectively against market reforms, even after democracy had taken hold (Holzner 2007; Kurtz 2004). Other studies document a decline in collective activity in Peru, including significant crackdowns on dissent, when Alberto Fujimori launched economic liberalization policies in the 1990s (Silva 2009, 244). In all of these cases economic reforms succeeded in reducing the state apparatus to a shadow of its former self, rendering it an unworthy target for protests. Consistent with the demobilization view, in each of these cases economic liberalization created significant collective action problems and reduced incentives for large segments of the population to engage in collective political activity.

## The Repoliticization Literature

Challenging the demobilization view, an emerging case study literature has documented the repoliticization of collective actors in the market era, most notably when democracy is present. This literature identifies three broad patterns of resistance to economic liberalization in Latin America. First, traditional class-based actors have continued to mobilize against market policies. Second, new actors have emerged to challenge economic liberalization policies. Finally, economic liberalization has provoked a number of geographically territorialized protests that have had significant political consequences at

the national level. Collectively, these responses speak to the changing nature of antigovernment mobilization against economic liberalization policies in the context of democracy.

Recent case studies indicate that traditional class-based actors have continued to mobilize in the aftermath of economic liberalization, despite being the hardest hit by market reforms. The bulk of these studies have centered on Argentina, where labor-mobilizing forces remain strong. Etchemendy and Collier (2007, 364) document a resurgence in labor organizing that has allowed unions to go on “the offensive,” using strikes to re-regulate labor markets. Garay (2007, 302) argues that unemployed and informal workers have been at the forefront of Argentina’s recent wave of protest, citing the emergence of massive nationwide federations of unemployed workers that have “produced fundamental effects on public policy, popular-sector interest intermediation, and partisan politics.” Murillo and Ronconi (2004) show that Argentine teachers unions increasingly used strikes to improve public sector working conditions after the implementation of structural reforms in 1989, sometimes producing spillover effects in other sectors. “Indeed, a teachers’ strike caused by unpaid salaries started the so-called ‘Santiagazo’ of 1993, which became the first urban riot of Argentina in the 1990s” (Murillo and Ronconi 2004, 78).

Other case studies have drawn attention to the paradoxical effect of economic liberalization to simultaneously debilitate certain types of popular resistance while activating others, viewing the demise of traditional popular organizations as a “precondition for the emergence of more productive forms of politicization” (Peruzzotti 2001, 141). Van Cott (2003) and Yashar (2007) argue that both economic liberalization and democratization created openings on the left side of the political spectrum, enabling indigenous actors to emerge on the national political landscape. In Ecuador, for example, indigenous mobilizations led by the Confederación de Nacionalidades Indígenas del Ecuador (Confederation of Indigenous Nationalities of Ecuador) have been successful in extracting concessions from multinational oil companies and reversing agrarian reform policies. Indigenous resistance also forced three popularly elected presidents to resign from office early and helped to redraft a new constitution that included an indigenous understanding of citizenship. As in Ecuador, the rise of indigenous movements and parties highlights how market reforms in the context of democracy present powerful mobilizing grievances that have contributed to the emergence of new political actors in Latin America.

Finally, a number of recent case studies have shown that societal responses to economic liberalization—while geographically territorialized—can sometimes have explosive national repercussions. Starting with the “IMF riots”

(Walton and Seddon 1994) that gripped the region during the 1980s, there have been several major protest events that have drawn international media attention and have had important political ramifications. In the popular revolt known as the *Sacudón* or *Caracazo* in 1989 in Caracas, Venezuela, for instance, market reforms provoked violent urban rioting followed by a heavy handed use of military force that killed four hundred or more civilians (López-Maya 2003). Similarly, the food riots in Santiago del Estero (the so-called *Santiagazo* mentioned earlier) in Argentina, where the buildings that housed the three branches of the provincial government were set on fire, were perhaps a preview of the *cacerolazos* (demonstrations), roadblocks, and other acts of collective resistance that have surfaced in the country over the past few years. In Bolivia, both the “water war” of Cochabamba in 2000 and the “gas war” of La Paz in 2003 rejected the country’s economic liberalization model and its exclusionary governing practices (Kohl and Farthing 2006). Another example is the antiprivatization revolt in Arequipa, Peru, in mid-2002, which derailed the government’s privatization program and forced then-president Alejandro Toledo to reshuffle his cabinet (Arce 2008).

The existence of large-scale popular mobilizations is perhaps the strongest evidence against the view that market reforms have had a demobilizing effect on societal actors, as these events have joined together numerous civil society groups, including indigenous peoples, students, women’s organizations, workers, neighborhood associations, religious groups, and sectors of the middle class. Together, these events highlight the extent to which collective actors in Latin America are both inclined to and capable of mounting a sustained resistance to market reforms. They also go to show that political democracy has provided a favorable environment to modify or oppose economic liberalization policies as all of these events took place in the context of democracy. To better understand how democracy has shaped societal responses to economic liberalization, the next section expands the theoretical scope of the repoliticization perspective by drawing on an established literature on contentious politics.

## Elaborating the Repoliticization Argument

Following the literature on contentious politics, we argue that grievances—as those generated by economic liberalization—create a strong will for collective activity, while democracy creates a favorable environment or opportunity for collective responses. First, numerous studies have shown that grievances motivate societal actors to engage in collective political activity (Finkel and Muller 1998). Moreover, other scholars of contentious

politics have long cited “the strategic framing of injustice and grievances,” as “templates for collective action” that can be used to mobilize diverse actors for a common cause (Zald 1996, 261). We posit that economic liberalization has provided a strong strategic framing opportunity for the resolution of collective action problems across a diverse range of social actors, which in turn has made sustained popular mobilization possible. As Roberts (2008, 330) recently noted, “market reform left unmet social needs or heightened economic insecurities that provided a basis for the collective articulation of political grievances.” Economic liberalization thus produced a “master frame” (Roberts 2008, 341) for the mobilization of popular subjects.

Second, as several scholars have argued, the presence of democracy enhances the opportunity for collective political activity. Compared to autocracies, democracies foster collective mobilization by relaxing repression, encouraging associational life, and opening channels of popular participation (Johnston and Almeida 2006). In this sense, democracies shape societal responses to grievances by creating “political opportunity structures” that facilitate or hinder collective mobilization (Tarrow 1998), and by and large, democratic settings “guarantee a more open political opportunity structure than their opposites” (Tilly and Tarrow 2007, 66). Other literature portrays democracies as “movement societies” (Meyer and Tarrow 1998), where political protest is accepted and even encouraged as a “normal part of politics” (Goldstone 2004, 348). In autocracies, on the other hand, where political and civil rights are restricted, collective mobilizations tend to be the exception rather than the rule, as protests in these settings are “likely to invite quick (and often violent) repression” (Cook 1996, 40).

To be clear, we have conceptualized democracies as presenting favorable opportunity structures for protest. However, the comparative contentious literature provides a more extensive and precise understanding of political opportunity structures beyond regime type; some studies, in fact, have dwelled on the features of political opportunities that vary within democracies (Kitschelt 1986; Kriesi et al. 1992).<sup>1</sup> Although some of this conceptual richness is lost in our focus on how political opportunities vary across regime types, many scholars share our primary intuition that the political opportunity for protest is generally higher in democracies than in autocracies (Almeida 2009, 307; Przeworski et al. 2000, 192-93). Conceptually then, we share with Goldstone (2004, 349) and others the view that regime type is a core component of the political opportunity for collective mobilization.

In sum, we do not dispute the demobilization view that economic liberalization imposes severe material hardships on popular sectors—such as lower wages, employment

insecurity, higher prices, cuts in social programs, and regressive land reform, among other examples. However, following the literature on contentious politics, we expect these grievances associated with economic liberalization to mobilize collective political actors, especially when the opportunity for mobilization is high, as in the context of democracy. By fueling widespread discontent and other dislocations, we posit that economic liberalization policies have helped to solve the collective action problems associated with large-scale mobilizations, prompting large pockets of previously unmobilized citizens to take to the streets. Seeking to untangle the broader pattern of collective responses to economic liberalization, the next section provides a cross-national test of the demobilization and repoliticization hypotheses.

## Data and Method

We examine the effects of economic liberalization and democracy on collective political activity using cross-sectional time-series data from seventeen Latin American countries between 1970 and 2003.<sup>2</sup> Our sample captures the full process of economic liberalization across the region, as some countries began to liberalize in the 1970s (e.g., Chile), while others did not implement market reforms until the mid-1990s (e.g., Brazil). In addition, by including enough post-reform years to let economic liberalization run its course, we can confidently assess the societal consequences of market reforms. Finally, our sample encapsulates the full wave of democratization that began in Latin America in 1978, allowing us to adequately assess the effects of regime type as well. To date, no other existing research on this topic includes such an expansive time period.

Our primary dependent variable is *COLLECTIVE PROTEST*, which consists of event counts representing the annual number of politically motivated antigovernment demonstrations, riots, and strikes.<sup>3</sup> Following Przeworski et al. (2000), we aggregate these three protest indicators in an effort to determine the overall trend of societal mobilization in the region, as our hypotheses require.<sup>4</sup> Conceptually, *COLLECTIVE PROTEST* captures what demobilization scholars have referred to as the “generalized pattern of decline in mobilization,” as a result of economic liberalization (Kurtz 2004, 269), as well as the revival of protest as presented by several repoliticization studies, which refer to both old and new actors and multiple forms of collective action. Similar to Przeworski et al. (2000), these protest indicators come from Banks (2005).<sup>5</sup>

The Banks data have several advantages that are not available in other datasets. First, the Banks dataset provides a consistent operational definition of protest with broad empirical coverage across time and countries.

Second, the Banks measures are standardized, ensuring the comparability of our data across countries and time as well as enabling our findings to be compared with those of existing research (e.g., Arce and Bellinger 2007; Kurtz 2004; Przeworski et al. 2000). Last, the Banks data capture only major protest events that draw international media attention, which are precisely the type of events that affect national political outcomes and are thus a suitable proxy for collective political activity more generally.

Our key explanatory variables are economic liberalization, democracy, and their interactive effect on *COLLECTIVE PROTEST*. *ECONOMIC LIBERALIZATION* is from the widely used economic reform index constructed by Morley, Machado, and Pettinato (1999; updated to 2003). The economic reform index is a continuous measure that ranges from 0 to 1, where 1 represents the highest levels of economic liberalization.<sup>6</sup> Our *ECONOMIC LIBERALIZATION* variable is calculated as the change in the economic reform index from year to year ( $\text{reform index}_t - \text{reform index}_{t-1}$ ) and can take on values from -1 to 1. We constructed *ECONOMIC LIBERALIZATION* as a change variable because the contending literatures suggest that societal forces respond to *changes* in economic policy, as in those IMF riots (Walton and Seddon 1994), rather than overall *levels* of economic liberalization. The existing literature focuses on the societal effects of economic *reforms*, not the level of economic liberalization generally. In our view, economic *reform* implies a change variable.

We use several dichotomous, trichotomous, and graded measures of democracy. Theoretically, we expect that collective actors will be more responsive to economic liberalization in democracies than in autocracies, suggesting that a categorical measure of regime type is appropriate. However, given that a number of regimes in our sample fall somewhere in between democracy and autocracy, a trichotomous regime type measure is more fitting (Mainwaring, Brinks, and Pérez-Liñán 2001). The regime type indicators include (1) Freedom House, (2) Mainwaring, Brinks, and Pérez-Liñán (2001), (3) the Polity IV Project (Marshall and Jaggers 2000), and (4) Cheibub, Gandhi, and Vreeland (2010). Freedom House classifies regimes as “free,” “partly free,” and “not free” using the average of their civil liberties and political rights indices, which range from 1 to 7, with higher values indicating *less* freedom. Regimes that have an average rating 2.5 or below are considered free (hereafter, *DEMOCRACY*), regimes with an average rating in the 3 to 5 range are considered partly free (hereafter, *SEMIDEMOCRACY*), and regimes rated 5.5 or higher are considered not free (hereafter, *AUTOCRACY*).

Mainwaring, Brinks, and Pérez-Liñán (2001) classify as a *DEMOCRACY* any regime where the government was elected in free and fair elections, civil liberties are protected, suffrage extends to most of the adult population,

and there is no encroachment of government power by nonelected actors, such as the military. If any of these four attributes are compromised, the regime is classified as a SEMIDEMOCRACY; and if any of these four attributes are missing altogether, the regime is classified as an AUTOCRACY.

The Polity IV index scores regimes on a -10 to 10 scale, with 10 being the most liberal (for a description of the data, see Marshall and Jaggers 2000). Following Epstein et al. (2006) we construct a trichotomous measure where DEMOCRACY takes on the value of 1 for country years scored 8 or higher on the Polity index, and 0 otherwise. SEMIDEMOCRACY takes on the value of 1 for country years that range between 1 and 7, and 0 otherwise. AUTOCRACY takes on the value of 1 for country years scored 0 or lower, and 0 otherwise. Finally, Cheibub, Gandhi, and Vreeland (2010) extend the dichotomous measure of democracy presented in Przeworski et al. (2000), classifying a country as democratic (which take on the value of 1) if the chief executive and the legislature are elected in contested races with more than one party, and 0 otherwise.

There is considerable overlap between our categorical measures of regime type, as the Freedom House indicators are correlated with the Mainwaring, Brinks, and Pérez-Liñán (2001) and the Polity IV indicators at .8 and .7 respectively and the latter two measures are correlated at .9. The Cheibub, Gandhi, and Vreeland (2010) measure is correlated with the other three measures at .6, .8, and .7, respectively. Freedom House arguably provides the closest match to our conceptualization of political opportunity, as it emphasizes the civil liberties that ensure a favorable environment for collective political activity. In contrast, the other measures of democracy tend to focus on elections, and while elections are often used as a proxy for political opportunity, they do not guarantee political openness to the same extent that liberties do. Where appropriate then, we tend to emphasize the models utilizing the Freedom House measures.

Because our foremost theoretical concern is the interactive effect of economic liberalization and democracy on protest, we include the interaction terms ECONOMIC LIBERALIZATION  $\times$  DEMOCRACY and ECONOMIC LIBERALIZATION  $\times$  SEMIDEMOCRACY. If repoliticization is taking place in the manner that we have theorized, both of these interaction terms should have a positive and significant effect on COLLECTIVE PROTEST. Following standard practice using dummy variables, we include DEMOCRACY and SEMIDEMOCRACY indicators in our primary analyses (Table 1), leaving the excluded indicator of AUTOCRACY as the reference category.

## Control Variables

We include a number of theoretically driven control variables that previous research has shown to be important.

The demobilization and repoliticization literatures both imply that economic conditions affect protest. Three salient controls help us to assess the effect of economic conditions. GDP PER CAPITA<sub>*t-1*</sub> is a proxy for wealth and is measured yearly for each country as the natural log of gross domestic product per capita in constant 2000 dollars. One can generally assume that as people get richer, they become politically risk averse and avoid explicit conflicts. GDP GROWTH<sub>*t-1*</sub> is a short-term indicator of economic performance calculated as the annual percentage change in gross domestic product. INFLATION<sub>*t-1*</sub> is also an indicator of short-term economic performance, measured as the natural log of the consumer price index. We expect that protest will rise during economic hard times, as in periods with a high inflation and poor economic growth. Each variable is lagged one year and comes from World Bank (2007).

To be sure that our results are driven by domestic-level market reforms rather than the global economic forces they unleash on popular subjects, we include two common controls for globalization: trade and foreign direct investment. TRADE<sub>*t-1*</sub> is the share of imports plus exports as a percentage of GDP, and FDI<sub>*t-1*</sub> measures the annual net inflows of foreign investment as a percentage of GDP. We expect both measures to fuel higher levels of protest as collective actors respond to globalization.<sup>7</sup> Each variable is lagged one year and comes from World Bank (2007).

Existing research has also found that larger populations provide a greater opportunity for collective action (Inclán 2008). Because larger populations may be more protest prone, we include the variable POPULATION, which is the natural log of total population from World Bank (2007). The existing literature on market reforms and collective political activity has also focused on the levels of economic liberalization (Arce and Bellinger 2007; Kurtz 2004), thus, we include the LEVEL OF ECONOMIC LIBERALIZATION as the unaltered economic reform index from Morley, Machado, and Pettinato (1999; updated to 2003) to be sure that the results are not driven by countries at any specific level of economic liberalization.

Finally, we include two protest controls to account for the potential spatial-temporal dependence of protest activity. Tarrow (1998), among others, argues that protests follow a cyclical pattern in which waves of protest spread rapidly across regions and then recede in the same manner. To control for the spatial dependence of protest activity we include the variable LEVEL OF REGIONAL PROTEST, the mean level of protest throughout the sample in a given year. To control for the temporal dependence of protest activity, we include the lagged dependent variable COLLECTIVE PROTEST<sub>*t-1*</sub>.

We proceed by estimating an unconditional, fixed effects, negative binomial event count model. Event count models

**Table 1.** Economic Liberalization and Protest Using Categorical Measures of Democracy

|   | Model 1             | Model 2             | Model 3             | Model 4             |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Freedom House       | Mainwaring et al.   | Polity IV           | Cheibub et al.      |
| ECONOMIC LIBERALIZATION                 | -10.13***<br>(3.94) | -8.625**<br>(3.52)  | -7.641**<br>(3.66)  | -8.883***<br>(3.17) |
| DEMOCRACY                               | 0.118<br>(0.34)     | -0.200<br>(0.25)    | -0.422<br>(0.28)    | -0.157<br>(0.22)    |
| ECONOMIC LIBERALIZATION × DEMOCRACY     | 12.53***<br>(4.40)  | 10.63***<br>(3.98)  | 7.405*<br>(4.26)    | 10.23***<br>(3.67)  |
| SEMIDEMOCRACY                           | 0.358<br>(0.33)     | -0.110<br>(0.22)    | -0.073<br>(0.24)    |                     |
| ECONOMIC LIBERALIZATION × SEMIDEMOCRACY | 7.396**<br>(3.63)   | 7.882*<br>(4.13)    | 9.564**<br>(4.05)   |                     |
| GDP GROWTH <sub>t-1</sub>               | 0.002<br>(0.019)    | 0.01<br>(0.018)     | -0.001<br>(0.018)   | -0.001<br>(0.018)   |
| GDP PER CAPITA <sub>t-1</sub>           | -0.619<br>(0.76)    | -1.130*<br>(0.67)   | -0.497<br>(0.74)    | -0.711<br>(0.72)    |
| INFLATION <sub>t-1</sub>                | -0.013<br>(0.032)   | -0.038<br>(0.032)   | -0.035<br>(0.033)   | -0.021<br>(0.031)   |
| TRADE <sub>t-1</sub>                    | 0.009<br>(0.007)    | 0.014**<br>(0.007)  | 0.01<br>(0.008)     | 0.01<br>(0.008)     |
| FDI <sub>t-1</sub>                      | -0.059<br>(0.055)   | -0.063<br>(0.060)   | -0.073<br>(0.055)   | -0.064<br>(0.052)   |
| POPULATION                              | 1.385<br>(1.17)     | 2.259*<br>(1.21)    | 1.698<br>(1.17)     | 1.712<br>(1.17)     |
| LEVEL OF ECONOMIC LIBERALIZATION        | -1.223<br>(1.29)    | -2.249**<br>(1.00)  | -1.108<br>(1.18)    | -1.315<br>(1.22)    |
| LEVEL OF REGIONAL PROTEST               | 0.496***<br>(0.075) | 0.545***<br>(0.061) | 0.483***<br>(0.075) | 0.488***<br>(0.077) |
| COLLECTIVE PROTEST <sub>t-1</sub>       | 0.106***<br>(0.028) | 0.09***<br>(0.023)  | 0.097***<br>(0.025) | 0.102***<br>(0.025) |
| COUNTRY DUMMIES                         | Yes                 | Yes                 | Yes                 | Yes                 |
| CONSTANT                                | -17.87<br>(16.7)    | -27.46<br>(18.7)    | -23.98<br>(18.6)    | -22.29<br>(17.6)    |
| OBSERVATIONS                            | 528                 | 510                 | 543                 | 543                 |
| LOG LIKELIHOOD                          | -879.6              | -844.4              | -896.1              | -897.4              |
| $\alpha$                                | 0.815***            | 0.746***            | 0.798***            | 0.816***            |

Robust standard errors clustered by country are in parentheses. All models are unconditional fixed effects negative binomial regressions. See text for details on the construction of democracy indicators.

\* $p < .1$ . \*\* $p < .05$ . \*\*\* $p < .01$ .

use maximum likelihood estimation to assess the probability of event occurrences. As event counts always take on nonnegative integer values, the distribution of events is skewed and discrete, producing errors that are not normally distributed or homoskedastic (Long 1997). In addition, overdispersion and goodness-of-fit tests indicated that a negative binomial model is the best method of estimation for our data.<sup>8</sup> We estimate an unconditional fixed effects version of the negative binomial model to account for unobserved (or unobservable) unit heterogeneity in the data.<sup>9</sup> Simply put, we need to control for all of the idiosyncratic factors that may make a particular country more or less protest prone. We accomplish this by including a set

of country dummy variables in the regression model—one for each country in the sample, minus one.<sup>10</sup> Because we are concerned about the nonindependence of observations within countries over time, we present the models below with robust standard errors clustered by country.

## Empirical Results

Models 1 through 4 in Table 1 assess the effects of economic liberalization and regime type on COLLECTIVE PROTEST, using the categorical measures of democracy from Freedom House; Mainwaring, Brinks, and Pérez-Liñán (2001); Polity IV; and Cheibub, Gandhi, and Vreeland (2010), respectively.



Consistent with the repoliticization perspective, the interaction terms—*ECONOMIC LIBERALIZATION* × *DEMOCRACY* and *ECONOMIC LIBERALIZATION* × *SEMIDEMOCRACY*—are positive and significant across all four models. These findings are in line with our theoretical argument that economic liberalization yields grievances that motivate collective political activity and democracy, in turn, enhances the opportunity for collective responses.<sup>11</sup>

Because we are primarily concerned with how collective actors respond to economic liberalization in varying political contexts, the interpretation of the interaction terms and their constituent parts requires further analysis. The constituent terms of an interaction variable capture the conditional effect of a given variable when the other variable is set to zero. The negative and significant coefficients for *ECONOMIC LIBERALIZATION* suggest that market reforms reduce *COLLECTIVE PROTEST* in the context of autocracy (when *DEMOCRACY* and *SEMIDEMOCRACY* are jointly zero), confirming our expectation that autocracies do not provide favorable opportunities for protest. The insignificant coefficients for *DEMOCRACY* and *SEMIDEMOCRACY* capture the conditional effect of regime type in the absence of *ECONOMIC LIBERALIZATION*, indicating that protest does not vary by regime in the absence of mobilizing grievances such as those produced by market reforms. To understand how societal actors respond to all possible combinations of regime type and economic liberalization, we must explore the interaction terms in greater detail.

Unpacking the interaction terms from Table 1, Figure 1 plots the conditional coefficients of all regime type measures at varying degrees of *ECONOMIC LIBERALIZATION*. The solid lines represent the conditional coefficients, while the dotted and dashed lines represent 90 percent confidence intervals. Providing clear evidence of repoliticization in democratic contexts, the coefficients for *DEMOCRACY* and *SEMIDEMOCRACY* grow larger, more positive, and statistically significant when *ECONOMIC LIBERALIZATION* increases. Conversely, the conditional coefficients for *DEMOCRACY* and *SEMIDEMOCRACY* become negative and more statistically significant when market reforms are rolled back. These findings confirm our expectation that collective actors are highly responsive to economic reforms.

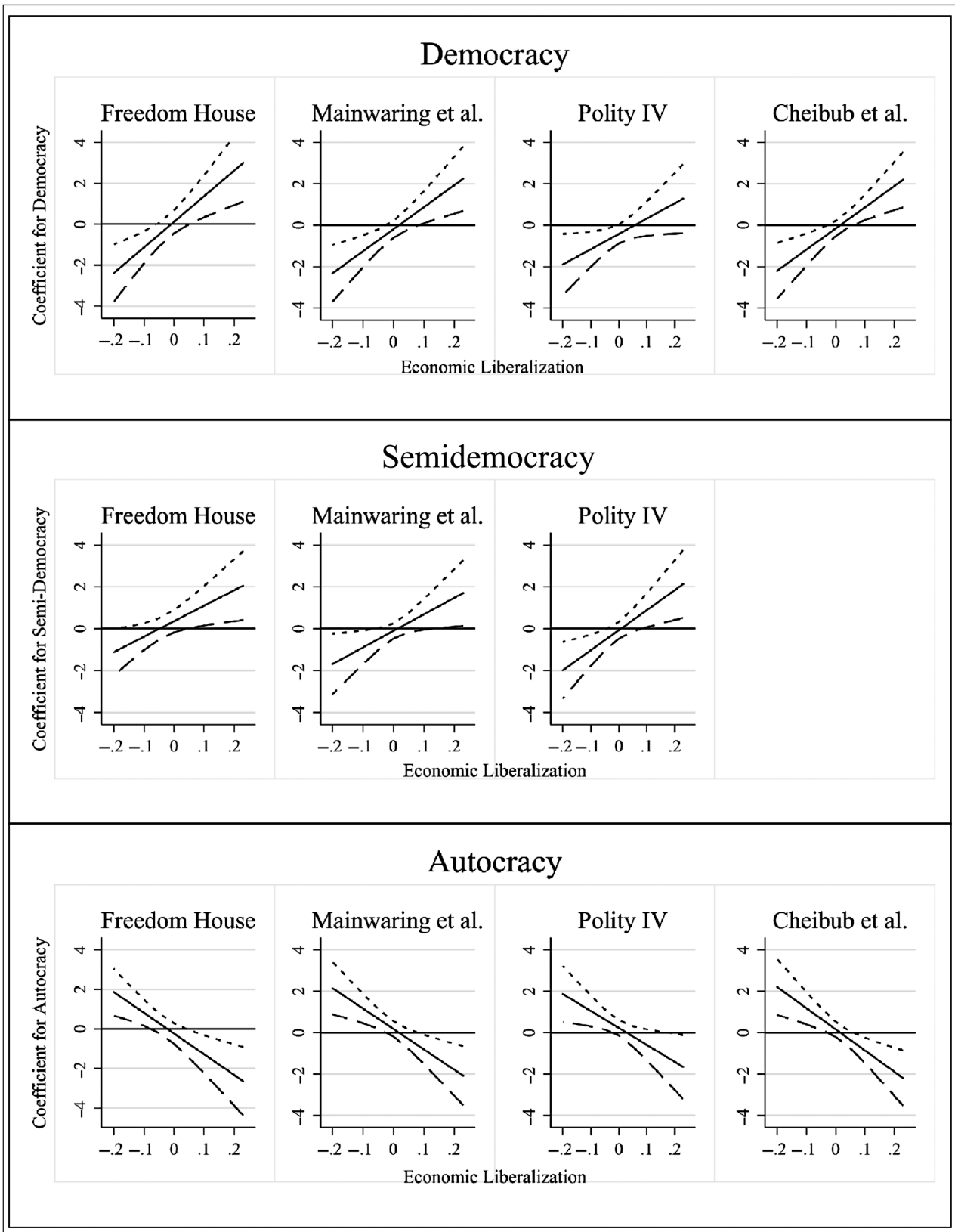
Figure 1 also reveals that the repoliticizing effects of market reforms are widespread across Latin America. Using the conditional coefficients from Figure 1, we calculated that the effect of *ECONOMIC LIBERALIZATION* is statistically significant for 30 percent of the sample on average across models 1 through 4, an effect that all seventeen countries experience for an average of almost ten years per country during the sample period. For example, Ecuador's democracy experienced five protests in 1992, when its economic reform index increased by 0.16; Argentina's

democracy experienced eight protests in 1990, when its economic reform index increased by 0.08; and Venezuela's democracy experienced eight protests in 1991, when its economic reform index increased by 0.05. In each of these cases, the annual rate of *ECONOMIC LIBERALIZATION* is large enough to register a positive and significant effect on *COLLECTIVE PROTEST* according to model 1.

Turning to the substantive effect of our interaction variables, Table 2 presents the predicted annual number of collective protests derived by exponentiating the conditional coefficients plotted in Figure 1. These counts show that protest activity increases considerably as *ECONOMIC LIBERALIZATION* moves from minimum (−0.17) to maximum (0.22) in democracies and semidemocracies, holding all other variables constant at their mean. In these regimes, the number of protests nearly doubles when *ECONOMIC LIBERALIZATION* moves from −1 to +1 standard deviation and nearly triples when *ECONOMIC LIBERALIZATION* moves from −2 to +2 standard deviations across the regime measures. Freedom House democracies experience a 46 percent increase in protest when *ECONOMIC LIBERALIZATION* increases from the mean to +1 standard deviation (as all seventeen countries in the sample experience) and a 108 percent increase when *ECONOMIC LIBERALIZATION* increases from the mean to +2 standard deviations (as fourteen countries in the sample experience).

Up to this point, we have primarily focused on the effect of economic liberalization within the context of democracy and semidemocracy, where market reforms have clearly produced societal responses consistent with the repoliticization perspective. Turning to autocracies, the evidence shows that *COLLECTIVE PROTEST* drops significantly in the aftermath of market reforms in the context of autocracies, as indicated by the conditional coefficient plots in Figure 1 and the predicted number of annual protests in Table 2. While this finding is consistent with the demobilization perspective, the finding is also consistent with our theory that autocracies provide fewer opportunities for collective political activity and suggests that these opportunities are restricted further as market reforms move forward. We speculate that as autocracies enter the open market they place a higher premium on political stability to attract foreign capital, resulting in less tolerance and more repression for protests that may pose investment risks. Thus, the reduction of political opportunities in autocracies, rather than the disorganizing effects of economic liberalization, better explains the demobilization of collective actors in Latin American autocracies.

With regard to the theoretical control variables, the results show that economic factors alone are not strong predictors of collective political activity as none of the economic controls have a robust relationship with *COLLECTIVE PROTEST*. Controls for the spatial and temporal



**Figure 1.** Conditional coefficient plots for regime type  
 Solid lines are conditional coefficients for regime type across the sample range of economic liberalization. Dotted and dashed lines are 90 percent confidence intervals. The coefficients are statistically significant when the confidence intervals do not include zero (when the dotted and dashed lines are on the same side of the x-axis).

**Table 2.** Economic Liberalization and the Predicted Number of Protests Across Regime Types

|                      | Economic liberalization |       |       |     |       |       |      |
|----------------------|-------------------------|-------|-------|-----|-------|-------|------|
|                      | Min                     | -2 SD | -1 SD | M   | +1 SD | +2 SD | Max  |
| <b>Democracy</b>     |                         |       |       |     |       |       |      |
| Freedom House        | 0.2                     | 1.1   | 1.6   | 2.4 | 3.5   | 5     | 33   |
| Mainwaring et al.    | 0.2                     | 0.9   | 1.2   | 1.7 | 2.3   | 3.2   | 15.7 |
| Polity IV            | 0.3                     | 0.8   | 1.1   | 1.3 | 1.6   | 2     | 6.2  |
| Cheibub et al.       | 0.3                     | 1     | 1.3   | 1.8 | 2.4   | 3.3   | 15.1 |
| <b>Semidemocracy</b> |                         |       |       |     |       |       |      |
| Freedom House        | 0.7                     | 1.8   | 2.3   | 2.9 | 3.6   | 4.5   | 13.5 |
| Mainwaring et al.    | 0.4                     | 1.1   | 1.4   | 1.8 | 2.3   | 2.9   | 9.4  |
| Polity IV            | 0.3                     | 1.1   | 1.4   | 1.9 | 2.5   | 3.4   | 14.2 |
| Cheibub et al.       | —                       | —     | —     | —   | —     | —     | —    |
| <b>Autocracy</b>     |                         |       |       |     |       |       |      |
| Freedom House        | 9.7                     | 2.5   | 1.8   | 1.3 | 1     | 0.7   | 0.1  |
| Mainwaring et al.    | 13.1                    | 3.7   | 2.7   | 2   | 1.5   | 1.1   | 0.3  |
| Polity IV            | 10.2                    | 3.5   | 2.8   | 2.2 | 1.7   | 1.3   | 0.4  |
| Cheibub et al.       | 13.7                    | 3.6   | 2.7   | 2   | 1.4   | 1.1   | 0.2  |

dependence of protest events—LEVEL OF REGIONAL PROTEST and COLLECTIVE PROTEST<sub>*t-1*</sub>—performed as expected, highlighting the cyclical nature of protest activity.

To summarize, our main results provide strong evidence for the insights made by several studies documenting the revival of protest across Latin America. Whether it is traditional actors, such as labor in Argentina, new actors, such as indigenous groups and rural villagers across the Central Andes, or geographically territorialized conflicts, such as the water and gas wars in Bolivia, popular resistance to economic liberalization has been facilitated by the spread of democracy in the region, which since 1978 has come to represent the broadest and most comprehensive period of democratization in the history of Latin America (Hagopian and Mainwaring 2005).

### Sensitivity Analysis

Beyond the results presented above, we have conducted extensive sensitivity analysis to ensure the stability of our main results. One concern was the fit between the concept of political opportunity and democracy. To accomplish this task, models 5 through 8 in Table 3 use the Freedom House indices to disaggregate democracy, employing the combined Freedom House index in models 5 and 6, the index of civil liberties in model 7, and the index of political rights in model 8.<sup>12</sup> Disaggregating the Freedom House indices in this way provides a better fit with our conceptualization of democracies as presenting favorable opportunity structures for protest—the index of civil liberties actually assesses, among other things, whether societal actors are free to demonstrate, strike, and form trade

unions or other independent organizations. Across all four models, the interaction term ECONOMIC LIBERALIZATION × DEMOCRACY INDEX is positive and significant, confirming the results from Table 1.<sup>13</sup> What is more, the index of civil liberties (model 7) has the largest coefficient, suggesting that the political opportunities created by democracy, such as the freedom to organize and protest, are at least partly driving this relationship, rather than some other aspect of democracy, such as elections, which may be seen as a proxy for political opportunities more generally. Last, the trimmed results presented in model 5 confirm that our results are not driven by the inclusion of control variables.<sup>14</sup>

A second concern was the stability of our results across each type of protest summed into our dependent variable COLLECTIVE PROTEST. Tables 4a to 4c, models 9 through 17 use STRIKES, RIOTS, and DEMONSTRATIONS as the dependent variable separately. To ensure robustness, each table includes three models, one using the trichotomous regime indicator from Freedom House, one using the dichotomous measure from Cheibub, Gandhi, and Vreeland (2010), and one using the Freedom House index of civil liberties. In eight of the nine models, the interaction term ECONOMIC LIBERALIZATION × DEMOCRACY is positive and significant, and it barely misses conventional levels of significance in model 17 ( $p = .105$ ). Likewise, ECONOMIC LIBERALIZATION × SEMIDEMOCRACY has a positive effect on all three types of protest, though it barely misses statistical significance for STRIKES and DEMONSTRATIONS ( $p = .119$  and  $.152$  in models 9 and 15, respectively). Overall, these findings confirm the original results and our decision to use the summed dependent variable.

**Table 3.** Disaggregating Democracy Using Freedom House Indices

|   | Model 5             | Model 6             | Model 7             | Model 8             |
|---|---------------------|---------------------|---------------------|---------------------|
|   | FH Index            | FH Index            | FH CL               | FH PR               |
| ECONOMIC LIBERALIZATION                   | -8.713**<br>(3.70)  | -10.66***<br>(4.05) | -11.22**<br>(4.93)  | -11.52***<br>(4.28) |
| DEMOCRACY INDEX                           | 0.006<br>(0.032)    | -0.0315<br>(0.043)  | -0.092<br>(0.082)   | -0.037<br>(0.069)   |
| ECONOMIC LIBERALIZATION × DEMOCRACY INDEX | 1.225**<br>(0.54)   | 1.713***<br>(0.66)  | 3.963**<br>(1.86)   | 2.558***<br>(0.91)  |
| GDP GROWTH <sub>t-1</sub>                 |                     | 2.12e-4<br>(0.019)  | -0.001<br>(0.019)   | 1.66e-4<br>(0.019)  |
| GDP PER CAPITA <sub>t-1</sub>             |                     | -0.607<br>(0.74)    | -0.609<br>(0.73)    | -0.620<br>(0.75)    |
| INFLATION <sub>t-1</sub>                  |                     | -0.019<br>(0.032)   | -0.019<br>(0.031)   | -0.02<br>(0.032)    |
| TRADE <sub>t-1</sub>                      |                     | 0.009<br>(0.008)    | 0.01<br>(0.008)     | 0.009<br>(0.008)    |
| FDI <sub>t-1</sub>                        |                     | -0.058<br>(0.052)   | -0.057<br>(0.052)   | -0.059<br>(0.052)   |
| POPULATION                                |                     | 1.560<br>(1.20)     | 1.452<br>(1.12)     | 1.556<br>(1.26)     |
| LEVEL OF ECONOMIC LIBERALIZATION          |                     | -1.237<br>(1.29)    | -1.157<br>(1.23)    | -1.214<br>(1.33)    |
| LEVEL OF REGIONAL PROTEST                 |                     | 0.497***<br>(0.076) | 0.490***<br>(0.075) | 0.498***<br>(0.076) |
| COLLECTIVE PROTEST <sub>t-1</sub>         | 0.128***<br>(0.024) | 0.1***<br>(0.027)   | 0.1***<br>(0.026)   | 0.102***<br>(0.026) |
| COUNTRY DUMMIES                           | Yes                 | Yes                 | Yes                 | Yes                 |
| CONSTANT                                  | 0.952***<br>(0.23)  | -20.59<br>(17.3)    | -18.65<br>(15.7)    | -20.48<br>(18.2)    |
| OBSERVATIONS                              | 544                 | 528                 | 528                 | 528                 |
| LOG LIKELIHOOD                            | -944.5              | -881.6              | -881.7              | -882.0              |
| α   | 1.05***             | .829***             | .826***             | .835***             |

FH = Freedom House; CL = civil liberties; PR = political rights. Robust standard errors by country are in parentheses. All models are unconditional fixed effects negative binomial regressions. See note 12 for details on the construction of democracy indices.

\*\* $p < .05$ . \*\*\* $p < .01$ .

Finally, we were also concerned that our results may be sensitive to alternative controls and estimation techniques. In additional models (not shown) we have included controls for presidential and legislative election years, periods of hyperinflation, urban population, social spending as a percentage of GDP, and a variety of temporal controls, such as a counter variable, decade dummies, and dummies that mark the late period of the sample (e.g., 1990 and beyond). We have also estimated models lagging and dropping out the LEVEL OF ECONOMIC LIBERALIZATION. All of these alternative models produced results nearly identical to those presented in Table 1. Concerning estimation techniques, our results hold when we estimate random effects

negative binomial models as opposed to the fixed effects models presented throughout the text, when we scale the standard errors by the Pearson or the deviance dispersion statistic, and when we use robust standard errors not clustered by country.

## Conclusion

Latin America's dual transition toward economic liberalization and democracy has puzzled scholars for several decades as research has sought to understand how these complex phenomena complement or contradict each other. Demobilization scholars view the combination of free

**Table 4a.** Economic Liberalization, Democracy, and Strikes

|   | Model 9 <sup>a</sup>         | Model 10 <sup>b</sup> | Model 11 <sup>c</sup> |
|---|------------------------------|-----------------------|-----------------------|
|   | Freedom House                | Cheibub et al.        | FH CL                 |
| ECONOMIC LIBERALIZATION                 | -10.48***<br>(2.49)          | -9.996***<br>(1.44)   | -15.17***<br>(3.29)   |
| DEMOCRACY                               | 0.077<br>(0.47)              | 0.216<br>(0.29)       | -0.108<br>(0.11)      |
| ECONOMIC LIBERALIZATION × DEMOCRACY     | 11.58***<br>(3.89)           | 10.65***<br>(3.20)    | 5.157***<br>(1.53)    |
| SEMIDEMOCRACY                           | -0.0209<br>(0.46)            |                       |                       |
| ECONOMIC LIBERALIZATION × SEMIDEMOCRACY | 5.848 <sup>†</sup><br>(3.75) |                       |                       |
| GDP GROWTH <sub>t-1</sub>               | -0.016<br>(0.016)            | -0.02<br>(0.014)      | -0.016<br>(0.015)     |
| GDP PER CAPITA <sub>t-1</sub>           | -0.499<br>(0.80)             | -0.606<br>(0.89)      | -0.323<br>(0.81)      |
| INFLATION <sub>t-1</sub>                | -0.074***<br>(0.033)         | -0.074***<br>(0.036)  | -0.073***<br>(0.034)  |
| TRADE <sub>t-1</sub>                    | 0.028***<br>(0.01)           | 0.029***<br>(0.01)    | 0.029***<br>(0.011)   |
| FDI <sub>t-1</sub>                      | -0.023<br>(0.072)            | -0.02<br>(0.076)      | -0.023<br>(0.075)     |
| POPULATION                              | 1.136<br>(1.39)              | 0.987<br>(1.55)       | 1.323<br>(1.23)       |
| LEVEL OF ECONOMIC LIBERALIZATION        | -1.789<br>(1.37)             | -1.782<br>(1.29)      | -2.001<br>(1.25)      |
| LEVEL OF REGIONAL STRIKES               | 2.118***<br>(0.45)           | 2.103***<br>(0.44)    | 2.225***<br>(0.48)    |
| STRIKES <sub>t-1</sub>                  | 0.149***<br>(0.067)          | 0.147***<br>(0.073)   | 0.155***<br>(0.068)   |
| COUNTRY DUMMIES                         | Yes                          | Yes                   | Yes                   |
| CONSTANT                                | -15.35<br>(20.1)             | -11.95<br>(23.1)      | -19.62<br>(19.2)      |
| OBSERVATIONS                            | 528                          | 543                   | 528                   |
| LOG LIKELIHOOD                          | -371.0                       | -374.2                | -370.4                |
| $\alpha$                                | .06***                       | .043***               | .057***               |

FH = Freedom House; CL = civil liberties. Robust standard errors clustered by country are in parentheses. All models are unconditional fixed effects negative binomial regressions.

<sup>a</sup>Using Freedom House, democracy indicates regimes classified as "free" and semidemocracy indicates regimes classified "partly free"; autocracies (regimes classified as "not free") are the reference category.

<sup>b</sup>Democracy is from Cheibub, Gandhi, and Vreeland (2010); autocracy is the reference category.

<sup>c</sup>Democracy is the Freedom House index of civil liberties.

<sup>†</sup> $p = .119$ . \*\*\* $p < .05$ . \*\*\*\* $p < .01$ .

markets and democracy as incompatible with each other, arguing that the forces of economic liberalization are inexorable and thus continue to move forward at the expense of robust democracy. Exhausting available data, our empirical results cast doubt on the theoretical and empirical underpinnings of the demobilization perspective. Instead, and drawing on the established contentious politics literature, we find that collective political activity rises with economic liberalization in democratic and semidemocratic contexts. Thus, popular subjects in Latin

America are not passive, atomized recipients of economic reforms but rather are actively engaged in resisting or modifying the policies that challenge their lives. As documented by several repoliticization studies, political democracy has provided a favorable environment to challenge economic liberalization policies.

Because demobilization is not the primary consequence of economic liberalization in Latin America, as our article clearly shows, the arguments that view demobilization as compromising the quality of democracy in the region need

**Table 4b.** Economic Liberalization, Democracy, and Riots

|   | Model 12 <sup>a</sup> | Model 13 <sup>b</sup> | Model 14 <sup>c</sup> |
|---|-----------------------|-----------------------|-----------------------|
|   | Freedom House         | Cheibub et al.        | FH CL                 |
| ECONOMIC LIBERALIZATION                 | -15.66***<br>(2.89)   | -10.88***<br>(4.09)   | -15.92***<br>(5.24)   |
| DEMOCRACY                               | 0.397<br>(0.40)       | -0.142<br>(0.30)      | -0.116<br>(0.085)     |
| ECONOMIC LIBERALIZATION × DEMOCRACY     | 14.27***<br>(4.13)    | 10.02**<br>(4.17)     | 4.938***<br>(1.88)    |
| SEMIDEMOCRACY                           | 0.507<br>(0.38)       |                       |                       |
| ECONOMIC LIBERALIZATION × SEMIDEMOCRACY | 16.22***<br>(4.21)    |                       |                       |
| GDP GROWTH <sub>t-1</sub>               | 0.04<br>(0.035)       | 0.034<br>(0.035)      | 0.038<br>(0.036)      |
| GDP PER CAPITA <sub>t-1</sub>           | -1.431<br>(1.33)      | -1.282<br>(1.13)      | -1.174<br>(1.23)      |
| INFLATION <sub>t-1</sub>                | -0.115**<br>(0.048)   | -0.128***<br>(0.043)  | -0.123***<br>(0.046)  |
| TRADE <sub>t-1</sub>                    | 0.011<br>(0.01)       | 0.01<br>(0.01)        | 0.01<br>(0.01)        |
| FDI <sub>t-1</sub>                      | -0.066<br>(0.073)     | -0.081<br>(0.070)     | -0.063<br>(0.071)     |
| POPULATION                              | 2.066<br>(1.75)       | 2.365<br>(1.66)       | 2.124<br>(1.69)       |
| LEVEL OF ECONOMIC LIBERALIZATION        | -1.581<br>(2.25)      | -1.644<br>(2.12)      | -1.612<br>(2.24)      |
| LEVEL OF REGIONAL RIOTS                 | 2.568***<br>(0.60)    | 2.534***<br>(0.63)    | 2.505***<br>(0.65)    |
| RIOTS <sub>t-1</sub>                    | 0.357***<br>(0.086)   | 0.319***<br>(0.086)   | 0.320***<br>(0.084)   |
| COUNTRY DUMMIES                         | Yes                   | Yes                   | Yes                   |
| CONSTANT                                | -24.08<br>(22.8)      | -29.90<br>(24.1)      | -26.51<br>(21.7)      |
| OBSERVATIONS                            | 528                   | 543                   | 528                   |
| LOG LIKELIHOOD                          | -377.5                | -393.4                | -379.0                |
| $\alpha$                                | .818***               | .804***               | .838***               |

FH = Freedom House; CL = civil liberties. Robust standard errors clustered by country are in parentheses. All models are unconditional fixed effects negative binomial regressions.

<sup>a</sup>Using Freedom House, democracy indicates regimes classified “free” and semidemocracy indicates regimes classified “partly free”; autocracies (regimes classified as “not free”) are the reference category.

<sup>b</sup>Democracy is from Cheibub, Gandhi, and Vreeland (2010); autocracy is the reference category.

<sup>c</sup>Democracy is the Freedom House index of civil liberties.

\*\*\* $p < .05$ . \*\* $p < .01$ .

to be revised. Here, a couple of points are warranted. First, while the demobilization literature correctly noted that the weakening of popular mass actors was not ideal for democracy’s prospects, this scholarship neither explained nor predicted that economic liberalization would provoke a new wave of popular resistance in the region. Second, following Roberts (2008, 330), these popular mobilizations represent a “second historical process of mass political incorporation,” and some mass-based actors are already being absorbed into the existing institutional

arrangements without altering the basic rules of the game. The formation and electoral success of indigenous-based parties is a case in point. Even in the countries where mass civic revolts toppled die-hard promarket executives, the “stability of basic electoral democracy” has remained (Hochstetler 2006, 415). These outcomes are extending and deepening democracy, but the cause of these positive effects—economic liberalization—is the least expected by the demobilization literature. Consequently, it is no longer adequate to assume that democracy is held captive

**Table 4c.** Economic Liberalization, Democracy, and Demonstrations

|   | Model 15 <sup>a</sup> | Model 16 <sup>b</sup> | Model 17 <sup>c</sup> |
|---|-----------------------|-----------------------|-----------------------|
|   | Freedom House         | Cheibub et al.        | FH CL                 |
| ECONOMIC LIBERALIZATION                 | -6.309*<br>(3.71)     | -6.646**<br>(3.09)    | -7.418<br>(4.66)      |
| DEMOCRACY                               | -0.481<br>(0.39)      | -0.643**<br>(0.27)    | -0.227**<br>(0.092)   |
| ECONOMIC LIBERALIZATION × DEMOCRACY     | 9.789**<br>(4.64)     | 8.711***<br>(3.52)    | 2.855†<br>(1.76)      |
| SEMIDEMOCRACY                           | 0.126<br>(0.38)       |                       |                       |
| ECONOMIC LIBERALIZATION × SEMIDEMOCRACY | 5.414<br>(3.78)       |                       |                       |
| GDP GROWTH <sub>t-1</sub>               | -0.004<br>(0.019)     | -0.004<br>(0.019)     | -0.011<br>(0.020)     |
| GDP PER CAPITA <sub>t-1</sub>           | -0.523<br>(0.65)      | -0.674<br>(0.60)      | -0.536<br>(0.59)      |
| INFLATION <sub>t-1</sub>                | 0.004<br>(0.027)      | -0.003<br>(0.028)     | -0.005<br>(0.030)     |
| TRADE <sub>t-1</sub>                    | 0.005<br>(0.006)      | 0.005<br>(0.008)      | 0.006<br>(0.007)      |
| FDI <sub>t-1</sub>                      | -0.04<br>(0.047)      | -0.058<br>(0.047)     | -0.037<br>(0.046)     |
| POPULATION                              | 1.601<br>(1.04)       | 2.437**<br>(1.23)     | 1.352<br>(1.01)       |
| LEVEL OF ECONOMIC LIBERALIZATION        | -1.389<br>(1.08)      | -1.382<br>(1.12)      | -0.834<br>(1.03)      |
| LEVEL OF REGIONAL DEMONSTRATIONS        | 0.877***<br>(0.12)    | 0.879***<br>(0.12)    | 0.861***<br>(0.13)    |
| DEMONSTRATIONS <sub>t-1</sub>           | 0.123***<br>(0.038)   | 0.124***<br>(0.032)   | 0.119***<br>(0.035)   |
| COUNTRY DUMMIES                         | Yes                   | Yes                   | Yes                   |
| CONSTANT                                | -22.48<br>(16.6)      | -35.30*<br>(19.7)     | -17.94<br>(15.4)      |
| OBSERVATIONS                            | 528                   | 543                   | 528                   |
| LOG LIKELIHOOD                          | -646.2                | -653.5                | -649.3                |
| $\alpha$                                | .701***               | .729***               | .749***               |

FH = Freedom House; CL = civil liberties. Robust standard errors clustered by country are in parentheses. All models are unconditional fixed effects negative binomial regressions.

<sup>a</sup>Using Freedom House, democracy indicates regimes classified “free” and semidemocracy indicates regimes classified “partly free”; autocracies (regimes classified as “not free”) are the reference category.

<sup>b</sup>Democracy is from Cheibub, Gandhi, and Vreeland (2010); autocracy is the reference category.

<sup>c</sup>Democracy is the Freedom House index of civil liberties.

† $p = .105$ . \* $p < .1$ . \*\* $p < .05$ . \*\*\* $p < .01$ .

by the market in Latin America, and to the contrary, it should be recognized that social forces can take advantage of the “system-wide” (Almeida 2009, 307) political opportunities afforded by democracy to help level the playing field against market forces.

In closing, future research should explore how the recent surge in protest has affected the quality of democracy in the region. Clearly, popular resistance to economic liberalization has been politically destabilizing in some contexts, but at the same time, it has produced a number

of unexpected positive political developments in others. Understandably, our article has only begun to scratch the surface of these larger sets of theoretical and empirical questions regarding the consequences of economic liberalization amid democratization. Nevertheless, we have confirmed a general pattern of political repoliticization in the aftermath of Latin America’s dual transition to democracy and economic liberalization, a pattern that highlights the importance of political and social forces as central to understanding the consequences of economic reform.

## Appendix

### Summary Statistics

| Variable                         | N   | M     | SD    | Min    | Max    |
|----------------------------------|-----|-------|-------|--------|--------|
| <b>Dependent variables</b>       |     |       |       |        |        |
| COLLECTIVE PROTEST               | 543 | 1.82  | 2.63  | 0      | 21     |
| STRIKES                          | 543 | 0.40  | 0.89  | 0      | 7      |
| RIOTS                            | 543 | 0.43  | 0.85  | 0      | 6      |
| DEMONSTRATIONS                   | 543 | 0.98  | 1.66  | 0      | 15     |
| <b>Democracy indicators</b>      |     |       |       |        |        |
| FREEDOM HOUSE (FREE)             | 528 | 0.51  | 0.50  | 0      | 1      |
| MAINWARING ET AL.                | 510 | 0.49  | 0.50  | 0      | 1      |
| POLITY IV                        | 543 | 0.45  | 0.50  | 0      | 1      |
| CHEIBUB ET AL.                   | 543 | 0.72  | 0.45  | 0      | 1      |
| <b>Semidemocracy indicators</b>  |     |       |       |        |        |
| FREEDOM HOUSE (PARTLY FREE)      | 528 | 0.41  | 0.49  | 0      | 1      |
| MAINWARING ET AL.                | 510 | 0.22  | 0.42  | 0      | 1      |
| POLITY IV                        | 543 | 0.28  | 0.45  | 0      | 1      |
| <b>Autocracy indicators</b>      |     |       |       |        |        |
| FREEDOM HOUSE (FREE)             | 528 | 0.08  | 0.27  | 0      | 1      |
| MAINWARING ET AL.                | 510 | 0.29  | 0.45  | 0      | 1      |
| POLITY IV                        | 543 | 0.27  | 0.44  | 0      | 1      |
| CHEIBUB ET AL.                   | 543 | 0.28  | 0.45  | 0      | 1      |
| <b>Democracy indices</b>         |     |       |       |        |        |
| FREEDOM HOUSE INDEX              | 528 | 5.92  | 2.54  | 0      | 10     |
| FH INDEX OF CIVIL LIBERTIES      | 528 | 2.84  | 1.13  | 0      | 5      |
| FH INDEX OF POLITICAL RIGHTS     | 528 | 4.08  | 1.58  | 0      | 6      |
| <b>Independent variables</b>     |     |       |       |        |        |
| ECONOMIC LIBERALIZATION          | 543 | 0.01  | 0.03  | -0.17  | 0.22   |
| GDP GROWTH <sub>t-1</sub>        | 543 | 3.18  | 4.44  | -11.80 | 18.23  |
| GDP PER CAPITA <sub>t-1</sub>    | 543 | 7.73  | 0.62  | 6.65   | 9.01   |
| INFLATION <sub>t-1</sub>         | 543 | 2.98  | 3.65  | -13.42 | 9.37   |
| TRADE <sub>t-1</sub>             | 543 | 50.49 | 22.71 | 11.55  | 130.68 |
| FDI <sub>t-1</sub>               | 543 | 1.70  | 2.03  | -2.45  | 12.20  |
| POPULATION                       | 543 | 16.11 | 1.13  | 14.44  | 19.02  |
| LEVEL OF ECONOMIC LIBERALIZATION | 543 | 0.64  | 0.16  | 0.34   | 0.88   |
| LEVEL OF REGIONAL PROTEST        | 543 | 1.86  | 0.74  | 0.47   | 3.47   |
| LEVEL OF REGIONAL STRIKES        | 543 | 0.45  | 0.25  | 0.06   | 0.94   |
| LEVEL OF REGIONAL RIOTS          | 543 | 0.42  | 0.20  | 0.06   | 0.76   |
| LEVEL OF REGIONAL DEMONSTRATIONS | 543 | 0.99  | 0.55  | 0.12   | 2.35   |

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### Notes

1. For a review of this literature, see Meyer (2004).
2. Based on data availability for the economic reform index, the following countries are included in the analysis: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Paraguay, Peru, Uruguay, and Venezuela. The appendix provides summary statistics.
3. Banks measures antigovernment demonstrations as the annual number of peaceful gatherings including at least one hundred people for the purpose of opposing government policies. Banks measures riots as the annual number of



- violent demonstrations of more than one hundred citizens. Last, Banks measures strikes as the annual number of strikes directed at state policy or authority involving more than one thousand workers and more than one employer.
4. Factor analysis conducted via maximum likelihood indicates that the three variables are similar enough to be summed without weighting. All three variables load onto one factor.
  5. Notably, the dependent variable does not discriminate between general protest and protests directed solely toward market reforms. However, using a dependent variable that captures only protests directed at economic liberalization would bias our results in favor of the repoliticization approach, creating a link between protests and economic liberalization by definition.
  6. This economic reform index aggregates five components of economic liberalization: trade liberalization, capital account liberalization, financial liberalization, privatization, and tax reform.
  7. Baker (2009) provides an alternative perspective. Using public opinion data, Baker shows that the Latin American public is generally enthusiastic about free trade because it lowers the price of consumer goods while increasing their quality and availability. Accordingly, higher levels of trade could be associated with lower levels of protest.
  8. The  $\alpha$  parameters are significant with  $p < .000$ , suggesting the counts are overdispersed. Overdispersion causes inefficient estimates and downwardly biased standard errors in Poisson regression models, making the negative binomial model a better fit (Long 1997, 230).
  9. Likelihood ratio tests indicated strong unit heterogeneity in the data.
  10. We chose this modeling strategy because the conditional fixed effects version of the negative binomial model only partially fixes the country specific effects (Hilbe 2007, 207).
  11. To be clear, our findings do not directly address the conjecture that economic liberalization incites protest through the framing of grievances as opposed to other mechanisms. We set aside this question for future inquiry.
  12. Democracy indices have been reset so that the lowest value on each index is zero and higher values indicate greater democracy. The combined Freedom House index is the sum of the civil liberties and political rights indices, which range from 1 to 7, with lower values indicating greater freedom, yielding a theoretical range of 2 to 14 for the combined index. In our sample the Freedom House index ranges from 2 to 12; we subtracted 2 from the index and reversed it so that in our analyses it ranges from 0 to 10, with higher values indicating greater democracy. The civil liberties index ranges from 1 to 6 in our sample; we subtracted 1 and reversed the index so that in our analyses it ranges from 0 to 5. Finally, the political rights index ranges from 1 to 7 in our sample; we subtracted 1 and reversed the index so that in our analyses it ranges from 0 to 6.

13. Calculating conditional coefficients (not shown) confirmed that the effect of democracy grows stronger at higher levels of ECONOMIC LIBERALIZATION, similar to the models in Table 1.
14. The results also hold using the full Polity IV index, when we code democracies as regimes that score 6, 7, or higher on the Polity IV index and when we use the dichotomous democracy indicator from Boix and Rosato (2001).

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