

Cambridge Studies in Comparative Politics

"Kenneth M. Roberts's book provides an outstanding synthetic argument about the impact of the convulsive period of market liberalization on party systems in Latin America, providing a nuanced answer to the question of why this critical juncture generated distinct legacies in some countries and not others. Its perspective will be central to scholarly debates regarding the causes and consequences of the vast changes in patterns of political representation evident in the region today."

– Jonathan Hartlyn, Kenneth J. Reckford Professor of Political Science, The University of North Carolina at Chapel Hill

This book adopts a critical juncture framework to explain the impact of economic crises and free-market reforms on party systems and political representation in contemporary Latin America. It explains why some patterns of market reform align and stabilize party systems, whereas other patterns of reform leave party systems vulnerable to widespread social protest and electoral instability. In contrast to other works on the topic, this book accounts for both the institutionalization and the breakdown of party systems, and it explains why Latin America turned to the Left politically in the aftermath of the market reform process. Ultimately, it explains why this "left turn" was more radical in some countries than in others and why it had such varied effects on national party systems.

Kenneth M. Roberts is Professor of Government at Cornell University. He is the author of *Deepening Democracy? The Modern Left and Social Movements in Chile and Peru* (1998). Roberts is the co-editor of *The Diffusion of Social Movements: Actors, Mechanisms, and Political Effects* (Cambridge, 2010) and *The Resurgence of the Latin American Left* (2011). His articles have appeared in the *American Political Science Review*, *World Politics*, *Comparative Political Studies*, *Comparative Politics*, *Latin American Politics and Society*, and *Studies in Comparative International Development*.

Cover image: Thousands march to protest against police repression in Argentina. The banner reads, colloquially, "Let them all go" or "Out with all of them." Copyright © Reuters/CORBIS.

Cover design by fred goykhman / PETT Fox, Inc.

ROBERTS
Changing Course in Latin America

Changing Course in Latin America

Party Systems in the Neoliberal Era



CAMBRIDGE
UNIVERSITY PRESS
www.cambridge.org

ISBN 978-0-521-67326-6



9 780521 673266 >

324.2
ROBC

Kenneth M. Roberts

Changing Course in Latin America

Party Systems in the Neoliberal Era

This book adopts a critical juncture framework to explain the impact of economic crises and free-market reforms on party systems and political representation in contemporary Latin America. It explains why some patterns of market reform align and stabilize party systems, whereas other patterns of reform leave party systems vulnerable to widespread social protest and electoral instability. In contrast to other works on the topic, this book accounts for both the institutionalization and the breakdown of party systems, and it explains why Latin America turned to the Left politically in the aftermath of the market reform process. Ultimately, it explains why this “left turn” was more radical in some countries than in others and why it had such varied effects on national party systems.

Kenneth M. Roberts is Professor of Government at Cornell University. He is the author of *Deepening Democracy? The Modern Left and Social Movements in Chile and Peru* (1998). Roberts is the co-editor of *The Diffusion of Social Movements: Actors, Mechanisms, and Political Effects* (Cambridge, 2010) and *The Resurgence of the Latin American Left* (2011). His articles have appeared in the *American Political Science Review*, *World Politics*, *Comparative Political Studies*, *Comparative Politics*, *Latin American Politics and Society*, and *Studies in Comparative International Development*.

Cambridge Studies in Comparative Politics

General Editor

MARGARET LEVI University of Washington, Seattle

Assistant General Editors

KATHLEEN THELEN Massachusetts Institute of Technology

ERIK WIBBELS Duke University

Associate Editors

ROBERT H. BATES Harvard University

GARY COX Stanford University

STEPHEN HANSON The College of William and Mary

TORBEN IVERSEN Harvard University

STATHIS KALYVAS Yale University

PETER LANGE Duke University

HELEN MILNER Princeton University

FRANCES ROSENBLUTH Yale University

SUSAN STOKES Yale University

SIDNEY TARROW Cornell University

Other Books in the Series

Ben W. Ansell, *From the Ballot to the Blackboard: The Redistributive Political Economy of Education*

Leonardo R. Arriola, *Multi-Ethnic Coalitions in Africa: Business Financing of Opposition Election Campaigns*

David Austen-Smith, Jeffrey A. Frieden, Miriam A. Golden, Karl Ove Moene, and Adam Przeworski, eds., *Selected Works of Michael Wallerstein: The Political Economy of Inequality, Unions, and Social Democracy*

Andy Baker, *The Market and the Masses in Latin America: Policy Reform and Consumption in Liberalizing Economies*

Lisa Baldez, *Why Women Protest: Women's Movements in Chile*

Stefano Bartolini, *The Political Mobilization of the European Left, 1860-1980: The Class Cleavage*

Robert Bates, *When Things Fell Apart: State Failure in Late-Century Africa*

Mark Beissinger, *Nationalist Mobilization and the Collapse of the Soviet State*

Nancy Bermeo, ed., *Unemployment in the New Europe*

Carles Boix, *Democracy and Redistribution*

Carles Boix, *Political Parties, Growth, and Equality: Conservative and Social Democratic Economic Strategies in the World Economy*

Catherine Boone, *Merchant Capital and the Roots of State Power in Senegal, 1930-1985*

(Continued after the Index)

324.2
ROBc

Changing Course in Latin America

Party Systems in the Neoliberal Era

KENNETH M. ROBERTS

Cornell University

Changing course in Latin America
Roberts, Kenneth



FCS-041122



CAMBRIDGE
UNIVERSITY PRESS

041122

**PUBLICACION ADQUIRIDA
LIBRERIA TECNICA URUGUAYA**
COLONIA 1543 - Piso 7 - Of. 702/703
TEL.: 2409 0072 - FAX: 2401 3448
E-mail: ltu@netgate.com.uy - Montevideo

CAMBRIDGE
UNIVERSITY PRESS

32 Avenue of the Americas, New York, NY 10013-2473, USA

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of education, learning, and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9780521673266

© Kenneth M. Roberts 2014

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2014

Printed in the United States of America

A catalog record for this publication is available from the British Library.

Library of Congress Cataloging in Publication Data

Roberts, Kenneth M., 1958–

Changing course in Latin America : party systems in the neoliberal era / Kenneth M. Roberts, Cornell University.

pages cm

ISBN 978-0-521-85687-4 (hardback)

1. Political parties – Latin America. 2. Latin America – Politics and government – 21st century. 3. Political stability – Latin America. 4. Neoliberalism – Latin America.

I. Title.

JL969.A45R628 2014

324.2098-dc23 2014011960

ISBN 978-0-521-85687-4 Hardback

ISBN 978-0-521-67326-6 Paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party Internet Web sites referred to in this publication and does not guarantee that any content on such Web sites is, or will remain, accurate or appropriate.

*With gratitude to Guillermo O'Donnell,
whose scholarship defined my field of study*

The crisis consists precisely in the fact that the old is dying and the new cannot be born; in the interregnum a great variety of morbid symptoms appears.

Antonio Gramsci, *Prison Notebooks*

Contents

<i>List of Figures</i>	page x
<i>List of Tables</i>	xi
<i>Preface and Acknowledgments</i>	xiii
<i>List of Abbreviations</i>	xv
1 Introduction: Party System Change in the Neoliberal Era	1
PART I EXPLAINING REGIONAL PATTERNS	
2 Partisanship and the Puzzle of Party System Stability	19
3 Critical Junctures and Party System Change	41
4 Antecedent Conditions: Party System Differentiation in 20th-Century Latin America	65
5 Neoliberal Critical Junctures and Party System Stability	89
6 Programmatic (De-)Alignment and Party System Stability in the Aftermath Period	111
PART II NATIONAL EXPERIENCES IN COMPARATIVE PERSPECTIVE	
7 Critical Junctures in Elitist Party Systems	137
8 Critical Junctures in Labor-Mobilizing Party Systems	174
9 Aftermath: Reactive Sequences and Institutional Legacies	229
10 Conclusion: Political Legacies and the Crisis of Representation	271
<i>Appendix: Election Results in Latin America</i>	283
<i>References</i>	293
<i>Index</i>	321

Figures

2.1	Party Identification in Latin America, 2010	page 33
2.2	Electoral Volatility in Comparative Perspective	35
2.3	Electoral Volatility in Latin America, 1980–2010	36
3.1	Institutional Outcomes of Neoliberal Critical Junctures	58
3.2	Outline of the Critical Juncture Model	63
6.1	National Outcomes of Neoliberal Critical Junctures	116
6.2	General Index of Market Liberalization in Latin America, 1975–2000	118
6.3	Average Annual Inflation Rates in Latin America, 1985–90 and 1998	119
6.4	Per-Capita GDP Growth Rates in Latin America, by Decade	120
6.5	Support for Privatizations and a Market Economy, 1998–2007	122
6.6	Preferences for State and Private Control over Social and Economic Activities, 2008	123
6.7	Public Opinion Toward Income Distribution in Latin America, 1997–2007	123
6.8	Net Electoral Volatility and Types of Critical Junctures	130
6.9	Aggregate Vote for New Political Parties under Different Types of Critical Junctures, 1990–2010	131

Tables

2.1	Typology of Political Parties	page 32
2.2	Trust in Institutions of Democracy and Society	34
2.3	Most Effective Way to Influence Government Decisions	34
4.1	Indicators of Union Strength in Elitist and Labor-Mobilizing Party Systems	72
4.2	Trade Dependence in Latin America, 1970	83
4.3	Party Systems, Industrial Development, and Public Investment in Latin America	84
4.4	Party Systems and State Interventionism in Latin America	85
4.5	Ideological Polarization in Elitist and Labor-Mobilizing Party Systems	86
4.6	Latin America's State-Centric Matrix	87
4.7	National Rankings on the State-Centric Matrix	87
5.1	Party Systems and Economic Crisis in Latin America	94
5.2	Changes in Trade Union Density in Elitist and Labor-Mobilizing Party Systems	100
5.3	Major Party Vote Shares and Electoral Realignment, 1978–2000	105
5.4	Changes in Organizational Composition and Electoral Alignments during Neoliberal Critical Junctures	108
5.5	Average Electoral Volatility in Elitist and Labor-Mobilizing Party Systems, 1978–2000	109
6.1	Market Reforms, Partisanship, and Types of Critical Junctures (1973–1998)	113
6.2	Electoral Volatility during Neoliberal Critical Junctures and Their Aftermath Periods	127
6.3	Left Turns and Change in the Index of Economic Freedom, 2000–2012	133

7.1	Overview of Critical Junctures in Countries with Elitist Party Systems	172
8.1	Social Class and Support for Neoliberal Reforms in Venezuela, 1989–1991	219
8.2	Overview of Critical Junctures in Countries with LM Party Systems	226

Preface and Acknowledgments

This book began as a relatively straightforward attempt to understand why some party systems are more stable than others in Latin America, but it quickly evolved into a larger and more ambitious effort to identify the impact of economic crises and market reforms on democratic representation. Ultimately, it sought to explain how and why a transition from one economic era to another was also a major turning point in Latin America's political development. I began, perhaps naively, to conceive of that economic transition as a critical juncture in political development long before I was able to identify the full range of its institutional effects, much less its longer-term political legacies. To put it in Gramsci's more eloquent terms from the epigraph, I began this project in a moment of crisis in Latin America, an interregnum "when the old was dying and the new could not be born," and a great variety of "morbid" (and often fleeting) symptoms appeared. Enough time has now passed for me to hazard a claim that new political orders *were* born during this watershed period, even if some of them veered off in unexpected directions or remain institutionally fluid (as the reader will quickly discover). The purpose of this book is to trace where these new orders came from, explain why some are more stable than others, and identify what makes them different, both from each other and from the political orders that preceded them.

Any research project this long in the making is bound to incur debts to individuals and institutions that are too numerous to mention. That is surely the case with this book. Although I cannot acknowledge everyone who deserves to be thanked, I want to at least recognize a number of individuals who made especially vital contributions. From the outset of this project, Ruth Berins Collier and David Collier provided intellectual inspiration and constructive feedback. They have been remarkably generous in supporting my efforts to build upon the intellectual foundation they laid in their study of earlier critical junctures in Latin America. I also learned a great deal from intensive workshops centered on earlier

Introduction: Party System Change in the Neoliberal Era

A political earthquake struck Venezuela when Hugo Chávez was elected president in December 1998. Chávez, a former lieutenant colonel in the Venezuelan army, launched his political career in 1992 by leading a bloody military revolt against a democratic regime that had long been considered among the most stable in Latin America. The coup attempt failed, landing Chávez in prison, but it catapulted the former paratrooper instructor into the public imagination as a symbol of rebellion against the political establishment and its mismanagement of the country's oil wealth. Following a presidential pardon, Chávez founded a new political movement and launched a populist campaign for the presidency in frontal opposition to traditional parties and the free-market reforms they had supported for most of the past decade. Although Venezuela boasted one of the strongest and most highly institutionalized party systems in Latin America (Coppedge 1994; Mainwaring and Scully 1995: 17), the two dominant parties ultimately withdrew their own presidential candidates and threw their support to a less threatening independent figure in a desperate gambit to defeat Chávez's "outsider" campaign. Nevertheless, Chávez won a landslide victory that not only signaled the eclipse of traditional parties, but a collapse of the collusive, patronage-ridden political order they had anchored since the founding of the democratic regime forty years before. Within a year, Chávez had bypassed congress and convoked a series of popular referendums to elect a constituent assembly, rewrite and ratify a new constitution, and refound regime institutions. For Venezuela, a new political era had dawned.

Several years later, neighboring Brazil also elected a new leftist president, former union leader Luiz Inácio "Lula" da Silva of the Workers' Party (PT). Like Chávez, Lula had a track record of opposition to the "neoliberal" market reforms that swept across Latin America in the waning decades of the 20th century, although he had moderated his stance considerably by the time he

captured the presidency in 2002 (on his fourth bid for the office). Unlike Chávez, Lula represented a party that had become a pillar of Brazil's political establishment, despite its origins in a militant labor movement that spearheaded popular protests against Brazil's military dictatorship in the late 1970s (Keck 1992; Hunter 2010). Indeed, the progressive strengthening and "mainstreaming" of the PT was integral to a broader process of institutionalization of the Brazilian party system, which had long been notorious for its weakness and instability (Mainwaring 1999a). Following a tumultuous democratic transition in the mid-1980s and a traumatizing spiral of hyperinflation and economic adjustment that lasted through the mid-1990s, Brazil also appeared to have entered a new political era – unlike Venezuela, one that was characterized by relatively stable forms of electoral competition between established parties and a consolidation of the democratic regime itself.

If Venezuela provides a paradigmatic example of party system breakdown, Brazil illustrates a pattern of at least partial party system consolidation – the institutional endpoints, respectively, on the continuum that marks the divergent fates of party systems in contemporary Latin America. Since the beginning of the region's "third wave" of democratization in the late 1970s (Huntington 1991), party systems in much of the region have been plagued by turmoil, despite the surprising durability of most of the democratic regimes in which they are embedded (Mainwaring 1999b). In many countries traditional parties have collapsed, new parties have emerged and disappeared without leaving a trace, and volatile shifts in electoral support have become commonplace. Populist "outsiders" often appeal to voters by touting their independence from traditional parties and attacking discredited political establishments. In some cases, these leaders have turned their lack of political experience – their very status as political novices, amateurs, or outsiders – into an electoral asset. Not surprisingly, many observers fear that a "crisis of representation" plagues Latin American democracies, with political parties largely failing to perform their central democratic function of representing societal interests and preferences in the formal political arena (Domínguez 1997a; Di Tella 1998; Hagopian 1998; Mainwaring, Bejarano, and Pizarro 2006).

Party system fragility and instability are hardly uniform, however. Established party systems broke down in the 1990s and early 2000s in Peru, Venezuela, Colombia, Bolivia, and Ecuador, but new ones began to congeal in Brazil and El Salvador, while complex realignments occurred around both new and traditional parties in countries like Chile, Costa Rica, Mexico, and Uruguay. Indeed, elections in Colombia, Uruguay, Paraguay, and Honduras continued to be dominated through the end of the 20th century by parties with roots in 19th-century intra-oligarchic disputes that predated the onset of mass democracy. Such patterns of longevity led Charles Anderson (1967: 104) to quip that some Latin American party systems resembled "living museums" filled with historical relics. Recently, however, even these party systems have experienced major

realignments or upheavals.¹ Why, then, are some party systems more stable and resilient than others, and why do seemingly entrenched party systems sometimes become dislodged? Under what conditions do traditionally weak or inchoate party systems begin to congeal? And what explains such divergent patterns of party system change and continuity in countries that share so much in common?

If Venezuela and Brazil are emblematic of the divergent fate of party systems in Latin America, so also do they illustrate the very different types of leftist alternatives that came to power in the region at the turn of the century, following a wrenching period of economic crisis and free market reform in the 1980s and 1990s. With varying degrees of enthusiasm and success, Latin American governments embraced the pro-market policies of the "Washington Consensus" in response to the 1980s debt crisis and the ensuing hyperinflationary spirals that signaled the collapse of state-led development in the region (Williamson 1990). Under the tutelage (and pressure) of international financial institutions like the International Monetary Fund (IMF) and the World Bank, technocratic policymakers opened national economies to foreign trade and investment, privatized state-owned industries and social services, removed price controls, and liberalized capital and labor markets (Edwards 1995). With labor unions in decline and the political Left reeling from the crisis and eventual collapse of communism, every country in the region moved toward freer markets in the late 1980s and 1990s (see Morley, Machado, and Pettinato 1999; Lora 2001). Even historic labor-based populist parties implemented these neoliberal "structural adjustment" policies (Burgess 2004; Burgess and Levitsky 2003; Murillo 2001), which helped bring inflation under control and deepen Latin America's integration within global circuits of finance, production, and exchange.

By the end of the 1990s, however, the political winds had begun to shift. With inflation largely tamed but liberalized economies suffering from the spillover effects of the Asian financial crisis, popular movements that politicized inequalities and market insecurities were revived in a number of countries, and a series of mass protests toppled pro-market governments in Ecuador, Argentina, and Bolivia (Silva 2009). Although Chávez' 1998 election was initially viewed as an outlier to regional norms – an anomaly conditioned, perhaps, by the pernicious effects of oil rents on Venezuela's political culture and institutions (Romero 1997) – it gradually became apparent that *Chavismo* was the leading edge of a political countertrend against market liberalization, and a harbinger of things to come. By 2011, left-leaning presidents had been elected in ten other Latin American countries, placing two-thirds of the regional population under some form of leftist national government (Weyland, Madrid, and Hunter 2010;

¹ The historic two-party systems in Colombia and Uruguay – both tracing their roots to the 1840s – were overtaken by new personalistic and leftist challengers, respectively, in the early years of the 21st century. New leftist rivals have also challenged the electoral dominance of traditional oligarchic parties in Paraguay and Honduras in recent years.

Levitsky and Roberts 2011b).² Even where the Left did not win national elections – as in Mexico, Colombia, Honduras, and Costa Rica – leftist alternatives emerged or strengthened in the early 2000s. Following two decades of market liberalization and the collapse of the Soviet bloc, this resurgence of leftist alternatives represented a stunning turn of political events. It was also unprecedented in its scope; never before had so many countries in Latin America entrusted the affairs of state to leftist parties or political movements.

The post-1998 turn to the left had multiple and varied causes, and it was inevitably shaped by national-level political strains, opportunities, and alignments. As Remmer (2012) demonstrates, the leftward shift was not a simple protest against economic hardships; although it began during the economic downturn at the turn of the century (Queirolo 2013),³ it gathered steam as economic performance improved after 2003 in the region. Neither was the “left turn” a simple backlash against market liberalization, as voters had a range of motives in supporting the left and did not reject all aspects of the neoliberal model (Baker and Greene 2011). As such, most of the new leftist governments were careful to modify but not reverse the market reforms they inherited. Nevertheless, as a regional phenomenon the “left turn” was clearly rooted in diverse struggles to establish or restore social and political protections against the economic insecurities of what Polanyi (1944) called “market society.” Central features of the neoliberal model remained intact in most countries, but by the end of the 1990s the era of market-based structural adjustment and orthodox, technocratic policy consensus had drawn to a close. With the momentum for deepening market liberalization broken, a new, post-adjustment political era dawned – one that was marked by a broader range of policy debate and by collective struggles to craft new forms of social citizenship that would reduce inequalities, provide safeguards against market insecurities, and expand popular participation in the democratic process.

These political struggles for more inclusive forms of social citizenship were shaped and constrained by the dynamics of partisan competition, and they left indelible marks on party systems and democratic regimes in Latin America. Indeed, the left turn produced strikingly divergent national governments, leaders, and ruling parties, as the Brazilian and Venezuelan cases readily suggest. In countries like Brazil, Chile, and Uruguay, societal claims were largely channeled by established parties of the left in ways that reinforced and aligned party systems along basic programmatic or policy divides. This pattern helped to stabilize party systems and moderate the political turn to the left at the beginning

² In addition to Venezuela, these countries included Chile (2000, 2006, and 2013), Brazil (2002, 2006, and 2010), Argentina (2003, 2007, and 2011), Uruguay (2004 and 2009), Bolivia (2005 and 2009), Nicaragua (2006 and 2011), Ecuador (2006, 2009, and 2013), Paraguay (2008), El Salvador (2009) and Peru (2011).

³ Arguably, it began much earlier at the municipal level before spreading to national-level elections starting in 1998; see Chávez and Goldfrank (2004) and Goldfrank (2011).

of the 21st century – in essence, containing the left turn within established party systems and consolidated democratic regimes. In other countries, however, societal claims were mobilized outside and against established party systems, forcing traditional parties to share the political stage with new popular contenders – or to be eclipsed by them altogether. This latter pattern was found in Venezuela, Bolivia, and Ecuador, where new populist leaders or leftist movements mobilized popular majorities through plebiscitary means that allowed them to re-found regime institutions. This pattern broke down and transformed national party systems, and it created opportunities for a more radical, extra-systemic turn to the left that included sharper breaks with the market orthodoxy of previous rulers.

What explains such diverse political trajectories in Latin America’s post-adjustment era? This book explores two primary, inter-related facets of the post-adjustment political landscape: the stability of partisan and electoral competition, and the character of the leftist alternative that emerged or strengthened in the aftermath to market liberalization. The analysis suggests that variation along these two dimensions – the dependent variables, so to speak, of this study – was heavily conditioned by political alignments during the crisis-induced transition from statist to market-oriented development models in the 1980s and 1990s. Far more than a shift in economic policies, this transition was a watershed in the political and economic development of Latin American societies. The transition wreaked havoc on labor-based modes of political representation that emerged under the statist model of development known as import substitution industrialization (ISI) in the middle of the 20th century. It also de-aligned, decomposed, or realigned national party systems in ways that heavily conditioned how societal claims against market insecurities would be channeled and processed in the post-adjustment era. As such, the transition period produced a range of political outcomes that varied widely in their durability and institutional legacies.

Divergent outcomes, I argue, were shaped by three basic causal factors or independent variables: (1) the character of national party systems during the era of state-led development; (2) the depth and duration of economic crises during the transition to neoliberalism; and (3) the political orientation of leading market reformers and their opponents in each country. This third factor largely determined whether structural adjustment would align or de-align party systems along a left–right axis of programmatic competition.

In general, party systems that had been reconfigured during the statist era by the rise of a mass-based, labor-mobilizing populist or leftist party were more prone to the destabilizing effects of social dislocations and economic crises during the transition to market liberalism. By contrast, countries that retained elitist patterns of partisan competition during the statist era experienced less severe economic crises and greater electoral stability during the transition period. Even where party systems survived the transition intact, however, they varied in their ability to channel and withstand societal pressures in the

post-adjustment era. Indeed, the longer-term resiliency of party systems depended heavily on political alignments during the process of structural adjustment. Market reforms that were led by conservative, pro-business parties or leaders, and consistently opposed by a major party of the left, aligned party systems programmatically. Such reform alignments channeled societal dissent against market orthodoxy toward moderate and institutionalized parties of the left, stabilizing partisan competition in the post-adjustment era. Alternatively, reforms that were imposed by labor-based populist or center-left parties de-aligned party systems programmatically, leaving opponents of the reform process without effective representation in established institutions. Such opposition was thus channeled into anti-systemic forms of social and electoral protest that spawned new populist or leftist movements, with highly destabilizing consequences for party systems in the post-adjustment era. In short, the politics of market reform aligned and stabilized some party systems, while de-aligning and de-stabilizing others, ultimately producing very different leftist alternatives in the post-adjustment era.

This study seeks to explain how Latin America's transition to neoliberalism – a regional mode of adaptation to the pressures of market globalization – dislodged traditional party systems and placed the region on a new trajectory of political development with a number of forking paths. The causal processes that produced these forking paths are analyzed through a critical juncture framework that originated in the study of institutional economics and was then adapted for the analysis of path-dependent institutional change in political science (see in particular Collier and Collier 1991; Pierson 2000; Mahoney 2001a; Capoccia and Kelemen 2007). I employ this framework cautiously, as it is designed to explain patterns of institutional change and continuity with the advantage of considerable historical hindsight. Furthermore, the framework is most directly applicable to the analysis of political changes that originate in actor decisions and crystallize in self-reinforcing institutions. The political outcomes of neoliberal transitions in Latin America do not always provide these analytical signposts; they are recent in occurrence, only loosely structured by actor decisions, and sometimes fluid (for identifiable reasons) in their institutional forms.

Nevertheless, the critical juncture framework provides a set of conceptual and analytical tools with considerable leverage for explaining why similar types of political or economic challenges produce dissimilar outcomes across a range of cases. It is especially insightful for understanding how crises or exogenous shocks can unsettle existing institutions and force actors to make contested decisions about policy or institutional innovations that have durable (though often unintended) consequences. The framework facilitates longitudinal analysis of three sequential stages of institutional development: (1) a set of “antecedent conditions” (Collier and Collier 1991: 30) that establish an institutional baseline for comparative analysis and typically influence how a crisis or challenge unfolds; (2) the critical juncture where reproduction of the institutional baseline is severely challenged (although not necessarily precluded), and where outcomes

are highly contingent on the strategic choices, alignments, and interaction of leading players; and (3) an aftermath period where the political alignments and institutional outcomes of the critical juncture become crystallized through self-reinforcing feedback mechanisms (Arthur 1994; Pierson 2000), or modified through the “reactive sequences” triggered by social or political resistance (see Mahoney 2001a: 10–11). These building blocks of the critical juncture approach and their application to the study of party system change in contemporary Latin America are briefly outlined in the next section; a more complete explanatory model is developed in Chapter 3.

CRITICAL JUNCTURES AND POLITICAL CHANGE IN LATIN AMERICA

The critical juncture framework is designed to explain contingent and varied patterns of institutional change in response to similar social, political, or economic challenges. As stated by Collier and Collier (1991: 29), a critical juncture is “a period of significant change, which typically occurs in distinct ways in different countries (or in other units of analysis) and which is hypothesized to produce distinct legacies.” The collapse of state-led development and the transition to neoliberalism, I argue, constituted such a watershed in the development of Latin American societies. The crisis-induced opening to domestic and international market forces between the mid-1970s and early 1990s did not merely reverse a half-century of inward-oriented, state-led capitalist development. More fundamentally, it altered the character and purpose of state power, the patterns of association in civil society, and the nature of state–society relations. As such, it shifted the structural moorings of national political systems and dislodged party systems that mediated between state and societal actors under the “state-centric matrix” of ISI (Cavarozzi 1994).

Institutional discontinuities were more abrupt and dramatic in some countries than others, however, depending in part on the antecedent conditions established by historical patterns of party system development following the onset of mass politics in the early 20th century. In contrast to Western Europe, where industrialization and the rise of the working class spawned class cleavages and labor-based social democratic parties that “standardized” party systems (Bartolini 2000: 10), the onset of mass politics in Latin America differentiated party systems according to alternative logics of lower-class political incorporation. In some countries, party systems were reconfigured by the rise of a mass-based, labor-mobilizing populist or leftist party with organic linkages to workers (and sometimes peasant) movements during the statist era. In others, elite-controlled parties remained electorally dominant and incorporated lower classes primarily through vertical patron–client linkages. These “elitist” and “labor-mobilizing” (LM) party systems were embedded in distinct developmental matrices or “varieties of capitalism” (Hall and Soskice 2001), with more

extensive lower-class organization and more ambitious state-led development typically being associated with the LM cases.

These characteristics created a formidable and highly destabilizing set of adjustment burdens for LM party systems during the transition to neoliberalism – in particular, the political costs of severe and often prolonged economic crises, the social dislocations attendant to market restructuring, the discrediting of statist policies and interventionist practices that historically provided parties with programmatic linkages to labor and popular constituencies, and the demise of mass-based organizational models in both civil and political society. Economic crises and market reforms weakened labor unions and created more fragmented and pluralistic civil societies that were increasingly detached from traditional party organizations (Oxhorn 1998; Roberts 2002; Collier and Chambers-Ju 2012). Not surprisingly, these adjustment burdens were associated with greater electoral volatility and major electoral realignments in the LM cases.

Antecedent structural and institutional conditions thus weighed heavily on the political dynamics of neoliberal critical junctures. The categorical distinction between elitist and LM party systems, however, provides only a blunt first cut at a theoretical explanation of party system stability and change in late 20th-century Latin America. As we will see, significant variation existed *within* each category as well, as individual party systems adapted, realigned, or decomposed in response to more contingent and short-term dynamics of national critical junctures and the reactive sequences that followed in their wake.

In particular, the resiliency of party systems in the post-adjustment era – when societal resistance to market orthodoxy often intensified – was conditioned by the leadership of the market reform process and its effects on the programmatic alignment of partisan competition. As Stokes (2001a) demonstrates, neoliberal reforms in Latin America were often adopted “by surprise” – that is, by presidents and parties that had campaigned against them or promised to protect citizens from economic hardships and insecurities. Indeed, one of the great paradoxes of the neoliberal era was that market reforms were often imposed by populist figures or labor-based and center-left parties that were historic architects of state-led development. Such “bait and switch” (Drake 1991) patterns of reform may have made structural adjustment more politically viable in the short term, but they tended to de-align party systems programmatically, weaken party “brands,” and detach parties from traditional core constituencies (see Lupu 2011; Morgan 2011; Seawright 2012). They eroded business and middle-class support for conservative parties – whose platforms had been co-opted by the right-ward shift of more popular-based rivals – while weakening the programmatic linkages between these latter parties and their lower-class constituencies.

Not surprisingly, bait-and-switch reforms were tailor-made for the “out-flanking” of established party systems on the left by populist outsiders or new political movements that articulated societal dissent from neoliberal orthodoxy.

As such, de-aligned party systems were not a stable competitive equilibrium, especially in the post-adjustment period; they were susceptible to powerful reactive sequences that produced legacies of electoral volatility, realignment or even collapse. Conversely, where market reforms were adopted by conservative parties or leaders with a major party of the left in opposition, critical junctures aligned party systems programmatically and channeled societal discontent into institutionalized outlets of representation. The institutional legacies of these latter critical junctures moderated reactive sequences in the aftermath period and produced more stable patterns of partisan and electoral competition.

These divergent outcomes were an example of “structured contingency” (Karl 1997: 10), whereby political actors make meaningful choices within socio-economic and institutional constraints that delimit the range of viable options and shape the potential payoffs of strategic decisions. Economic crises and market constraints foreclosed certain policy options and undermined historic patterns of political mobilization, but leaders still made crucial strategic choices that conditioned final outcomes – for example, choices to implement or delay market reforms, and to work within or outside of established party organizations. Ultimately, however, patterns of party system change hinged on aggregate micro-level decisions by voters, who determined whether leaders’ policy and institutional choices would be rewarded or punished electorally. Indeed, citizens and social actors influenced outcomes through various types of political mobilization, inside and out of the electoral arena. The complex and contingent political realignments produced by neoliberal critical junctures, then, were not straightforward crystallizations of strategic choices or institutional innovations adopted by political leaders; societal resistance and reactive sequences produced myriad unintended consequences that pushed institutional development (and sometimes decay) along unforeseen paths (Pierson 2004: 115–119).

NEOLIBERAL CRITICAL JUNCTURES IN HISTORICAL PERSPECTIVE

When viewed as a region-wide process of socioeconomic and political transformation, the neoliberal critical juncture spanned the quarter of a century that lay between the overthrow of Salvador Allende in Chile in 1973 and the election of Hugo Chávez in Venezuela in 1998. The military coup that aborted Allende’s democratic transition to socialism brought into power the Pinochet dictatorship, which shortly thereafter (in 1975) launched Latin America’s first great experiment in neoliberal reform. The election of Chávez, on the other hand, symbolized the shattering of the technocratic consensus for market liberalization and the intensification of the social and political resistance that would drive the reactive sequences of the post-adjustment era.

Critical junctures in individual countries, however, were compressed into shorter time periods of acute economic crisis and orthodox market reform. With the exception of Chile, where structural adjustment occurred under military rule in the second half of the 1970s (Foxley 1983; Schamis 1991; Silva

1996),⁴ critical junctures began to unfold when an exogenous shock – the 1982 debt crisis – bankrupted developmentalist states and forced economic adjustment to the top of the political agenda. With heterodox adjustment measures unable to contain inflationary pressures, the stage was set for the adoption of orthodox market reforms – the truly decisive stage of the critical juncture in each country. The momentum for reform peaked in the late 1980s through the mid-1990s – the heyday of the Washington Consensus – when every country in the region liberalized markets. Critical junctures ended in each country, and the post-adjustment era began, when the major attempt(s) at market restructuring had been subjected to electoral contestation, giving voters an opportunity to ratify or reject the new economic model. In some countries, such as Argentina, Bolivia, and Peru, this electoral contestation occurred after a single administration adopted comprehensive market reforms in a context of acute economic crisis. In other countries, including Ecuador, Brazil, and Venezuela, major neoliberal reforms were gradually implemented (or attempted) by several different administrations, extending the period of electoral contestation and delaying the endpoint of the critical juncture. As such, the timing and duration of national critical junctures varied, depending in part on leadership dynamics and political agency.

In many respects, the critical junctures analyzed in this book were the obverse of those in the early 20th century studied by Collier and Collier (1991).⁵ Early 20th-century critical junctures were driven by the political incorporation of labor movements as socioeconomic modernization undermined oligarchic domination and placed the “social question” on the political agenda. These critical junctures ushered in a new era of mass politics that augmented the developmental, regulatory, and social welfare roles of state institutions. States became the focal point for a diverse array of societal claims, and in some countries organized labor became a core constituency of new mass parties and a pivotal actor in governing coalitions.

Conversely, the late 20th-century critical junctures analyzed in this book revolved around the political exclusion or marginalization of labor movements, the retrenchment of states’ social and economic functions, and the demise or adaptation to market principles of historic labor-based populist and leftist parties. Whereas labor-incorporating critical junctures inaugurated an era of economic nationalism in Latin America, neoliberal critical junctures were

⁴ Argentina and Uruguay also implemented market reforms under military rule in the 1970s, but major adjustment measures were left on the agenda of their democratic successors in the 1980s. As such, their critical junctures occurred following the onset of the debt crisis – under the watch of democratic party organizations – as in the rest of Latin America outside of Chile.

⁵ Ruth Berins Collier (1992) makes a similar point in other work that contrasts the politics of labor incorporation in Mexico after the revolution with the politics of market reform in the 1980s. As she states, “If the logic of the earlier critical juncture was conducive to the formation of a state–labor alliance, the logic of the potential new critical juncture points to the disarticulation of that alliance” (1992: 156).

marked by political and economic adjustments to the constraints of market globalization. The essence of neoliberal critical junctures was to dismantle the legacies of earlier labor-incorporating critical junctures.

Several of these trends have clearly been altered by the post-adjustment revival of popular mobilization and leftist politics at the turn of the century, which some have characterized as a “second” historical stage of lower-class political incorporation in Latin America (Luna and Filgueira 2009; Roberts 2008). Although it may be tempting – and more analytically analogous to the historical account of Collier and Collier (1991) – to treat re-incorporation as the new critical juncture, national patterns of re-incorporation have been heavily conditioned by the political and institutional legacies of structural adjustment during the transition from ISI to neoliberalism. For this reason, I treat the adjustment period as the critical juncture, and the post-adjustment “left turn” as part of the reactive sequences of the aftermath period.⁶

Ultimately, this book tries to locate some semblance of order in the cacophony of political and economic changes that swept across Latin America at the end of the 20th century. It explores party system change as the condensation of larger processes of socioeconomic and political transformation, since parties are uniquely positioned at the intersection of different social fields. Indeed, parties are institutional intermediaries between state authorities and societal interests that are structured (at least in part) by economic relationships. The study of party system change thus provides a lens through which to view the broader realignment of social, economic, and political fields during Latin America’s turbulent transition to market globalization.

As employed here, then, the critical juncture approach makes an explicit linkage between political and economic change, and it emphasizes the structural or sociological underpinnings of partisan representation. Far from being a mere package of economic reforms, neoliberalism constituted a new social order with identifiable political correlates that diverged sharply from those of the state-centric era. In explaining why the transition to a neoliberal sociopolitical matrix was more disruptive in some countries than others, this book deviates from much of the recent work on party systems and political change, which often assumes (at least implicitly) the autonomy of the political sphere. Before proceeding, therefore, it is necessary to locate this approach more explicitly within the broader study of political change in Latin America.

RELINKING POLITICAL AND ECONOMIC CHANGE

A broad scholarly consensus recognizes that the 1980s and 1990s were a watershed in the economic history of Latin America (Williamson 1994; Edwards

⁶ As explained in Chapter 8, these stages were compressed in Venezuela, where the critical juncture ended with the election of Hugo Chávez and the onset of the left turn. Elsewhere, left turns did not occur until several years – that is, at least one election cycle – after the end of the critical juncture.

1995). As stated by Sebastian Edwards (1995: vii) at the height of the Washington Consensus, the “major economic reforms that have greatly changed the region’s economic landscape” have “become a sweeping movement affecting virtually every country in the region.” The political correlates of this “sweeping movement” were more varied and opaque, however, even when it was clear that economic crisis and market restructuring had altered the political landscape. At the end of their landmark study of 20th-century political development, Collier and Collier (1991: 772–774) discussed the erosion of the heritage of labor-incorporating critical junctures, and they raised the possibility that Latin America entered a new critical juncture in the 1980s. Along these lines, Collier (1992: 161) treated the 1980s as a potential new critical juncture in Mexico, arguing that “the coalitional basis of the state seems to be undergoing a profound change.” Over the course of the next decade various scholars claimed that the neoliberal era had produced a shift in “citizenship regimes” (Yashar 1999 and 2005), “a new critical juncture in Latin American politics” (Levitsky 2003: 231), and “epochal change” in the social and political order (Garretón 2003: 69; see also Garretón et al. 2003). Not surprisingly, individual country studies routinely proclaimed the “end of a political era” or the onset of a new one associated with the shift in development models (Acuña 1995; Tanaka 1998).

Recognizing a political watershed, however, is different from providing a comparative analytical framework to explain its diverse effects – to explain, that is, how interrelated processes of socioeconomic and political change produced divergent pathways of party system consolidation or decay. Given the challenges of identifying different outcomes and explaining their causal pathways, Collier and Chambers-Ju (2012: 571–572) question whether a critical juncture approach is appropriate for analyzing the transformation of political representation in the neoliberal era. To be sure, scholars focused considerable attention on political change at the regime level of analysis, where issues of democratic transition and consolidation dominated the field for much of the 1980s and 1990s. This literature, however, often emphasized the autonomy of the political sphere from economic influences, highlighting such themes as the crafting of democratic pacts, elite strategic interaction, and the design of institutional rules of the game (O’Donnell and Schmitter 1986; Gillespie 1991; Higley and Gunther 1992; Shugart and Carey 1992; Jones 1995; Linz and Stepan 1996). In part, this theoretical orientation was a response to the excessive economic determinism of earlier paradigms, such as modernization theory (Lipset 1959), dependency (Cardoso and Faletto 1979), and bureaucratic-authoritarianism (O’Donnell 1973), which linked political outcomes to the levels, patterns, or stages of economic development. Frequent regime changes cast doubt on such structuralist explanations of politics and left them vulnerable to an array of criticisms (Collier 1979; Cohen 1994). The result was a proliferation of more contingent, actor-oriented explanations of political change and an emphasis on institutional engineering to enhance the prospects for democratic consolidation.

By detaching politics from its socioeconomic moorings, however, institutional and actor-oriented explanations failed to identify potential linkages (or contradictions) between parallel, region-wide processes of democratization, economic crisis, and market liberalization. Such issues began to be addressed in later work that explored the political conditions for market reforms and their sustainability under democracy (Kaufman and Stallings 1989; Remmer 1990 and 1992–1993; Haggard and Kaufman 1992 and 1995; Geddes 1994; Corrales 2002; Weyland 2002; Baker 2010), as well as the role of labor-based parties in the reform process (Murillo 2001 and 2009; Levitsky 2003; Burgess and Levitsky 2003; Burgess 2004). Attention eventually shifted to post-reform political dynamics (Snyder 2001; Garretón et al. 2003; Wise and Roett 2003; Kurtz 2004b; Arce 2005), including the impact of liberalization on civil society and social protest (Eckstein and Wickham-Crowley 2003; Kurtz 2004a; Yashar 2005; Arce and Bellinger 2007; Silva 2009; Oxhorn 2011). Recent work has also analyzed the interrelationships between partisan politics and social mobilization in the post-adjustment period (Van Cott 2005; Collier and Handlin 2009; Arce 2010; Madrid 2012; Rice 2012).

Taken together, these works illustrate why so much concern has been expressed over the quality, fragility, and turbulence of democratic representation in contemporary Latin America. Given the dawning of the neoliberal era under the military dictatorships of the Southern Cone in the 1970s, scholars initially assumed that its harsh austerity and adjustment measures were incompatible with democratic representation, and thus contingent on the authoritarian exclusion of popular sectors (see Skidmore 1977; Foxley 1983; Schamis 1991). The spread of market reforms under democratic regimes in the 1980s demonstrated that the new economic model was not wedded to authoritarian repression to insulate technocratic policymakers from societal demands (Remmer 1990). But if economic liberalization was not coupled to regime type, it did have consistent effects on intermediate-level political outcomes in the domain of political representation – that is, in the “partial regimes” of party systems and popular-interest representation (Collier and Chambers-Ju 2012). In these partial or sub-regimes, neoliberalism shaped the character of democratic governance by conditioning the articulation and organization of interests in society and their relationship to state power – a relationship that is typically mediated by political parties.

The multi-field realignment of states, markets, and social actors trapped party systems in a pincer of structural changes occurring both above and below parties themselves – that is, at both state and societal levels of analysis. From above, market liberalization and globalization narrowed states’ policy options and constrained their developmental and social welfare roles. These roles had long created incentives for popular mobilization, and they helped parties forge programmatic linkages to social groups and differentiate their “brands” in the eyes of voters (Lupu 2011). From below, structural adjustment fragmented labor markets and undermined lower-class collective action, thus altering the ways in

which parties organized popular constituencies, processed societal demands, and mobilized voters. The conception of parties as institutional intermediaries between states and societies thus suggests that Latin America's crisis of representation was not simply a function of party system failures; it also reflected changes in social organization and state roles and capacities that made it difficult for parties to link societal interests to meaningful programmatic alternatives (see Mainwaring, Bejarano, and Pizarro 2006).

Despite Collier and Chambers-Ju's (2012) misgivings, this study suggests that a critical juncture approach is useful for explaining why some party systems confronted these challenges more effectively than others. Different partisan reform alignments during the process of market liberalization created "founding moments" that generated "stable structures" in some party systems and identifiable "patterns of change" in others (Collier and Chambers-Ju 2012: 573). Whatever their antecedent properties, party systems fared better when they were programmatically aligned during neoliberal critical junctures than when they were de-aligned, and this distinction heavily conditioned their ability to represent societal interests in the aftermath period.

This analysis, then, links underlying forces of social and economic change to a comparative historical perspective on representative institutions in Latin America. Critical junctures are decisive periods of institutional generation, transformation, or decomposition with enduring political effects. They arise when existing political institutions – such as mass-based, labor-mobilizing party systems – are dislodged or rendered ineffectual by structural changes. This structural incongruence generates intense pressures for institutional innovation, along with the threat of institutional demise. Strategic responses to these pressures produce different political alignments and outcomes, creating path-dependent institutional legacies that magnify the role of political agency during crucial "choice points" in the critical juncture (Mahoney 2001b: 113). This theoretical integration of structure, agency, and institutions – three of the basic nuclei of comparative political analysis – is a hallmark of critical juncture approaches, and the cornerstone for my analysis of party system change in contemporary Latin America.

Although authoritative voices have hailed the displacement of sociological modes of analysis in comparative politics by those drawing upon the micro-analytic logic of economics (Rogowski 1993), this book is explicit in making the structural or sociological foundations of political order the starting point (though not the end) of its analysis. The reason is straightforward. Historical patterns of dependent capitalist development have left Latin American societies with the most profound socioeconomic inequalities of any region in the world (Bulmer-Thomas 1996: 7; Karl 2000). The structural reality of social and economic exclusion is in inescapable tension with the formal institutional edifice of representative democracy, which is founded on principles of equal citizenship rights. The political manifestations of this tension vary, however, depending on historically constructed patterns of lower-class political mobilization and

incorporation – something that cannot be inferred from universalistic assumptions about structurally derived individual preferences (see, for example, Boix 2003; Acemoglu and Robinson 2006). Latin American party systems have incorporated the working and lower classes in quite different ways, some of which "politicize" underlying social inequalities, and others which suppress or "depoliticize" them. The differences, I argue, have profound implications for democratic governance, as they shape the organization of civil society, the nature of political competition, and the distributive (or redistributive) impact of public policies. The fate of party systems during neoliberal critical junctures and their aftermath period can only be understood in reference to their ability to manage the politics of inequality. Consequently, the transformation of political representation in contemporary Latin America is best understood through an analytical approach that anchors party systems in their social moorings, not detaches them – an approach, in short, that searches for orderly patterns in interwoven processes of social, economic, and political change.

Such an approach is developed as follows. Chapter 2 explores the puzzle of party system instability in Latin America and its relationship to party–society linkage and cleavage structures. Chapter 3 develops the critical juncture framework for analyzing party system change during a period of economic crisis and reform. Chapter 4 explores the rise of elitist and LM party systems following the onset of mass politics in the 20th century, and explains how these party systems were embedded in distinct developmental matrices during the statist era. Chapter 5 analyzes the crisis of state-led development and the transition to market liberalism in the 1980s and 1990s, explaining why this transition was especially disruptive for countries with LM party systems. Chapter 6 examines reactive sequences in the aftermath period and explains how they were conditioned by the programmatic alignment or de-alignment of party systems during the critical juncture.

Part II of the book adopts a case-oriented comparative perspective to trace the impact of neoliberal critical junctures on national party systems. Chapter 7 compares critical junctures in four countries with elitist party systems that span the full range of potential outcomes: party system adaptation in Honduras and Costa Rica, electoral realignment in Uruguay, and decomposition in Ecuador. Chapter 8 explores the dynamics of electoral realignment or decomposition during the critical juncture in four labor-mobilizing cases: Argentina, Brazil, Chile, and Venezuela. Chapter 9 compares the aftermath period in these eight countries to trace the institutional legacies of aligning and de-aligning critical junctures. Chapter 10 concludes with an assessment of the generalizability of the findings and their implications for understanding the transformation of democratic representation in contemporary Latin America.

The analytical framework proposed here facilitates the comparative analysis of party systems across Latin America, in large countries and small, at varying levels of socioeconomic and political development. Too often, theoretical trends in Latin American scholarship are driven by the study of the

region's largest and most economically advanced societies (see O'Donnell 1973; Collier 1979) – those which typically developed LM party systems following the onset of mass politics. Although these countries often serve as political and economic trendsetters, there are limits to theoretical generalization based on their rather selective attributes and experiences. Much theoretical leverage can be gained by comparing party system change in these countries with that in others which retained more elitist patterns of representation during the statist era. Similarly, most studies of the neoliberal challenge to party organizations have focused on parties with core labor constituencies (see Levitsky 2003; Burgess and Levitsky 2003; Murillo 2001; Burgess 2004). A broader comparative perspective that examines systemic challenges in diverse institutional settings should provide novel and more generalizable theoretical insights into the dynamics of political change in Latin America.

Indeed, Latin America's distinctive patterns of political change are best understood within the context of broader international trends. The transformation of parties and political representation in contemporary Latin America shares important features in common with trends in other regions that are also driven by market globalization, technological innovation, and social modernization. The impact of such global forces, however, is necessarily mediated by national and regional patterns of socioeconomic and institutional development. The analysis that follows thus dissects regional and national variants of larger international trends in political representation.

PART I

EXPLAINING REGIONAL PATTERNS

inevitably posed a crisis for the party systems and labor-based forms of political representation that were embedded within it. Given the uneven diffusion of this matrix across the region, the crises that accompanied its demise varied widely in their economic and political severity. This variation was heavily influenced by the differences between elitist and LM cases, transforming these into antecedent conditions for the critical junctures of the neoliberal era.

CONCLUSION

The onset of mass politics in 20th-century Latin America created different patterns of working and lower-class incorporation, distinguishing party systems that were reconfigured by the rise of a mass-based LM party during the ISI era from those that were not. The distinction between elitist and LM party systems is more than a simple descriptive exercise or conceptual mapping; it is a theoretical cornerstone for an explanation of why neoliberal critical junctures were more disruptive in some party systems than others. As intermediaries between states and societies, elitist and LM party systems were elements of broader developmental matrices that indelibly marked national trajectories of political and economic change. These included different associational patterns in civil society, alternative modes of lower-class political incorporation, and distinctive patterns of state economic intervention. As shown in Chapter 5, they also led to different patterns of economic crisis and political disruption during the transition from ISI to market liberalism – patterns that powerfully shaped the dynamics of party system change and continuity.

5

Neoliberal Critical Junctures and Party System Stability

Conventional wisdom suggests that LM party systems entered the 1980s with a series of attributes that should have enhanced their stability. Research on party systems in both the U.S. and Europe has found that aging electoral alignments are less stable than those forged in response to more contemporary issue cleavages (Maguire 1983: 83–85; Carmines, McIver, and Stimson 1987), and the European literature argues that the organization of class cleavages binds voters to parties and limits their mobility (Lipset and Rokkan 1967; Bartolini and Mair 1990). In comparison to their elitist counterparts, LM parties were more densely organized and had more encapsulating linkages to social groups. They encouraged competition that was more likely to be grounded in modern social cleavages and programmatic alternatives rather than disputes from the distant, oligarchic past. Whereas oligarchic party systems seemed anachronistic in the ISI era – the institutional residue of intra-elite conflicts that pre-dated the rise of mass politics – LM party systems were produced by more recent patterns of social mobilization and political competition.

A critical juncture approach suggests, however, that the modern organizational forms of LM party systems were embedded in a state-centric matrix of development that progressively unraveled in the waning decades of the 20th century. The collapse of ISI and the transition to market liberalism eroded the structural foundations of the societal linkage and cleavage patterns that had been spawned by the process of labor mobilization. As such, they exposed LM party systems to more severe exogenous shocks and deeper sociopolitical dislocations than in the elitist cases that experienced more moderate versions of the state-centric matrix.

This chapter provides a brief overview of the economic crisis and the transition to market liberalism, and it explains why this transition exerted differential effects on elitist and LM party systems. It demonstrates that neoliberal critical junctures were especially traumatic and disruptive for countries with LM

party systems, and it identifies three basic mechanisms of structurally induced destabilization: the political costs of crisis management, the erosion of party-society linkages, and the weakening of mass-based organizational models in civil and political society. Evidence is presented to show that these destabilizing effects were associated with greater changes in the organizational composition of LM party systems, deeper electoral realignments, and higher levels of electoral volatility. Institutional change during neoliberal critical junctures, therefore, was heavily conditioned by the antecedent properties of party systems during the ISI era.

THE CRISIS OF ISI AND THE TRANSITION TO NEOLIBERALISM

In its heyday, the state-centric matrix incorporated workers in broad multi-class coalitions that supported state efforts to accelerate industrialization by supplying manufactured goods for domestic markets. These coalitions made organized labor an important constituency of governing parties – at least temporarily – in countries like Mexico, Argentina, Bolivia, Brazil, Chile, and Venezuela. By the 1960s, however, both the political and economic foundations of this matrix had begun to crack. Efforts to “deepen” ISI to include capital as well as consumer goods met with limited success, leaving most of the region dependent on imported capital goods and subject to foreign exchange bottlenecks that limited the prospects for growth. Governments overvalued currencies to lower the price of these imports, but overvaluation discouraged agricultural exports that were vital sources of foreign exchange, and it prevented sheltered industries from competing in export markets. Meanwhile, populist spending policies fanned inflationary pressures, while attempts to achieve stabilization by imposing austerity measures exacerbated distributive conflicts between capital and labor (Alesina and Drazen 1991). The tensions between capital accumulation and domestic consumption strained populist coalitions, and states became increasingly dependent on foreign lending to sustain domestic consumption and investment as petrodollars flooded global capital markets in the 1970s (Cardoso and Helwege 1995: 91–99).

Economic growth thus slowed in some of the region’s most industrialized countries, and populist coalitions started to unravel at the same time that the Cuban Revolution and the guerrilla movements it inspired intensified ideological conflict. Both the Left and the Right offered proposals to escape the bottlenecks of state-led capitalist development. The Left advocated a deepening of the state-centric model through a transition to socialism, whereby the state would nationalize assets held by domestic elites and foreign investors, redistribute property and income to popular sectors, and stimulate growth through an expansion of the domestic market. Variants of this approach were adopted by the Velasco military regime in Peru (1968–1975), the democratic socialist government of Allende in Chile (1970–1973), and the Sandinista Revolution in Nicaragua (1979–1990), in each case leading to an intensification of popular social and political mobilization.

Alternatives of the Right, on the other hand, sought to reimpose the political exclusion of working- and lower-class groups who had been activated under populism. The first wave of “bureaucratic-authoritarian” military regimes that took power in Brazil (1964) and Argentina (1966) were designed to break with populism – but not the state-centric development model – by repressing LM parties and labor unions. By suppressing popular sector consumption demands, they sought to free up resources for a state-led push toward heavy industrialization (O’Donnell 1973; Skidmore 1977). A second alternative on the Right, however, which began with a new wave of bureaucratic-authoritarian takeovers in Chile (1973), Uruguay (1973), and Argentina (1976), broke with both populism and statism by repressing labor and leftist movements and implementing orthodox structural adjustment programs (Foxley 1983; Schamis 1991). This neoliberal prescription rested on the assumption that economic statism distorted markets and swelled aggregate demand, spawning inflationary pressures, rent-seeking behavior, and economic inefficiency (De Soto 1989; Krueger 1990). As such, neoliberal technocrats sought to stimulate growth by unleashing private entrepreneurship in a competitive marketplace.

The trend toward market liberalization began under the Southern Cone military dictatorships of the mid-1970s, but it took the exogenous shock of the early 1980s debt crisis to seal the fate of the state-centric matrix in Latin America. The ISI model had been shaken by the 1973 oil crisis and the global recession that followed, but it received artificial life support from the flood of cheap petrodollars loaned out by Western banks. The fiscal bases of state-led development were devastated, however, by a confluence of international shocks that followed the second oil crisis in 1979. Interest payments on international loans skyrocketed at the same time that oil import costs soared and a global recession caused export revenues to plunge. These international shocks created severe balance-of-payments deficits, intense inflationary pressures, and extensive private capital flight. When Mexico declared that it could not meet debt service obligations in 1982, the flow of foreign credits to Latin America dried up, state spending plummeted, and the region slid into its most severe depression since the 1930s (Kaufman and Stallings 1989).

The descent into crisis was instrumental in weakening military dictatorships and encouraging regime change (Remmer 1992–1993), but it also saddled new democratic regimes and party systems with the unenviable task of managing stabilization and structural adjustment. Not surprisingly, a number of new democracies responded to the crisis with heterodox adjustment programs, using wage and price controls, fixed exchange rates, and monetary reform to try to contain inflation without the social costs of orthodox austerity measures (Cardoso and Helwege 1992: 188–196). The most prominent of the heterodox programs, however – the Austral Plan in Argentina, the Cruzado Plan in Brazil, and the Inti Plan in Peru – fell victim to hyperinflationary pressures once price controls were lifted, allowing orthodox recipes to sweep across the region by the end of the 1980s (Haggard and Kaufman 1992; Edwards 1995).

The orthodox strategy contained two basic stages, both heavily scripted and closely monitored by the International Monetary Fund (IMF), western governments, and foreign creditors. The first stage prioritized economic stabilization and austerity in an attempt to ease inflationary pressures and balance-of-payments deficits. Stabilization was to be achieved by closing fiscal deficits, slowing the growth of the monetary supply, reducing imports, and expanding exports. Budget deficits were addressed by slashing government spending – including subsidies, social programs, public investment, and public employment – and increasing taxes and fees for public services. Higher interest rates, strict control over monetary emissions, the elimination of wage indexation, and cuts in real wages were also employed to reduce inflation, while currencies were devalued to boost exports and discourage imports. Orthodox stabilization produced savings that could be used to meet debt obligations, but it generally did so by inducing recessions (Cardoso and Helwege 1992: 172), along with a sequel of social costs in the form of underemployment, lower wages, and reduced domestic consumption.

Under the orthodox prescription, stabilization was only the first step toward more far-reaching neoliberal structural adjustment, which aimed to curtail state intervention and reestablish the market as the primary mechanism for allocating goods and services. Tariffs were slashed, price controls were lifted, capital and labor markets were deregulated, public enterprises and services were privatized, and foreign capital was embraced in an ambitious drive to unleash the creative forces of market competition and private entrepreneurship (Williamson 1990; Nelson 1994; Smith, Acuña, and Gamarra 1994; Edwards 1995). Although significant variation existed in the timing, depth, and pace of neoliberal reform, by the early 1990s every country in the region had shifted toward freer markets (see Morley, Machado, and Pettinato 1999; Lora 2001).

Far more than a temporary palliative for the debt crisis, structural adjustment aimed at a complete rupture with the state-centric matrix and a permanent realignment of states and markets in the development process. It also sought to integrate Latin America more thoroughly within global markets at a time when national governments were hard-pressed to maintain sovereign control over fiscal and monetary policies and transnational capital flows (Mahon 1996). In essence, a new mode of capital accumulation had emerged, albeit one with roots in Latin America's 19th-century era of economic liberalism. Rather than domestic consumption and investment serving as the engines of growth under the tutelage of a protective and entrepreneurial state, the region turned anew to commodity-export markets, private capital, and foreign investment to stimulate growth. In the process, states relinquished a broad range of developmental and social welfare responsibilities (Vellinga 1998). States managed the insertion of national economies in global markets and enforced contracts and property rights, but they retreated from responsibilities to develop new productive sectors, control prices, subsidize consumption, redistribute income, and provide an extensive array of social welfare measures.

This crisis-induced realignment of states and markets produced dramatic changes in the organization of societal interests, challenging class-based forms of representation and the programmatic linkages that had been forged between parties and social groups under ISI. It also imposed severe costs of crisis management on many party systems. The political costs of the transition from ISI to neoliberalism were not evenly distributed across party systems, however. As explained below, this critical juncture was more destabilizing for LM than elitist party systems, as the former were prone to more severe and prolonged economic crises, and their organizational and linkage patterns were less compatible with the socioeconomic landscape of the neoliberal era.

PARTY SYSTEMS AND ECONOMIC CRISIS

Economic crises can be highly destabilizing for party systems, as they typically undermine support for parties that are held accountable by voters for economic performance. The more severe an economic crisis, the more likely voters are to punish incumbent officials; the more prolonged a crisis, the more likely it is to erode support system-wide as voters punish successive governing parties. The susceptibility of different types of party systems to economic crises is thus an essential starting point for understanding the divergent outcomes of neoliberal critical junctures.

Several features of LM party systems made them especially vulnerable to severe and prolonged economic crises during the transition to market liberalism. First, as discussed in Chapter 4, LM party systems were typically embedded in more statist political economies; having advanced further with state-led development, they faced a deeper set of adjustment burdens and fell prone to more severe economic disequilibria as ISI entered into crisis. Second, these deeper ISI experiments had generated stronger ISI coalitions, including more densely organized labor movements and LM parties that shared vested interests in the state-centric matrix. These coalitions staunchly opposed adjustment measures that imposed economic hardships on popular sectors.

Consequently, attempts to impose austerity measures generated fierce political resistance and distributive conflicts in the LM cases, often producing political gridlock and policy uncertainties that exacerbated capital flight and deepened economic crises. Structural adjustment was frequently delayed until foreign exchange reserves were nearly depleted and hyperinflation had wreaked havoc on popular living standards (Weyland 2002). Indeed, many of the LM cases tried to avoid orthodox stabilization measures by adopting more politically palatable heterodox reforms that provided short-term relief but ultimately culminated in hyperinflation. In such contexts, LM cases often required more far-reaching structural adjustment packages – the so-called neoliberal “shock” treatments – before they could establish credible commitments to reform and bring their economies into alignment with the market logic of the neoliberal era.

In contrast, most of the elitist cases had not strayed so far from economic liberalism in the middle of the century, and they suffered less severe economic disequilibria during the crisis of ISI and the transition to neoliberalism. Likewise, the political and organizational weakness of labor unions moderated distributive conflicts and the political costs of subjecting labor to the discipline of the marketplace. Simply put, the elitist cases did not have as far to adjust at the onset of the neoliberal era; with shallower versions of the state-centric matrix and relatively mild economic crises, they were able to implement more moderate and gradual adjustment programs.

These disparities between the elitist and LM cases are portrayed in Tables 5.1 and 5.2. Table 5.1 demonstrates that the inflationary crises at the end of the ISI era were far more severe and prolonged in the LM cases, and that the

TABLE 5.1. *Party Systems and Economic Crisis in Latin America*

Type of Party System	Peak Annual Inflation Rate (1970-2000)	Years with Inflation >100 (1970-2000)	Worst Economic Contraction, 1980-2000 (+=multi-year)	1997 Index of Real Minimum Wage (1980 = 100)
<i>Elitist</i>				
Colombia	30.4	0	-4.1	103.8
Costa Rica	90.1	0	-9.6+	135.0
Dominican Republic	59.4	0	-5.7	78.0*
Ecuador	96.1	0	-6.3	50.5
Honduras	34.0	0	-2.2+	78.3
Panama	16.8	0	-15.0+	110.0
Paraguay	38.2	0	-4.0+	107.0
Uruguay	112.5	2	-16.0+	40.8
Mean	59.7	.25	-7.9	87.9
<i>Labor-Mobilizing</i>				
Argentina	3079.8	16	-11.2+	78.0
Bolivia	11,748.3	5	-10.9+	32.2
Brazil	2937.8	13	-4.4	73.2
Chile	508	5	-14.7+	102.3
Mexico	131.8	3	-6.2	30.1
Nicaragua	14,295.3	7	-19.8+	NA
Peru	7481.5	7	-23.4+	26.7
Venezuela	99.9	0	-7.8	39.9
Mean	5035.3	7.0	-12.3	54.6

* The Dominican Republic's wage index score is for 1996.

Sources: For inflation and economic growth from 1970 to 1997, Inter-American Development Bank, *Economic and Social Progress in Latin America*, various editions. For 1998-2000, Economic Commission for Latin America and the Caribbean (2001: 68, 95). For minimum wage index, International Labour Organization (1998: 43).

economic recessions and wage cuts associated with stabilization were also much deeper. All six of the countries that experienced annual inflation rates greater than 500 percent in the 1970s and 1980s – Chile, Bolivia, Argentina, Peru, Brazil, and Nicaragua – belonged to the LM camp. The latter five of these cases all experienced hyperinflationary spirals with annual rates that exceeded 2000 percent. Even if Nicaragua's extreme score of 14,295 is excluded, the average peak inflation rate in the other seven LM cases was 3,712 percent, compared to 59 percent in countries with elitist party systems. Among the LM cases, hyperinflation was avoided only in Mexico and Venezuela, where organized labor was allied with – and subordinate to – the governing party for all or most of the period. These two countries used a combination of price controls and wage agreements to contain inflationary pressures, but in the process they pushed much of the burden of economic adjustment onto the backs of workers; as seen in the table, Mexico and Venezuela had the region's second and fourth steepest declines in real minimum wages, respectively, in the 1980s and 1990s.

Even more striking, in the full sample of countries, 56 of the 58 annual inflation rates that exceeded 100 percent were recorded in countries with LM party systems. All of the LM cases experienced at least three years with triple-digit inflation during this time period except for oil-rich Venezuela, which peaked at 99.9 percent. Argentina suffered through no less than 16 years with triple digit rates of inflation, while Brazil followed closely with 13 years. Among the elitist cases, only Uruguay (twice) experienced triple-digit inflation, with a peak rate of 112.5.

Given these dramatic differences in the frequency, duration, and severity of inflationary crises, the costs of economic stabilization – including recessions and wage cuts – were also greater in the LM cases. Table 5.1 lists the deepest single year or consecutive multi-year economic recession experienced by each country between 1980 and 2000; the deepest contraction for elitist systems averaged 7.9 percent, compared to 12.3 percent in the LM cases. Five of the eight LM cases experienced a double-digit contraction, compared to only two elitist countries. The differences between the two sets of countries would be even greater were it not for the anomalous case of Panama, where U.S. sanctions against the Noriega regime caused a severe recession that had little to do with the regional patterns of economic stabilization and adjustment.

Likewise, the decline in the real minimum wage between 1980 and 1997 averaged 45.4 percent in the LM cases, nearly four times the 12.1 percent contraction in countries with elitist party systems. Half of the elitist countries achieved real minimum wage growth between 1980 and 1997, but only Chile – whose economic adjustment occurred before 1980 – had a higher real minimum wage in 1997 than in 1980 among the LM cases.¹ Paradoxically, countries with

¹ Economic crisis and reform caused a medium-term decline in real wages in Chile as well. Real wages in 1985 were 17.8 percent below those in 1970, before beginning a gradual recovery that carried into the 1990s (*Economía y Trabajo en Chile: Informe Anual 1993-1994*: 221).

the strongest party-labor blocs suffered the most severe cuts in real wages during this period of economic crisis and adjustment. Among the elitist cases, Uruguay registered the worst score on all of these indicators of economic crisis and adjustment. This reflects the hybrid features of the Uruguayan case and its intermediate ranking on the state-centric matrix, as discussed in Chapter 4.

Altogether, there is persuasive evidence to suggest that more profound statist development experiments culminated in severe economic crises by the 1980s, which in turn led to comprehensive shock treatments to achieve stabilization. Indeed, patterns of stabilization and adjustment were different across elitist and LM cases. Lora and Panizza (2003: 127–128), for example, single out Bolivia, Peru, Brazil, and Argentina – all LM cases – for aggressive privatization reforms, and they identify the elitist cases of Costa Rica, Uruguay, Paraguay, and Ecuador as relative laggards in the reform process. Stallings and Peres (2000: 48) add Chile to the ranks of aggressive reformers and Colombia to the group of “cautious” reformers, while Edwards (1995: 30) adds the Dominican Republic to the laggard category.² In general, the elitist cases adjusted in a gradual and moderate fashion, starting from an intermediate level of state intervention and moving progressively in the direction of greater economic orthodoxy. The impact of exogenous shocks on national economies and adjustment patterns was thus mediated by national political institutions and antecedent development experiences.

If countries with LM party systems experienced more severe economic crises and more wrenching adjustment processes, it follows that they would be especially prone to the kinds of destabilizing, performance-based retrospective vote shifts discussed in Chapter 3. Electoral realignments are likely when large numbers of voters opt to punish an incumbent party during periods of recession or hyperinflation, or reward a party that succeeds at stabilization and recovery. It is important to note, however, that the political costs of anti-incumbent vote shifts were not necessarily borne by LM parties, as these often found themselves out of power when crises erupted. More conservative or centrist parties, for example, were saddled with responsibility for crisis management in Peru and Venezuela in the early 1980s, Argentina in the mid-1980s, and Brazil in the late 1980s and early 1990s. These parties were generally pro-market, but they faced well-organized political resistance to the adoption of orthodox stabilization programs, and they often paid a steep price for policy indecisiveness and ineffectiveness. Consequently, there is little reason to expect the political costs of economic crises to be concentrated on any particular type of *party*; they should, instead, be concentrated on LM party *systems*.

² Mexico was clearly a case of extensive reform as well, but structural adjustment occurred gradually rather than via shock treatment. Venezuela attempted shock treatment between 1989 and 1991, but political resistance blocked the full implementation of neoliberal reforms.

MARKET REFORM AND PARTY–SOCIETY LINKAGES

If party systems were exposed to the destabilizing political costs of economic crises, so also were they threatened by the erosion of their societal linkage, cleavage, and organizational patterns during the transition to market liberalism. Economic crises and market reforms transformed the social landscape and the organization of societal interests in myriad ways, disrupting established patterns of representation. Although market liberalization could undermine the clientelist linkages of elitist party systems, it typically posed more fundamental threats to the programmatic linkages and stratified cleavage structures of LM party systems.

In theory, market reforms combined with the emergence of urban mass societies should erode the clientelist linkages that historically solidified popular bases for elitist party systems. Patron–clientelism has long thrived in rural Latin America, where population density is lower, material scarcities are acute, and political brokerage can be reinforced by patrimonial social relationships. Although patron–clientelism is surely prevalent in urban areas (Gay 1994; Stokes 1995; Auyero 2000), population density can make it more costly and less inclusive. Clientelist exchanges are more difficult to establish and monitor where social relationships are impersonal, and the sheer weight of numbers makes it expensive and inefficient to mobilize support by doling out particularistic rewards. In short, economies of scale may exist in the programmatic provision of public or collective goods (rather than particularistic rewards) in urban mass societies. Likewise, citizens with higher incomes and education levels tend to be less susceptible to clientelist manipulation (see Stokes 2005), as they are more economically independent and have access to political information that reduces their reliance on fixed partisan identities. And by privatizing social programs and cutting public employment, state subsidies, and regulatory intervention, neoliberal reforms should limit the economic resources and policy tools that parties traditionally used to fuel patronage networks. With universal rules for market competition and a level playing field, it should be more difficult for parties to use economic rewards to manipulate political loyalties (De Soto 1989; Geddes 1994).

In practice, however, the effects of market reform on clientelist practices were mixed. According to Valenzuela (1977: 154), clientelism flourishes under conditions of scarcity that undermine universalistic social programs and encourage a resort to particularistic criteria in the allocation of public resources. By slashing broad-ranging forms of social protection, preventing states from responding to collective claims, and disarticulating lower-class collective action, liberalization could encourage the pursuit of particularistic political ties and economic rewards as a shield against market insecurities. As Ames (2001: 36) states, “pork barrel politics does not require that the government supply large quantities of resources . . . If resources are plentiful, in fact, brokers lose their monopoly and hence their control, so patronage can thrive in situations of scarcity and

uncertainty.” Scarcity magnifies the impact of available resources and strengthens the leverage of party brokers who control their allocation (Brusco, Nazareno, and Stokes 2004).

Not surprisingly, then, the targeted poverty-relief programs that accompanied market reforms were often prone to clientelistic political manipulation (Dresser 1991; Roberts 1995; Graham and Kane 1998), and parties that suffered an erosion of corporatist and programmatic linkages to labor unions leaned more heavily on patron–clientelism to secure the loyalty of the unorganized poor (Gibson 1997; Auyero 2000; Levitsky 2003). Neoliberal reforms may have placed boundaries on clientelist practices and eroded the patronage bases of some traditional parties like those in Uruguay (Luna 2006), but they hardly foreclosed clientelistic forms of party–society linkage. Indeed, clientelism provided a mechanism of hierarchical class control that complemented the disorganization of popular subjects from below. From a structural perspective, the vertical linkages of patron–clientelism were a more natural fit in a fragmented social landscape than programmatic linkages based on horizontal, class-based organizations and collective action. Clientelist modes of party–society linkage thus remained prevalent, even if they had a diminishing capacity to reproduce mass partisan loyalties.

Latin America’s economic transition, however, posed major threats to party–society linkage and cleavage patterns that were based on ISI-era programmatic ties between parties and organized class constituencies – that is, the social foundations of partisan competition in LM systems. Economic crisis, market liberalization, and state retrenchment (and sometimes repression) altered the organization of interests and the party-mediated mechanisms for transmitting societal claims to state institutions and policymaking arenas – what Collier and Handlin (2009) label the “interest regime.” Indeed, the realignment of states and markets led to the political demobilization and disarticulation of mass party and secondary associations that incorporated workers and peasants during the ISI era. In so doing, it undermined all three of the core dimensions of stratified sociopolitical cleavages: their structural basis in class distinctions, the organizational encapsulation of rival social blocs, and the cultural or ideational dimension of collective identities (see Bartolini and Mair 1990).

As Wright (2000: 962) argues, the political leverage of workers has both structural (or market) and associational bases. Structural power is enhanced when workers’ skills are in scarce supply or their strategic location allows them to disrupt vital economic activities. Associational power, on the other hand, is a function of workers’ capacity for collective action. The disarticulating logic of neoliberal critical junctures was rooted in the joint erosion of these two sources of power. Recessions, trade liberalization, privatizations, and sub-contracting transformed labor markets and class structures, producing job losses in the most heavily unionized, formal sectors of the economy that were conducive to collective action in the workplace. Meanwhile, employment swelled in the informal and temporary contract sectors of the workforce (Portes and Hoffman 2003),

where irregular, small-scale, heterogeneous, and unregulated economic activities diffused collective identities and discouraged class-based collective action. By 1998, the International Labour Organization (1998: 1) reported that 59 percent of non-agricultural employment and 85 percent of new job growth in Latin America were in the informal and micro-enterprise sectors, which relied heavily on temporary workers and non-contract forms of employment. Such precarious employment was encouraged in many countries by reforms that deregulated or “flexibilized” labor markets in the name of economic efficiency: restrictions on hiring and firing were relaxed, employee benefits were slashed, collective bargaining was restricted, and union influence over the workplace was curtailed (see Cook 2007; *El Sindicalismo Ante los Procesos de Cambio Económico y Social en América Latina* 1998).

Paradoxically, these structural changes deepened social inequalities in Latin America (see Chapter 6) but diffused the political articulation of class distinctions. Labor movements had little success organizing the informal sectors, and their representational role was increasingly restricted to workers in formal, large-scale enterprises and a shrinking public sector. Trade union membership entered into a steep decline, especially in countries with LM party systems that had attained relatively high rates of unionization in the ISI era. As shown in Table 5.2, every country except Paraguay and Brazil had experienced significant reductions in trade union density by the 1990s,³ but on average the declines were much steeper in the LM cases. Unionization plunged from an average peak rate of 31.9 percent in the LM cases to a late 1990s average of 16.1 percent; in the elitist cases, the decline was from a peak average of 13.9 percent to a 1990s average of 9.9 percent. Unionization rates declined by nearly 50 percent or more in Argentina, Bolivia, Chile, Nicaragua, Peru, and Venezuela, all LM cases. Among the LM cases, only Brazil avoided a sharp decline in trade union density, as union membership grew rapidly during the democratic transition of the 1980s before leveling off as market reforms were adopted (Sandoval 2001). Most countries with elitist party systems also experienced significant percentage-rate declines in trade union density, but they started from a much lower base level, so absolute declines were far smaller than in the LM cases. Since parties in the elitist systems had never relied heavily on unions to secure lower-class support, de-unionization posed little threat to their organizational and linkage patterns.

Market liberalization also transformed social and productive relationships in Latin America’s rural economies (Kurtz 2004b). Agricultural commercialization turned traditional *haciendas* into capitalist enterprises, whose labor needs were met by seasonal and migratory wage laborers rather than resident peasants operating under semi-feudal forms of social control (de Janvry 1981; Gómez

³ In Paraguay the union movement was so emasculated by political repression and cooptation under the Stroessner dictatorship that some sort of strengthening was perhaps inevitable following his ouster in 1989. Paraguay’s trade union density thus peaked in the 1990s, although it remained low in comparative terms.

TABLE 5.2. *Changes in Trade Union Density in Elitist and Labor-Mobilizing Party Systems*

Type of Party System	Peak Trade Union Density	1990s Trade Union Density	Net Change in Trade Union Density
<i>Labor-Mobilizing</i>			
Argentina	50.1	22.3	-27.8
Bolivia	24.8	8.7	-16.1
Brazil	24.3	23.8	-.5
Chile	35.0	13.1	-21.9
Mexico	32.1	22.3	-9.8
Nicaragua	37.3	19.4	-17.9
Peru	25.0	5.7	-19.3
Venezuela	26.4	13.5	-12.9
Mean	31.9	16.1	-15.8
<i>Elitist</i>			
Colombia	9.2	5.9	-3.3
Costa Rica	15.4	11.7	-3.7
Dominican Republic	17.0	14.4	-2.6
Ecuador	13.5	9.0	-4.5
Honduras	8.5	5.7	-2.8
Panama	17.0	10.4	-6.6
Paraguay	9.9	9.9	0.0
Uruguay	20.9	12.0	-8.9
Mean	13.9	9.9	-4.0

Source: International Labour Organization (1997b: 235), supplemented by the sources listed in Footnote 3 of Chapter 4.

and Klein 1993; Kay 1999). Likewise, it encouraged the parcelization of communal or cooperative landholdings in countries like Chile, Mexico, and Peru that were often the fruit of historic peasant mobilizations and a structural basis for rural associational life (McClintock 1981; Snyder and Torres 1998). These trends fragmented and diversified the interests of rural producers, discouraging collective action around land conflicts and shifting the focus of agrarian claims to issues of wages, benefits, credits, and support services. Meanwhile, urban migration and economic modernization shrank the relative size of the peasantry, limiting its significance as a political force. Although collective struggles over land continued in countries like Brazil and Ecuador (Wolford 2010), they were far less salient in most of the region than they were during the ISI era, when demands for land reform inspired large-scale peasant mobilizations (Paige 1975; Thiesenhusen 1995; Kurtz 2004b). Once again, the disruptive political effects of these social and economic changes should be more pronounced in LM than elitist party systems, given the historic bonds between peasant associations and populist or leftist parties.

In both urban and rural areas, therefore, lower-class producers became more dispersed and heterogeneous, while their economic roles and collective welfare were increasingly subjected to the individualizing discipline of the marketplace rather than political bargaining or class-based collective action. The demise of mass labor and peasant movements and the emergence of a more fragmented and pluralistic social landscape (Oxhorn 1998) eroded the organizational bases of stratified cleavages where they had existed in the LM cases. Parties were forced to mobilize support across class distinctions in an increasingly atomized electorate that delivered a diminishing number of votes from organized social blocs. Not surprisingly, then, parties distanced themselves from organized labor (Levitsky 1998a) and downplayed class identities and ideology (Torcal and Mainwaring 2003), giving party leaders more autonomy to manage economic reforms and market their appeals to independent and unorganized voters. Neoliberal critical junctures thus accentuated social inequalities but undermined their political organization and articulation.

In much of the region, this disarticulation of class-based political competition was magnified by the partisan dynamics of market reform, as conservative, pro-market parties rarely took the lead in the adoption of structural adjustment policies in countries with LM party systems. In five of the eight LM cases, either the historic LM party (the Peronists in Argentina, the PRI in Mexico, AD in Venezuela, and the MNR in Bolivia) or an independent leader elected by popular sectors (Alberto Fujimori in Peru) eventually assumed political responsibility for structural adjustment, despite their initial opposition to it.⁴ Since conservative parties encountered well-organized opposition to neoliberal reforms in these countries, parties with historic ties to organized labor had a comparative advantage in the reform process: they could offer inducements for cooperation, co-opt union leaders, and draw upon reservoirs of political capital and trust to contain popular mobilization (Murillo 2000; Burgess 2004).

Such bait-and-switch reforms, however, entailed a sharp departure from established policy commitments, undercutting the programmatic linkages that bound LM parties to working and lower class constituencies. In countries like Argentina, Mexico, and Peru, the policy about-face made it possible to garner new support (at least temporarily) from middle- and upper-class constituencies that were poised to benefit from economic liberalization (Gibson 1997; Roberts and Arce 1998). As such, the policy shift was not necessarily costly at the ballot box in the short term (Stokes 2001a), especially if it helped stabilize a crisis-ridden economy (Weyland 2002).

⁴ In the other three LM cases, conservative *actors* led the process of market reforms, but conservative *parties* played a limited role. In Chile, reforms were imposed by the Pinochet military dictatorship. In Brazil, major reforms began under a maverick conservative leader (Fernando Collor) with little partisan base, then continued under a centrist-led partisan coalition formed by Fernando Henrique Cardoso. In Nicaragua, reforms occurred under a loose center-right electoral front formed in opposition to the Sandinista revolutionary government.

Nevertheless, these dramatic policy shifts were programmatically de-aligning, as LM parties historically served as systemic fulcrums – for supporters and opponents alike – which aligned group interests with partisan programs. By shifting to the right and embracing free markets, they could undercut business and middle-class support for conservative parties that were more consistent – but often less politically effective – proponents of market reform (Gibson 1996). At the same time, policy shifts strained political ties to labor and popular constituencies, leaving a political vacuum to the left of center that could be filled by new parties or populist figures. These shifts flagrantly violated candidates' and parties' electoral mandates, reshuffled and loosened partisan loyalties (Lupu 2011), and eroded stratified partisan cleavages. Ultimately, they left party systems vulnerable to protest voting and out-flanking on the left, should extra-systemic actors succeed in channeling societal dissent that had no effective institutional outlets.

As shown in Chapter 7, bait-and-switch reforms occurred in several elitist party systems as well – namely, Costa Rica and Ecuador – subjecting them to similar de-aligning effects. The competitive alignments of most elitist party systems, however, had never been well-defined by ideological or programmatic differences, and the narrowing of policy space under the technocratic consensus for market reform posed fewer challenges to partisan brands that were already predominantly pro-business and pro-market. For LM party systems, however, programmatic distinctions had been a cornerstone of appeals to both labor and capital, and policy convergence inevitably weakened group-based appeals system-wide.⁵ Business interests had little incentive for partisanship when their policy preferences were seemingly dictated by global market constraints regardless of the party in office, while popular sectors that bore the material hardships of economic adjustment were often left without partisan vehicles to defend programmatic alternatives.

To summarize, neoliberal critical junctures posed a series of potentially destabilizing challenges to party systems in Latin America. Parties had to contend with the political costs of crisis management, as well as the disarticulation of established linkage, cleavage, and organizational patterns. These challenges were more formidable in LM party systems, whose defining features were deeply embedded in the state-centric matrix and more prone to disruption during the transition to market liberalism. Indeed, LM party systems increasingly converged on the representational patterns that characterized elitist party systems: segmented cleavage structures, professional-electoral party organizations, and linkages based on a mixture of clientelism, personalism, and image marketing. The section that follows explores how these changes affected electoral alignments and the stability of partisan competition.

⁵ This does not mean that such appeals completely evaporated. As Murillo (2009) shows, labor-backed parties adopted some regulatory reforms that appealed to their union constituencies. They did so, however, within a larger context of macroeconomic policy convergence.

PARTY SYSTEM CONTINUITY AND CHANGE

As explained in Chapter 3, change and continuity in party systems can be tracked along a number of different dimensions. Two of the most basic indicators are the organizational composition of a party system – that is, the political identity of the major party organizations – and the competitive balance (or distribution of vote shares) among these parties. More disruptive critical junctures are likely to produce significant changes in the organizational composition and/or the distribution of vote shares in a party system. A third basic indicator, electoral volatility, provides a short-term measure of stability and change from one election cycle to the next. As shown below, change along all three of these dimensions was more extensive in LM than elitist party systems during the transition from state-led development to market liberalism.

Minor parties rise and fall in many countries without becoming major power contenders or exerting a significant effect on a party system's competitive dynamics. To screen out such "noise," I use a 10 percent threshold of seats in the lower house of congress as the criterion to identify major parties, and measure change in organizational composition and vote shares from the beginning of the "third wave" of democratization in 1978 until 2000. This time span captures the decisive period of economic crisis and market liberalization in every country except Chile, and it makes it possible to establish baseline assessments of partisan strength before the onset of the critical juncture or in its early stages (for countries that returned to democratic rule after the debt crisis began in the early 1980s). It also provides an endpoint that coincides with the region-wide closing of the critical juncture in the late 1990s and the beginning of the post-adjustment or aftermath period. Although national critical junctures in some countries ended earlier in the 1990s (see Part II), the time period analyzed here makes it possible to measure cross-national variation in party system change during a common period when economic crisis and market reforms dominated the agenda of democratic regimes in Latin America.

To smooth out short-term voting fluctuations associated with democratic transitions, the baseline strength of major parties is measured by averaging their legislative seat shares during the first two elections that followed the onset of the "third wave" in 1978; for countries that did not hold two elections before 1985, I used the first available election in the 1980s to measure parties' baseline strength.⁶ Parties are coded as major parties if they win at least 10 percent of legislative seats in either the baseline elections or the last election in the time period (i.e., 2000 or before). A change in organizational composition

⁶ In some countries, such as Mexico, Honduras, Panama, Nicaragua, and Paraguay, these early election cycles did not necessarily occur in contexts where the full panoply of liberal democratic civil and political rights were in force. Nevertheless, the election results presented here provide a reasonable assessment of the relative baseline strength of the major competing party organizations, and are thus useful for measuring change over the course of the critical juncture.

occurs when a major party in the baseline elections disappears before the last election, or when a major new party emerges. Continuity in organizational composition exists when a party (or a re-named successor party) passes the 10 percent threshold in the first and last elections, or when it wins seats in both elections and surpasses the threshold in at least one of them.

As seen in Table 5.3, the differences between elitist and LM party systems during the critical juncture are striking. Continuity in organizational composition existed in six of the eight elitist cases; although significant vote shifts sometimes moved individual parties into or out of major-party status in these countries, only Ecuador had a major party (the populist CFP) disappear during the critical juncture, and only Paraguay had a new one form (with the PEN barely, and briefly, reaching the 10 percent seat threshold). Otherwise, all the major parties in the baseline election cycles remained competitors at the end of the 1990s, and all the major parties at the end of the critical juncture had competed in the baseline election cycles.

By contrast, seven of the eight LM party systems experienced a change in organizational composition due to the collapse of a major party and/or the rise of a new one. The sole outlier, Chile, was an anomalous case – the only country in the region where structural adjustment was completed under military rule, allowing the party system to avoid the political dislocations of crisis management and market liberalization following the country's long-delayed democratic transition in 1989–1990. For the Chilean case, a more accurate measure of the impact of the critical juncture on the party system might be obtained by using the last election before the military coup (1973) as the baseline, rather than the first election following the restoration of democracy (1989). With that adjustment, the Chilean case would include two major parties that were casualties of the critical juncture (the Communist Party and the conservative National Party) and three major new parties that were spawned by it (the center-left PPD and the rightist RN and UDI).⁷

In the other LM cases, changes in organizational composition were more common due to the formation of new parties than the extinction of old ones. Indeed, major new parties emerged in all of these LM cases, whereas major parties only disappeared from congress in Nicaragua (the conservative PCDN) and Peru (the leftist IU). But even if major party extinctions were relatively rare, massive vote losses were common in the LM systems during the critical juncture, and they afflicted parties across the full range of the ideological spectrum – including the right (AP in Peru and COPEI in Venezuela), the center (UCR in Argentina, MNR in Bolivia, PMDB in Brazil, and PRI in Mexico), and a variety of populist and left-leaning alternatives (UDP in Bolivia, FSLN in Nicaragua, APRA in Peru, and AD in Venezuela).

⁷ The Chilean Communist Party survived the dictatorship and competed in elections through larger coalitions following the return to democracy, but its candidates were not elected to congress until 2009. The RN incorporated leaders from the pre-1973 National Party, but was founded as a new party organization during the democratic transition.

TABLE 5.3. Major Party Vote Shares and Electoral Realignment, 1978–2000 (percentage of seats in lower house of congress)

Country/Major Parties	Baseline Elections (average)	Last Election	Change in Seat Shares (%)	Net Change in Seat Shares
<i>Elitist Party Systems</i>				
Colombia	<u>1978/1982</u>	<u>1998</u>		
PL	56.8	51.5	-5.3	14.8
PSC	41.5	17.2	-24.3	
Costa Rica	<u>1978/1982</u>	<u>1998</u>		
PLN	50.9	40.4	-10.5	9.2
PU/PUSC	39.5	47.4	+7.9	
Dominican Republic	<u>1978/1982</u>	<u>1998</u>		
PRD	52.2	55.7	+3.7	33.4
PR/PRSC	44.5	11.4	-33.1	
PLD	2.9	32.9	+30	
Ecuador	<u>1979/1984</u>	<u>1998</u>		
CFP	26.9	-	-26.9	48.7
ID	28.3	12.5	-15.8	
PSC	8.2	21.7	+13.5	
DP-UDC	3.5	26.7	+23.2	
PRE	2.1	20.0	+17.9	
Honduras	<u>1981/1985</u>	<u>1997</u>		
PL	51.9	54.1	+2.2	2.6
PN	44.3	41.4	-2.9	
Panama	<u>1984</u>	<u>1999</u>		
PRD	50.7	47.9	-2.8	8.9
PPA	19.4	25.4	+6.0	
PALA/MORENA	10.4	1.4	-9.0	
Paraguay	<u>1989</u>	<u>1998</u>		
ANR-PC	66.7	56.3	-10.4	12.5
PLRA	29.2	33.8	+4.6	
PEN	-	10.0	+10.0	
Uruguay	<u>1984</u>	<u>1999</u>		
PC	41.4	33.3	-8.1	20.3
PN	35.4	22.2	-13.2	
FA	21.2	40.4	+19.2	
<i>Labor-Mobilizing Party Systems</i>				
Argentina	<u>1983/1985</u>	<u>1999</u>		
UCR	51.0	31.9	-19.1	18.4
PJ	41.8	38.5	-3.3	
FREPASO	-	14.4	+14.4	
Bolivia	<u>1979/1980</u>	<u>1997</u>		
MNR	33.6	20.0	-13.6	34.1
ADN	17.4	24.6	+7.2	

Elitist Average = 18.8

TABLE 5.3. (cont.)

Country/Major Parties	Baseline Elections (average)	Last Election	Change in Seat Shares (%)	Net Change in Seat Shares
UDP/MIR	34.3	17.7	-16.6	
CONDEPA	-	14.6	+14.6	
UCS	-	16.2	+16.2	
Brazil	<u>1986</u>	<u>1998</u>		
PMDB	53.4	16.2	-37.2	36.6
PFL	24.2	20.5	-3.7	
PT	3.3	11.3	+8.0	
PDS/PPB	6.8	11.7	+4.9	
PSDB	-	19.3	+19.3	
Chile	<u>1989</u>	<u>1997</u>		
PDC	31.7	31.7	0.0	9.6
PPD-PSCh	13.3	22.5	+9.2	
RN	24.2	19.2	-5.0	
UDI	9.2	14.2	+5.0	
Mexico	<u>1979/1982</u>	<u>2000</u>		
PRI	77.2	44.8	-32.4	34.9
PAN	12.3	30.2	+17.9	
PRD	-	19.4	+19.4	
Nicaragua	<u>1984</u>	<u>1996</u>		
FSLN	63.5	38.7	-24.8	42.3
PCDN	14.6	-	-14.6	
AL	-	45.2	+45.2	
Peru	<u>1980/1985</u>	<u>2000</u>		
APRA	45.8	5.0	-40.8	75.6
AP	30.0	3.3	-26.7	
IU	16.1	-	-16.1	
C90/NM	-	43.3	+43.3	
Perú Posible	-	24.2	+24.2	
Venezuela	<u>1978/1983</u>	<u>2000</u>		
AD	50.4	18.2	-32.2	59.7
COPEI	36.1	4.9	-31.2	
MAS	5.3	12.7	+7.4	
MVR	-	48.5	+48.5	
				LM Average = 38.9

Source: Calculated from electoral data provided in Nohlen (2005).

Major parties suffered large vote losses in a number of elitist party systems as well, with conservative parties, in particular, downsizing in Colombia, the Dominican Republic, Paraguay, and Uruguay. On average, however, realigning vote shifts – whether from one established party to another, or from older parties to new contenders – were much less extensive in the elitist than the LM party systems (see Table 5.3). Adding together major party gains and losses, and dividing by two to

establish a 100-point scale, elitist party systems averaged a net shift of 18.8 percent of legislative seats from the baseline elections to the last election in the period under study – less than half the average net shift of 38.9 percent in the LM cases.⁸ The only elitist system to surpass the LM average was Ecuador, where the party system was largely reconstituted in the early 1980s as the critical juncture was getting underway. On average, then, LM party systems were more likely to undergo change in their organizational composition during the critical juncture, and more likely to experience major electoral realignments that altered their competitive balance.

Where countries entered the critical juncture with a dominant or hegemonic party – in Mexico, Paraguay, and Nicaragua – electoral realignment entailed a shift toward more competitive and pluralistic partisan politics. Otherwise, electoral realignment did not follow a uniform pattern or direction during the critical juncture in either elitist or LM party systems. Given the historic dominance of relatively conservative parties in most of the elitist cases, vote shifts were more likely to weaken the right and strengthen centrist (Paraguay) or leftist (Uruguay and the Dominican Republic) alternatives. In Costa Rica, however, votes shifted in the opposite direction, while in Ecuador parties from across the ideological spectrum lost ground to new conservative, centrist, and populist contenders. In Colombia, both traditional parties of the right lost seat shares, but no major new party capitalized on their losses – signifying a process of electoral de-alignment more than realignment. In LM party systems, new left-of-center parties gained ground in Argentina, Brazil, Mexico, and Venezuela, but older ones lost ground in Nicaragua, Bolivia, Peru, and Venezuela. Conservative parties strengthened in Chile, Mexico, and Nicaragua, while votes swung toward the centrist PSDB in Brazil and personalistic parties in Peru and Bolivia (prior to the rise of the MAS in the aftermath period).

Consequently, partisan realignments manifested centrifugal tendencies in a number of countries, with left and/or right poles strengthening at the expense of the center, but centripetal patterns were also present. Indeed, the generalized shift of the left toward centrist positions (prior to the rise of Hugo Chávez at the end of the period) and the growing adherence to democratic norms on both the left and the right were indicative of a region-wide process of ideological depolarization during the latter half of the 1980s and 1990s – the heyday of the Washington Consensus, when programmatic options increasingly narrowed to variants of market liberalism.

Clearly, however, this *programmatic* shift toward the right was not accompanied by a generalized *electoral* realignment toward the right in most of the region. In most countries, conservative parties neither led nor capitalized politically on the process of market liberalization. Indeed, several of the leftist parties and movements that eventually came to power in the post-adjustment period were slowly accumulating forces during the critical juncture, including the FA in

⁸ If the 1973 election is used as the baseline for Chile, the aggregate national change in vote shares increases from 9.6 to 29.0, and the LM average increases to 41.3.

TABLE 5.4. *Changes in Organizational Composition and Electoral Alignments during Neoliberal Critical Junctures*

Change in Organizational Composition	Party System Adaptation	Minor Electoral Realignment	Major Electoral Realignment	Decomposition and Partial Reconstitution
No	<i>Colombia Costa Rica Honduras Panama</i>	<i>Uruguay</i>	<i>Dominican Republic</i>	
Yes	<i>Paraguay</i>	Argentina Chile	<i>Ecuador</i> Brazil Bolivia Mexico Nicaragua	Peru Venezuela

Note: *Elitist party systems in italics.*

Uruguay, the PT in Brazil, the Socialist/PPD bloc in Chile, and the varied leftist tendencies that converged under *Chavismo* in Venezuela.

What stands out during the critical juncture, then, is not a common pattern of electoral realignment, but simply the generalized disruption of antecedent competitive alignments and the heightened susceptibility of LM party systems to destabilizing pressures. Changes in organizational composition and electoral alignments are summarized in Table 5.4, drawing from the typology of party system change introduced in Chapter 3. Party systems are coded as experiencing adaptation, minor realignment, major realignment, or decomposition and partial reconstitution based on the data on net changes in legislative seat shares presented in Table 5.3; for the Chilean case, I use the revised measure of net changes in seat shares calculated from the 1973 baseline election, which yields a more accurate score of 29 percent (rather than the score of 9.6 percent calculated from the 1989 election). Five party systems that experienced net shifts in seat shares of less than 15 percent – all from the elitist category – are coded as cases of adaptation. Net shifts of 15 to 30 percent are coded as minor electoral realignments, a category that includes Uruguay, Argentina, and Chile. Net shifts of 30 to 50 percent are coded as major realignments, including two elitist cases (Dominican Republic and Ecuador) and four LM cases (Brazil, Bolivia, Mexico, and Nicaragua). The final category of decomposition and partial reconstitution includes the two remaining LM cases, Peru and Venezuela, which experienced net shifts greater than 50 percent and a generalized breakdown of the party systems that entered the critical juncture.

The disruptive effects of neoliberal critical junctures on LM party systems are readily apparent in Table 5.4. Simply put, LM party systems were more likely to experience changes in their organizational composition, along with major electoral realignments (or breakdowns). The cumulative effects of severe and prolonged economic crises, the management of structural adjustment, and the social and political dislocations of party–society linkage, cleavage, and organizational patterns clearly took their toll on LM party systems.

TABLE 5.5. *Average Electoral Volatility in Elitist and Labor-Mobilizing Party Systems, 1978–2000 (Pedersen index of volatility)*

Type of Party System	Volatility in Presidential Elections	Volatility in Legislative Elections	Combined Average Volatility
<i>Labor-Mobilizing</i>			
Argentina	23.0	14.1	18.6
Bolivia	27.3	27.6	27.5
Brazil	38.4	23.0	30.7
Chile	21.8	10.0	15.9
Mexico	20.0	15.7	17.9
Nicaragua	51.3	47.7	49.5
Peru	39.9	49.6	44.8
Venezuela	37.8	28.9	33.4
Mean	32.4	27.1	29.8
<i>Elitist</i>			
Colombia	13.2	10.8	12.0
Costa Rica	8.7	11.9	10.3
Dominican Republic	18.5	18.1	18.3
Ecuador	37.7	29.2	33.5
Honduras	6.2	7.9	7.1
Panama	26.7	46.6	36.7
Paraguay	24.7	16.1	20.4
Uruguay	11.5	11.2	11.4
Mean	18.4	19.0	18.7

Source: Calculated from electoral data provided in Nohlen (2005).

Not surprisingly, these disruptions were also manifested in short-term patterns of electoral volatility, measured from one election cycle to the next. As seen in Table 5.5, LM party systems on average were far more volatile than their elitist counterparts during neoliberal critical junctures. Volatility scores from 1978 to 2000 averaged 27.1 in congressional elections for the eight LM cases and 32.4 in presidential elections, compared to 19.0 in congressional elections for the elitist cases and 18.4 in presidential elections.⁹ The four most stable party systems – Honduras, Costa Rica, Uruguay and Colombia – all belonged to the elitist category, whereas five of the seven most volatile party systems belonged to the LM category. Chile was the most electorally stable of the LM cases, while Costa Rica and the four party systems with 19th-century oligarchic roots – those in Honduras, Uruguay, Colombia, and Paraguay – stood out for their stability among the elitist cases. Oligarchic parties in these four countries not only adapted

⁹ Since the first election in each country is a baseline for calculation, actual volatility scores are not recorded until the 1980s.

to the era of mass politics at the beginning of the 20th century, but they remained electorally dominant through neoliberal critical junctures as well.¹⁰ The more recent, patrimonial variants of elitist party systems found in Ecuador and Panama were less stable, however, with Panama experiencing relatively high levels of short-term volatility despite little net change in the party system over time.

In short, despite entering the critical juncture with a series of organizational attributes that should, in theory, have enhanced their electoral stability, LM party systems were more susceptible to the traumatic social and political dislocations of neoliberal critical junctures. The organizational features and societal linkages of LM party systems were precisely those that were most incongruent with the socioeconomic and political landscape of the dawning neoliberal era. Rather than sources of stability, then, these attributes were precursors to political crises and electoral realignment or organizational decomposition. Patterns of party system stability and instability in the recent Latin American experience thus diverge sharply from those found historically in Western Europe, and they defy much of the conventional wisdom on the subject.

CONCLUSION

The transition from ISI to neoliberalism posed challenges to party systems throughout Latin America, but its disruptive effects were heavily conditioned by the antecedent sociological foundations of different types of party systems. LM party systems encountered more severe economic crises than elitist party systems, and they faced greater threats to competitive alignments that were grounded in programmatic and organizational linkages between mass parties and organized class constituencies. As such, they were highly prone to institutional instability during the critical juncture, including changes in their organizational composition, major electoral realignments, and generalized electoral volatility.

Antecedent conditions, however, do not explain the effects of market liberalization on the programmatic alignment of party systems, which was heavily contingent on the partisan configuration of leadership and opposition to the market reform process. As the following chapter shows, reform alignments weighed heavily on competitive dynamics in the aftermath period. These alignments shaped the political expression of societal resistance to market liberalization, largely determining whether it would be channeled into or against the party systems in place at the end of the critical juncture. As such, they conditioned the reactive sequences of the aftermath period, the character of political turns to the left, and the longer-term stability of partisan competition – in short, the institutional legacies of neoliberal critical junctures.

¹⁰ As we will see, however, traditional oligarchic parties finally lost their grip on power in Uruguay, Colombia, and (temporarily) Paraguay in the early years of the 21st century, in the aftermath to neoliberal critical junctures.

Programmatic (De-)Alignment and Party System Stability in the Aftermath Period



As shown in Chapter 5, antecedent structural and institutional conditions weighed heavily on the political dynamics of neoliberal critical junctures. The transition from ISI to market liberalism was associated with more severe economic crises, greater electoral volatility, and deeper electoral realignments in countries that developed LM party systems during the ISI era. If political outcomes were fully determined by antecedent conditions, however, there would be no reason to characterize the transition to neoliberalism as a critical juncture; political change would merely reflect the unfolding of earlier, path-dependent development trajectories beset by exogenous shocks. For this transition to constitute a critical juncture, political outcomes and their institutional legacies must also be conditioned by the competitive alignments and strategic choices of political actors who ultimately decide on policy and/or institutional change.

During neoliberal critical junctures, the most important strategic choice was the adoption of structural adjustment policies in response to the exhaustion of the ISI model and the exogenous shock of the debt crisis. Although every country in the region adopted market reforms, the political consequences of such reforms varied widely depending on the political orientation and partisan alignment of supporters and opponents of the reform process. These alignments enhanced the programmatic structuring of some party systems – in both elitist and LM cases – contributing to relatively stable forms of post-adjustment partisan competition. In others, however – a majority of cases – they undermined or failed to produce programmatic structuration, destabilizing party systems in the aftermath period. Indeed, reactive sequences in the aftermath period – driven largely by societal resistance to market liberalism – sometimes altered the institutional outcomes of the critical juncture itself; party systems that were relatively stable during the critical juncture encountered new disruptive forces in the aftermath period, while in a few cases inchoate and volatile party systems progressively consolidated.