

Fabio Fossati
fabiofoss@libero.it
Universidad de Trieste

Political economies

and decision-making processes in Latin America

Italy

Politiche economiche e processi decisionali nell'America Latina

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Abstract

In this article, political economies have been linked to the decision-making processes of Latin American countries, before and after 1989. Conservative and liberal reforms have usually been applied through neo-oligarchic decision-making processes. Social-democrat economic policies have often been implemented with neo-corporatism. When “soft” populism prevailed, *partitocrazia* was the typical political instrument of leftist governments, either if they governed or if they were at the opposition. Thus, they usually vetoed rightist presidents’ market reforms. The political consequence of “hard” populism has been authoritarianism, like in Venezuela with Chavez and Maduro. In “hybrid” economic policies, combining different models of political economies, there is not a stable decision-making process, and political conflict is usually strong.

Keywords

Political Economy, Decision-Making Process, Populism, Technocracies, Party Government.

Riassunto

In questo articolo, le politiche economiche sono state collegate ai processi decisionali dei paesi dell'America latina. Le riforme conservatrici e liberali sono state di solito applicate con processi decisionali neo-oligarchici. Le politiche economiche social-democratiche sono state attuate grazie al neo-corporativismo. Quando il populismo moderato ha prevalso, la partitocrazia è stato il tipico strumento politico dei governi di sinistra: sia al governo che all'opposizione (nel secondo caso scattava il veto verso presidenti filo liberisti). La conseguenza politica del populismo radicale è stato l'autoritarismo (vedi il Venezuela di Chavez e Maduro). Nelle politiche economiche ibride, cioè che combinano tipi diversi di politica economica, il processo decisionale non è stabile e il conflitto politico è di solito molto forte.

Parole chiavi

Politica Economica, Processi Decisionali, Populismo, Tecnocratie, Partitocrazie.

Introduction

¹ In Fossati (2020), populism has been defined as a political culture with: a Manichean ideology with a binary cosmology of the world; the expansion of the public expenditure with damaging effects (very high inflation rates) on the economy; charismatic leaders making plebiscitary appeals to the population, with a limited role of intermediate actors (interests groups or parties) and institutions (parliaments or governments); a high mobilization process from above leading to a strong *movimiento* of the lower sectors of the population. There is just leftist populism, while rightist parties may be plebiscitarian (with a direct link between leader and masses), but not populist, because they do not want to increase public expenditure.

This essay is the continuation of the article on leftist populism¹ that was published in *Relasp* N° 1 (Fossati, 2020). Here, the political economies of the promoters of the other three democratic political cultures will be presented: the liberal, the conservative and the social-democrat (of the moderate left). Each model will be distinguished between the pre-1989 and the post-1989 phases. In fact, world politics has strongly conditioned governments in their choices of political economy. Thus, the empirical analysis of the political economies will be divided into two sections: one on the Cold War, and one on the post-1989 period. Then, those three models (plus populism) will be compared with the four different decision-making process of contemporary Latin American democracies: neo-oligarchy, neo-corporatism, *partitocrazia* and party government. The six medium/large countries of Latin America will be analyzed: Mexico, Venezuela, Brazil, Peru, Chile and Argentina.

Political economies during the Cold War

During the Cold War, Latin American political economies have been strongly conditioned by the division of the world into two blocs. The existence of the USSR, that promoted both communist regimes and socialist economic institutions, indirectly pushed all (conservative, social-democrat and populist) governments of Latin America to apply trade protectionism, after the 1929 crisis and during/after the Second World War. In fact, the USA would have never accepted socialism in Latin America, and thus protectionist populism represented the “next best thing” of that economic institution. The USA have always supported military regimes as the “lesser evil” of communism; that strategy has often worked, through wars or violent domestic coups, but sometimes (in Cuba and Nicaragua) communists prevailed. However, only Pinochet in Chile has applied *laissez faire* (austerity and privatizations) in the 1970s, on the contrary of the promoters of the other three political cultures. Instead, austerity (in fiscal and monetary policies) has been implemented by liberals, conservators and social-democrats, but not by populists, who at the same have increased public expenditure. Finally, social-democrats and populists favored the working class (with either wages’ increases or pro-employment measures), instead of the liberals and the conservators (Fossati 2020).

Political economy before 1989	Increase of public expenditure	Austerity	Privatizations	Trade protectionism	Pro labor measures
Liberal	No	Yes	Yes	No	No
Conservative	No	Yes	No	Yes	No
Social-democrat	No	Yes	No	Yes	Yes
Populist	Yes	No	No	Yes	Yes

Radical leftist political economies: populism and protectionism

Import substitution industrialization (ISI) protectionist economic institutions were applied in Latin America after two shocks: the crisis of 1929 and the Second World War. Previous institutions had followed European colonization and were based on *laissez faire*: the export of primary goods and the import of industrial products. ISI was based on two instruments: huge trade protection was granted to local producers, especially through tariff barriers; public subsidies were targeted towards national (either public or private) industry, while at the same time rural exporters were punished with some economic instruments (exchange rate over-valuation, taxes...). In the first decade (from 1945 to mid 1950s) ISI was applied without either selection or gradualism. The first phase of ISI was implemented in a context of expansive and irresponsible macro-economic populism (like in Argentina with Peron)². In mid 1950s, Latin American countries were living a deep economic crisis, because populism had broken any tie with trans-national corporations. Thus, governments of middle class' *desarrollistas* parties tried to attract multinational firms' investments in the second phase of ISI: in the late 1950s and at the beginning of the 1960s (Sikkink, 1991). But those democratic governments could not bear the costs of that economic change, and there was a wave of soft military authoritarianisms (the *dictablandas*). Pressures coming from the poor sectors of the population pushed to another wave of democratic transitions in the late 1960s (the *pendulum*). Some populist governments went to power (like Allende in Chile and, again, Peron in Argentina) and there was an *almost socialist* military regime (of Velasco in Peru) that nationalized lands. Both political and economic mismanagement pushed most of Latin American countries towards social and political conflict, which was deeper in *Southern cone* societies (Argentina, Chile and Uruguay), where some violent communist groups acted (Cavarozzi, 1992 & Fossati 2020).

² ISI institutions were "suggested" by the structuralist scholars of the **United Nations Commission for Latin America (Cepal)** of Santiago de Chile, whose leader was the Argentine economist Prebisch. Their thesis was that capitalism, through colonialism (with both transnational corporations' exploitation and the unequal terms of trade), was the origin of *dependent* under-development of the south from the north. According to Prebisch, ISI was the best strategy to break dependence and to favor economic development. For the debate on dependence and development theories (of Marxist, neo-Marxist or post-Marxist scholars), see: Fossati (1997), Geddes (1991).

Liberal political economies: Pinochet in Chile

Thus, in mid 1970s there was another authoritarian transition in many Latin American countries; those military *golpes* were supported by the United States' Republican administration of Nixon and Kissinger. Three extreme-right governments of the armed forces of Argentina, Chile and Uruguay repressed radical (communist or third-worldist) leftist groups. Those three military governments declared that they were going to introduce deep economic changes, by promoting privatizations and exports. However, only Pinochet implemented *laissez faire* in Chile: not at first (in 1973), but only after the reforms of the *Chicago boys* (since 1975). Argentina and Uruguay applied conservative economic policies, with austerity, but without privatizations and trade opening. At the beginning of Pinochet's administration, in September 1973, a moderate (conservative) political economy was launched by the economy minister Leniz, whose reforms were very gradual (Cleaves, 1974). There was austerity, but no relevant privatizations were decided: only of those enterprises being nationalized by Allende (Arriagada, 1988; Remmer, 1989). In April 1975, as inflation had increased, Pinochet gave all the power to the *Chicago boys*, a group of economists of the *Universidad Católica*, who had studied in the "capital" of radical liberalism. Gradualism was abandoned in favor of a shock therapy. The economy minister De Castro and the central bank president Baraona implemented a vast privatization program, with the opening to foreign trade and investments. Radical market reforms touched social security, labor legislation, education and pension

systems. Chile became an experiment for the application of the radical *laissez faire* theories of the Chicago school, at a wider extent of the USA with Reagan and the UK with Thatcher, because the latter were democratic regimes. The limited supervision of public institutions over the Chilean economic liberalization process produced some negative externalities. The 1981 financial crisis led to the failure of nearly 12 banks (45% of the total amount) that had channeled too many credits to the large business groups, which had bought state enterprises (Zeitlin & Ratcliff, 1988). In June 1982, there was a devaluation of the exchange rate, and at the end of 1983, all the *Chicago boys* had left the government. But the financial crisis did not end the Chilean miracle, as structural reforms had stabilized Pinochet's political economy (Drago, 1998).

The economic ministers, Caceres (since February 1983) and Escobar (since April 1984) of the new executive applied more moderate market reforms, that is to say with some heterodoxies. The exchange rate was liberalized, and some price controls were introduced; the state channeled some credits to private enterprises (of the agriculture and construction sectors). In fact, that government was close to business groups. Inflation rate was kept under control, but after a conflict between two ministers (Escobar and Collados), Pinochet decided a new change (Sanfuentes, 1984, Silva 1992, 1993, 1996a/b). At the beginning of 1985, a bureaucrat of the high public administration, Buchi, became the economy minister and turned to a *pragmatic* liberalism. He launched negotiations with business groups in political economy decisions (Valenzuela, 1994; Velasco, 1994). Trade opening was stronger, taxes were lowered; price controls were reduced to some basic agriculture products, privatizations were increased, the financial system was supervised, public administration was reformed. However, the copper industry of the north has never been privatized. In the second half of the 1980s, Chile signed some agreements with the **International Monetary Fund (IMF)**, while the Chicago boys had refused any foreign supervision. Chilean economic performances improved and foreign investments increased, while in the 1970s they had been lower also because of low human rights record of Pinochet (Kline, 1993). In sum, Chicago boys' political economies were (radical) liberal, while Caceres and Escobar (1983, 1984) applied more moderate market reforms, and Buchi (1985, 1989) found a pragmatic (but always liberal) mix between state governance and *laissez faire* (Fossati, 1997).

Conservative political economies: all the other military governments (the Argentinian case)

After the Second World War, there have been two waves of military regimes. The first one was that of the *dictablandas* (end of the 1950s, beginning of the 1960s), which had tried to continue the project of *desarrollistas* parties: applying austerity with cuts to public expenditure, trying to attract foreign investors, but refusing privatizations and trade opening. That attempt failed and populists like Allende and Peron returned to power. The second wave of military regimes was more radical, but Argentine and Uruguay promoted neither privatizations, nor trade opening. At the same time, the working class was penalized with cuts to wages and salaries, higher unemployment (in Argentina it decreased of 35%), together with the repression of the labor strikes. All those military regimes were labeled by O'Donnell (1973) as *bureaucratic-authoritarian governments*³.

The most studied case of a military regime that has implemented conservative political economies (that is to say austerity, with trade protectionism, anti-labor measures, but without privatizations) is Martinez de Hoz' Argentina. After the military *golpe* of March

³ This analytic category cannot be applied to Pinochet, that applied market reforms, while bureaucratic-authoritarian governments had an economic nationalistic ideology, and refused both privatizations and trade opening (Fossati 1997).

1976, president Videla named Martinez de Hoz as the “super-minister” of the economy, and declared that Argentina was going to abandon ISI institutions and to promote privatizations. At the beginning (in April 1976), some heterodox measures (like controls of public tariffs, prices, and interest rate; the overvaluation of the exchange rate with the side-effect of a parallel black market) were applied. In July 1977, Martinez de Hoz implemented a financial reform, with the liberalization of the interest rate and the unification of the exchange rate. But inflation kept increasing. In December 1978, Martinez de Hoz reintroduced the overvaluation of the exchange rate (with a limited devaluation) and controls to some prices and public tariffs. Also (public and private) foreign debt increased, through the intermediation of the Central Bank. The perverse effect of those processes was the increase of capital flight, encouraged by a further liberalization of capitals in July 1980 (Schvarzer, 1983a). Thus, there was conflict with rural exporters that were damaged by the overvalued exchange rate. The balance of payments remained in surplus until 1978, but since 1979 it turned into deficits.

Trade opening and privatizations were both limited, because Argentine armed forces were very nationalistic (Fontana, 1984). Martinez de Hoz could promote only few privatizations, in some less relevant sectors: for example sugar, paper, and in services like hotels and banks. Then, some privatizations were also promoted by the same public firms at the peripheral level (Canitrot, 1980). Argentine armed forces did not want to privatize in order not to harm the public **Fabricaciones Militares** and those sectors that were selling primary goods (oil and steel) to them; for example, protectionism was maintained in petro-chemistry (Remmer, 1989). There were no privatizations in public utilities and in transports (the fleet and airlines companies). Military expenditures naturally increased, and local provinces’ debt was not put under control (Lewis, 1989). Then, only redundant imports tariffs were reduced, but non-tariff barriers were maintained. Since November 1976, the protection rate lowered from 93% (in 1976) to 53% (in 1977) to 29% (in 1978), to 26% (in 1979). However, trade policies were highly discriminatory. Cars and iron metallurgy sectors, selling products to the state military industry, were protected with non-tariff barriers (Lucangeli, 1989).

Thus, Argentina armed forces vetoed most of Martinez de Hoz’ liberalization measures, and they remained divided in many rival factions, contrary to the centralized Chilean armed forces under Pinochet. The high interest rates favored the increase of small financial institutes that made joint ventures with large national banks. The high increase of foreign credits favored the channeling of a lot of money (through short-term deposits) to the local business groups, without any state control. Many industries became incapable of paying their debts, and four important banks failed in March 1980. The state governance of the financial system had remained limited. Then, the central bank increased again its money offer; thus, foreign debt also increased. Savers lost their trust in the Argentine financial system and capital flight increased. The effects of the financial crisis were worse than in Chile, as in Argentina there had been no structural reforms. In February ’81, there was an unexpected devaluation (of 10%) of the currency rate, but it was not enough. Both Videla and Martinez de Hoz left power (Basualdo 1987; Azpiazu & Basualdo 1989).

The government of Martinez de Hoz must be labeled as conservative, because he combined austerity, penalization of the working class, with few privatizations and low trade opening. Martinez de Hoz had tried to apply *laissez faire*, with a financial liberalization, but the armed forces pushed him to turn to conservatism (in fiscal, exchange rate and income policies). The reason of Martinez de Hoz’ failure must be attributed to the armed forces. Instead, the governments of the final phase of the military regime were incohe-

rent since the beginning: Viola/Siguaut (March/December 1981), Galtieri/Alemann (December 1981/June 1982), Bignone/Dagnino Pastore (July/August 1982) and Wehbe (August 1982/December 1983). Those governments elaborated incoherent political economies that materialized a hybrid between conservative and social-democrat economic policies; the outcome was a deep economic crisis (Nogues, 1988; Schvarzer, 1983b; Dornbusch 1989).

Social-democrat political economies: the democratic governments of the 1980s (the Brazilian case)

In 1982, the foreign debt crisis exploded (Griffith-Jones, 1988). During the 1980s, all Latin American governments applied austerity in order to negotiate debt rescheduling with the IMF. ISI institutions survived in all the countries of the region; there was fiscal and monetary adjustment, but structural reforms (privatizations, trade and finance opening) were not implemented. Many *técnicos* played relevant roles in democratic governments (Teichman, 1997), but suffered vetoes from parties that opposed privatizations and favored working class, whose wages increased or remained stable. The highest wage increase materialized in Brazil, thanks to Sarney's **Cruzado Plan** and its *gatilho*, an indexed wage scale, that favored a 50% wage increase in the 1980s (Sola, 1991; Bresser Pereira, 1993). All the other democratic governments maintained a stable wage level in that decade.

Instead, Alan Garcia declared a moratorium to foreign banks and applied radical leftist "hard" populism that pushed Peru to a deep economic crisis in 1989 and hyper-inflation (Fossati, 2020). Thus, Peruvian wages decreased of 60% in the *terminal crisis* of Garcia's administration: from 1987 to 1989. In the same two years, Alfonsín's economic mismanagement led to a 20% decrease in real wages of Argentine workers (Fossati, 1997).

Alfonsín's hybrid between leftist (social-democrat and populist) political economies

In December 1983, the new democratic president, Raul Alfonsín (of the **Unión Cívica Radical -UCR-**), named Grinspun as economy minister and Concepción as central bank president. They were both populist, and immediately raised export taxes to rural exporters; then, Grinspun tried to declare a moratorium to foreign banks, but his attempt failed. In December 1984, Argentina signed an agreement with the IMF in order to get his foreign debt rescheduled.

In February 1985 Alfonsín replaced Grinspun with Sourrouille at the economy minister. *Plan Austral* was launched June 14th 1985, and received the approval of the IMF. It was an austerity package (with fiscal and monetary adjustment), coupled with some heterodox measures (prices, wages and exchange rate freeze). Sourrouille came from Cepal and was a typical leftist technician, while central bank president Concepción was populist. *Plan Austral* had also been communicated to the *capitanes de industria* that approved it, but without participating in its design (Ostiguy, 1989; Feletti & Lozano 1991).

Since the beginning, Alfonsín chose a condominium between moderate (social-democrat) and radical (populist) left. Thus, the failure of *Plan Austral* did not depend on the timing of those heterodox measures (for example on how long should the price and exchange rate freeze last) that in the 1980s have often been applied by moderate left governments, like in Sarney's Brazilian *Cruzado Plan* of February 1986. How can a

⁴ In the 1980s, Cepal had abandoned Prebisch's radicalism, that was close to the populist political culture. In 1985, the new secretary (the Argentine economist Gonzales) pushed Cepal towards the moderate social-democrat political culture.

government implement a coherent economic policy if there is a populist at the central bank and a promoter of rigor at the economy minister? Thus, Alfonsin political economies materialized a hybrid between the two lefts, and this “unhappy” choice has been the premise of the failure of his reforms. In August 1986, Alfonsin decided to change the president of the central bank, Concepción, with Machinea, that like Sourrouille was close to Cepal and its moderate⁴ left political culture, but it seemed that it was probably too late. The Argentine economic crisis had already worsened too much.

In February 1987, Sourrouille relaunched the freeze of prices, wages and exchange rate with *Australito*, but it did not work. He also tried to lower import tariffs, but received the opposition of the industrial producers; thus, the trade liberalization project was softened. The Peronist union, the **Confederación General de Trabajo (CGT)**, had already started his conflict with Alfonsin, and during his administration thirteen general strikes were declared against the Radical president. Public deficit had increased because of wages' increases, provinces' expenditures of local governments that were controlled by the Peronists, absence of privatizations and opening to foreign investments.

In August 1988, Sourrouille launched *Plan Primavera*, but in September it was rejected by the IMF that had signed a (failed) agreement with Argentina in July 1987. In *Plan Primavera* the double exchange rate was maintained, and thus Sourrouille received the opposition of rural exporters. The World Bank, thanks to the lobbying of the US president, supported *Plan Primavera*, but that was not enough. Then, Alfonsin also pushed his economy minister to increase public expenditure. In fact, the Radical president had turned populist, having been weakened by CGT strikes, and thus he coopted some Peronist politicians (like Alderete, the labor minister) in his government. Alfonsin also made an alliance with another Peronist politician (Cafiero) to try to increase taxes, but that project was rejected by both rural exporters and industrial producers. At the end of 1988, Argentina had to stop to pay his debt to foreign banks. 1989 was the year of hyper-inflation and the massive exchange rate speculation against Austral. Sourrouille applied the *Plan Carnaval* in February, but it immediately failed; he renounced in March.

The new economy minister Pugliese inherited a deep economic crisis and applied (without any success) some emergency measure with increases of public tariffs, taxes and interest rate. After the victory of the Peronist candidate Menem in the Presidential elections of May 14th 1989, Pugliese resigned, and Rodriguez became the new economy minister. Popular assaults, encouraged by various Peronist organizations, to shops and supermarkets started the May 22nd and lasted until the 30th (the so-called *Saqueos*). Alfonsin was finally pushed to abandon power before the end of his mandate. The Radical leader resigned the July 8th 1989 and Menem became the new president (Acuña *et al.*, 1988; Russo, 2003; Sabato, 1988; Vacs, 1987; Teichman, 1997).

Political economies after the Cold War

Only after 1989, Latin American governments started to apply those structural reforms (privatizations, foreign trade and investments opening), which had been implemented fifteen years before only by Chile. International politics has strongly conditioned political economies, and Latin American governments did not develop any learning process from Pinochet's Chile that has been the only coherent and successful experiment of economic liberalization in the Cold War. Only after the collapse of communist countries (and of their socialist economic institutions), ISI protectionism was abandoned and privatizations were implemented. Thus, models of conservative and social-democrat political economies changed (see the italics below), and both privatizations and trade

⁵ For the difference between *orthodoxy* and *heterodoxy*, see Fossati (1991). On market reforms, see Weyland (2002).

⁶ Technopols' functionaries of the 1990s came from the same think-tank: *Fundación Mediterránea* in Argentina, *Cieplan* in Chile, *Iepes* in Mexico, *Instituto Libertad y Democracia* in Peru, *Iesa* in Venezuela, then Cardoso's *Cebrap* in Brazil.

opening were promoted. The difference between liberalism and conservatism was anchored to radical or moderate *laissez faire*; conservatism applied heterodox measures, like exchange rate freeze or controls to capital movements⁵. Market reforms were decided by *technopols*⁶ (Dominguez, 1997), compatible with Evans' (1992, 1995) *theory of embedded autonomy*. After 1989 populism had disappeared, but since 1998 it was promoted by Chavez, being applied in two versions: the hard (Venezuela) and the soft (Morales in Bolivia, Correa in Ecuador, Cristina Kirchner in Argentina) one. Nestor Kirchner was closer to social-democracy, like Lula in Brazil (Fossati, 2020). According to Krasner (1988), change is easier after some critical junctures (like 1989); then *the past returns*, through path-dependent processes.

Political economy after 1989	Increase of public expenditure	Orthodox measures	Privatizations and austerity	Trade protectionism	Pro labor measures
Liberal	No	Yes	Yes	No	No
Conservative	No	No	Yes	No	No
Social-democrat	No	No	Yes	No	Yes
Populist	Yes	No	No	Yes	Yes

Argentina

Menem I/Cavallo (1991-96): conservative political economy

The right-wing Peronist president Menem, elected in May 1989, inherited Alfonsín's deep economic crisis. At first, there were two attempts of implementing market reforms. The first (from July to December 1989) economy minister (Rapanelli) was a member of the main export-oriented business group (Bunge y Born). Rapanelli tried to fight both foreign creditors (by continuing the 1988 moratorium of debt service) -but that decision had received the tacit support of the IMF- and the industrial groups (with cuts to public contracts), but he failed. The following economy ministry, Gonzales privileged relations with foreign creditors, and debt payment started again in June 1990. He cut subsidies to industry, receiving the opposition of the ISI-oriented groups⁷. Export taxes to rural exporters decreased, even if the exchange rate had remained overvalued. Inflation kept increasing and Gonzales resigned in February 1991 (Basualdo, Lopez & Lozano, 1990; Feletti & Lozano, 1991; Smith, 1991; Manzetti, 1993; Acuña, 1994; Kosacoff & Bezchinsky, 1994; Teichman, 1997).

In March 1991, the new economy minister Cavallo applied a conservative package that has been the only coherent and successful strategy in recent Argentine history. Market reforms (cuts to public expenditure, high controls to money printing, tax simplification, liberalization of interest rate, capital movements, prices and wages) were coupled with an heterodox measure: the exchange rate freeze, with the *ley de convertibilidad* (one peso = one dollar) of April 1st 1991. The IMF had requested a liberalized exchange rate. Cavallo gave autonomy to the central bank, that exercised some controls on interest rates (to favor investments), fought fiscal evasion, and froze wages' indexation clauses. He applied a privatization program to compensate the end of public contracts to ISI-oriented business, and to reward foreign creditors with *debt for public companies* swaps of the *Plan Brady* agreement of April 1992; foreign debt was discounted of 20-35%. Rural business had their export taxes reduced, but suffered Cavallo's over-valued exchange rate. The CGT accepted Menem's reforms (much more anti-labor than Alfonsín's ones) for political reasons. In March 1992, Cavallo signed an agreement with the IMF. Argentina was living economy stability.

⁷ For a more detailed analysis of the different coalitions of business groups in Latin America, see Fossati (1993a).

After Menem's re-election in May 1995, Cavallo denounced corruption cases in the government, and Menem pushed him to resign in July 1996. Cavallo had applied a conservative economic policy, with some heterodox corrections (the exchange rate freeze) to liberalism (Geddes, 1994; Gerchunoff & Torre, 1996; Corrales, 1997; Gibson, 1997; Iazetta, 1997; Starr, 1997; Teichman, 1997; Blake, 1998; Corrales, 1998; Williams, 2002).

Menem II (1996-99): hybrid between conservatism and leftist populism

Since 1997, Menem increased again public expenditure: at both central and provinces' level; the state deficit doubled. The exchange rate remained frozen and peso overvaluation continued, on the contrary of Brazil that devalued real in 1999: after the Russian and Asian crises. Many public bonds (with flexible interest rates) were sold to finance state deficit. While Peronist unions had remained silent in previous years, because of Cavallo's success, since 1998 strikes started to increase again, when the economic crisis reappeared. In sum, economic policies of Menem II were a hybrid, through a compromise between Cavallo's conservatism (with the fixed exchange rate) and leftist populism (Hudson, 1999; Pastor Jr. & Wise, 1999; Pozzi, 2000; Treisman, 2004; Setser & Gelpert, 2006).

De La Rúa (1999-2001): hybrid between conservatism and leftist social-democracy

In October 1999, the Radical candidate De la Rúa defeated the Peronist Duhalde and Cavallo. In December 1999, De la Rúa became president and chose Cepal's Machinea as economy minister. He applied a mix of conservative measures (with the long-lasting fixed exchange rate) and typical social-democrat policies, like the increase of taxes (the so-called *impuestazo* of December 1999). In Argentina there was, at the same time, a high public deficit, inherited from Menem, and a high foreign debt, inherited from the military regime. Negotiation with the IMF soon started, and an agreement was signed in March 2000. In March 2001, De la Rúa changed the economy minister, and Machinea was replaced by Cavallo. New taxes were applied to financial transactions, but that decision favored the increase of capital flight. December 1st 2001, Cavallo implemented the *Corralito* plan, with the bloc of banks' private accounts and limits to cash operations. The IMF stopped his support to Argentina. There were many popular riots, encouraged by the Peronist organizations. Cavallo renounced December 20th, De la Rúa, the 21st (Mussa, 2002; Schamis, 2002; Weyland, 2002; Murillo & Levitsky, 2003; Russo, 2003; Mustapic, 2005; Llanos 2010; Steinberg 2017; Cavallo & Cavallo Runde 2018). The 2002 crisis was the outcome of the bad economic choices of two presidents who applied hybrid political economies: Menem II in the late 1990s and of De la Rúa at the beginning of the 2000s. Radicalism is a hybrid between right and left also in Europe and in Italy, like with Pannella's party.

Nestor (2003-7) & Cristina Kirchner (2007-15): social-democrat and populist political economies

Then, there were two Peronist presidents. Nestor Kirchner (from May 2003 to December 2007) followed social-democrat *neo-desarrollistas* political economies, while Cristina Kirchner (from December 2007 to December 2015) turned to "soft" populist policies (see Fossati, 2020).

Macri (2015-19): from liberal to conservative political economies

The rightist candidate (with the support of the Radical party) Macri won the elections of October 2015 and defeated the Peronist candidate Fernandez. He started his mandate in December. Macri applied a liberal political economy, without any heterodox freeze. The exchange rate was unified, together with a devaluation (of 30%) of the *peso*; capital movements were liberalized; taxes to rural exporters were lowered; controls to public tariffs were eliminated. In February 2016, an agreement with private holders of public bonds (7,5% of the total) -that had not accepted previous (and less favorable) formulas (promoted by Peronist presidents)- was reached; they lost only 25% of their investments. Macri issued other public bonds, with high interest rates. Foreign debt, public deficit and inflation rate (that reached 50% in 2019) all increased, together with capital flight. In March 2018, a “conservative” tax on financial operation was introduced. In May 2018, Macri signed an agreement with the IMF, with a very large amount of new credits. In April 2019, popular protests and strikes against Macri started. Only in September, new controls to capital movements were introduced. The IMF kept supporting Macri. However, Argentine economic performance was not so good, but there was not any deep economic crisis. He was the first not Peronist president to finish his mandate in December 2019 without resigning. This “happy ending” probably was the outcome of Macri’s coherence in his economic policies, avoiding hybrid reforms, like those of Alonsin and De La Rúa. In fact, Macri applied at first (2015/17) liberal political economies, but in 2018/19 he turned to conservatism, with some heterodox measures like capitals’ controls. (Basualdo, 2020; Buchieri & Mancha Navarro 2019, Llanos, Maya 2019, Margheritis 2019, Simonoff 2019, Sturzenegger 2019).

Fernandez (since December 2019): hybrid between leftist (social-democrat and populist) political economies

The Peronist candidate Fernandez defeated Macri at the October 2019 elections. Then, he has applied an incoherent mix of social-democrat economic policies, with “heterodox” cuts to interest rate, and soft populist reforms, like the increase of public expenditure (Fossati, 2020; Murillo & Zarazaga, 2020).

Brazil

Collor (1990-92): hybrid between conservatism and liberalism

In the 1980s Brazil applied a social-democrat political economy; the “heterodox” (with the freeze of exchange rate and prices, but not of wages) *Plan Cruzado* of 1986 contained wage-indexation clauses. In December 1989, the rightist Collor defeated the leftist leader Lula in the presidential elections; he probably won because of the support of Brazilian TV networks. He faced two kinds of oppositions: from ISI-oriented business (like San Paulo industrialists) organized in FIESP, and from leftist parties in parliament. In Brazil export-oriented business groups are weaker for the low modernization of the rural sector. Collor chose a total isolation from industrial business groups, and did not negotiate with them. Being a “new comer”, Collor did not enjoy the majority in parliament, and he started to use selective *patronage* towards congress members in order to have his market reforms approved. Thus, his government became easy victim of bribes, coming from

sectors that wanted to be favored by the reforms. In March 1990, the economy minister, Zelia Cardoso, launched a hybrid mix of heterodox (like prices and wages freeze) and orthodox (limits to public expenditures, interest rate policy, exchange rate liberalization, privatizations, trade opening) reforms. Then, banks' private accounts were frozen; that decision was an indicator of the deep political conflict, as it is an emergency (post-crisis) measure. After May 1991, the new economy minister Moreira chose a less conflictive relationship with business, by lowering interest rate and unfreezing prices, but it was too late. In December 1992, Collor was impeached for corruption, and even members of his party voted against him. He could not overcome parties' and business' vetoes against his government. Collor's reforms were an incoherent mix between liberal (privatizations and exchange rate policy) and conservative (freezing of prices, wages, and especially of banks' private accounts) measures (Bresser Pereira, 1991 & 1993; Sola 1991 & 1993; Ross Schneider, 1992; Barrios de Castro, 1993; Flynn, 1993; Longo, 1993; Weyland, 1993; Payne 1994; Iazzetta, 1997).

Cardoso (1995-2002): from conservative to liberal political economies

Franco became president in December 1992, with a deep economic crisis, and a high inflation rate. When he was vice-president, he had criticized Collor's market reforms, but after some months of transition (he fired two different economy ministers), in April 1993 he chose a new economy minister: the former *dependentista* scholar of the Cepal, Cardoso, who in the meantime had turned moderate. In July 1994, Cardoso launched a new currency (*Real*) with an exchange rate pegged to the dollar, cuts to fiscal expenditures and liberalization of the interest rate. Cardoso was trying to imitate Cavallo's conservative political economy, with a moderate (and heterodox) application of *laissez faire*. His reforms were quite successful and inflation was brought under control. Cardoso was a good negotiator and maintained intense *network of ties* with the industrial business, until new presidential elections could take place. In October 1994, Cardoso defeated Lula in the elections and became president in January 1995. As he did not reach the majority in the congress, and parties were obstructing *laissez faire* (public administration reform, tax increases, trade opening...), he formed a coalition government with moderate left and right. In October 1998 Cardoso defeated Lula again in the presidential elections, and in December he signed an agreement with the IMF. Brazilian economy was put under stress by the Russian and Asian crises. In January 1999, Cardoso devalued the *real* and applied a liberal (without heterodoxies) political economy. Brazil's economic performances worsened, but without any deep crisis. In September 2001, there was another agreement with the IMF (Kaufman Purcell & Roett, 1997; Resende Santos, 1997; De Souza, 1999; Goertzel, 1999; Amann & Baer, 2000; Power, 2001/2; Weyland, 2002, Samuel 2003, Treisman 2004, Cason 2007). Cardoso has been quite coherent in economy. As a sociologist, he had been leftist (first radical, then moderate), but Brazilian electoral competition (against Lula) pushed him to conservatism, as his social policies remained weak; after 1999 devaluation, he turned to orthodox liberalism. In October 2002, Lula finally won the presidential elections.

Lula (2003-10) and Rousseff/Temer (2011-18): social-democrat political economies

In October 2002, Lula was elected president of Brazil and started his mandate on January 2003. There were expectations that Lula could follow Venezuela's populism. Instead, he followed Cardoso's path, with a renewed commitment to control public ex-

penditure and to maintain the flexible exchange rate. In September 2002, Cardoso had signed another agreement with the IMF, and Lula complied with Brazil's obligations. Lula increased welfare state investments (to give aid to poor families, to improve the education system and the food production), and implemented pro-labor measures (with the increase of minimum wage and the decrease of unemployment). Brazil economic performance in the eight years of his administration were good, but in 2008 there was the world financial crisis (Hunter & Power, 2005; Sola, 2008; Power, 2010; De Souza, 2011). His candidate of the **Labor Party** (Dilma Rousseff) won the presidential elections in October 2010 and 2014. She also followed moderate left political economies. The exchange was often depreciated, and devaluations favored Brazilian exports. Investments in social programs were maintained, and increased in the housing and the environment sectors. Lula and Dilma suffered investigation for corruption charges. Since March 2015, popular protests of rightist citizens started; they accused both leftist presidents of corruption, and processes started in December 2015. Rousseff was impeached in August 2016 (Arestis & Saad-Filho, 2007; Hagopian, 2016; Melo, 2016; Pickup, 2019; Boschi & Santos Pinho, 2019, Braga & Dos Santos, 2020; Saad-Filho, 2020) and was substituted by Temer, from the 1980s center-left party of Sarney. In 2014, Brazilian economic performance worsened and recession started, but it was not a deep economic crisis. Lula was arrested for corruption charges in April 2018, and in March 2019 Temer was arrested too. Lula was released in November 2019.

Bolsonaro (since 2019): conservative political economy

In 2019, Bolsonaro's economic policies have been conservative. The central bank often cut interest rate; the exchange rate was maintained flexible (Hunter & Power, 2019), and public expenditure was lowly increased to face economic crisis. But Bolsonaro's management of Covid emergence has been poor.

Chile

Aylwin, Frei RuizTagle, Lagos, Bachelet (1990-2009, 2014-8): social-democrat political economies

The elections of December 1989 were won by the moderate Christian-Democrat candidate Aylwin, who defeated the rightist Buchi. Aylwin named Foxley (of Cieplan) as economy minister, who did not return to populism and protectionism (Cox & Edwards, 1992; Angell, 1993). The Chilean left focused on pro-labor measures: the improvement of workers' legislation, of welfare state policies, and the increase of real wages (of 30%) from 1990 to 1995. Foxley institutionalized negotiations with business and labor organizations that had remained informal with Buchi, but the right vetoed higher tax increases (Angell & Graham, 1995; Montecinos, 1990, 1993; Vergara, 1994; Haggard & Kaufman, 1995; Kinney Giraldo, 1997; Weyland, 1999). Frei Ruiz-Tagle, Lagos, and Bachelet did not change left's economic policies (Hojman, 1995; Muñoz & Stefoni, 2002; Valenzuela & Dammert, 2006; Pribble & Huber, 2010; Borzutzky 6 Weeks, 2010; Madariaga & Kaltwasser 2019).

Piñera (2010-13) and since 2018: liberal political economy

After 20 years of leftist presidents, the rightist Piñera became the new president: in March 2010 (until March 2014) and then in March 2018. In his first mandate, Chile had good economic performance, but there were students' protests against Piñera's project to implement privatizations in the education system (Luna 2016; Niedtzwiecki & Pribble 2017). In October 2019, there were mass demonstrations against the increase of transport and electricity fares; they lasted until March 2020, when the Corona Virus emergence started. Piñera declared the state of emergency; police repression caused nearly 30 deaths. In November, there was a currency crisis and the central bank devalued peso. Piñera's only change in economy was cutting social expenditure, which had been increased by the left. This decision produced a deep conflict with the poorest sectors of society, but also had a negative impact on Chilean economic performance (Gonzales & Moran, 2020; Kaltwasser, 2020).

Mexico

Salinas (1988-94): liberal political economy

In July 1988, the PRI candidate Salinas won Mexican presidential elections. He broke with ISI protectionism, and applied a liberal political economy; in May 1989 he signed an agreement with the IMF. Within his government, there were different *camarillas* (networks) of politicians; some were in favor of market reforms of finance minister Aspe, while those linked to the protectionist industrial groups were against them. Two **PRI** leaders declared that political reforms were also necessary, but they were killed in 1994: Colosio (the presidential candidate for the 1994 elections) in March, and Massieu (the secretary-general) in September 1994. Some "PRI-nosauros" (among them, Salinas' brother), probably made an alliance with narco-traffickers and organized the killings of Colosio and Massieu. These events led to the currency crisis of the end of 1994, also because peso was overvalued; capital flight was favored by the regional liberalization of capitals within Nafta. After the *Tequila Crisis*, Mexico was close to abandon *laissez faire* and return to protectionism, or even populism (Camp, 1990; Bracet-Marques, 1992; Morris, 1992; Heredia, 1993; Uapef, 1993; Barbosa, 1994; Centeno, 1994; Fox, 1994; Cansino, 1995; Luna 1995; Springer & Molina, 1995; Golob, 1997; Teichman, 1997; Boylan, 2001; Williams, 2002). The PRI candidate Zedillo won the August 1994 elections.

Zedillo (1994-9) and Peña Nieto (2012-18): conservative political economies

In December 1994, Zedillo devalued the *peso* 10%. In February 1995, Clinton decided to support Mexico with a strong economic aid approved by the US congress, and an extraordinary agreement with the IMF was signed. Thanks to the US aid, the Mexican state saved many banks after the Tequila crisis. Thus, Zedillo turned to conservatism, and also implemented some political reforms to limit electoral fraud. In 1999, Mexico signed another agreement (of one year) with the IMF that kept supervising Mexican economies, even if without any new credit. All the neo-corporatist institutions, encouraged by PRI before 1989, were dismantled (Lustig, 1996; Gibson, 1997; Reding, 1997; Kaufman Purcell & Rubio Freidberg, 1998; LADB Staff, 1998; Samstad, 2002; Reyes, 2018).

In July 2012, PRI's Peña Nieto was elected president. In January 2014, a financial reform strengthened state supervision and pushed banks to support producers; the exchange rate remained flexible (Flores Macías, 2016; Greene & Sánchez Talanquer, 2018; Bitzberg, 2020). Both Zedillo and Peña Nieto applied conservative economic policies, because of their financial heterodox measures.

Fox (1999-2006) and Calderón (2006-12): from liberal to conservative political economies

Rightist presidents of **PAN**, Fox (Lawson, 2004; Rubio & Kaufman Purcell, 2004; Pastor Jr. & Wise, 2005) and Calderón (Villareal, 2010; Temkin Yedwab & Salazar Elena, 2012; Weisbrot & Ray, 2012; Reyes, 2018) applied liberal economic policies until 2008, with high interest rates; after the 2008 financial crisis, interest rates were reduced, and the political economy turned conservative.

Lopez Obrador (since 2018):

hybrid between leftist (social-democrat and populist) political economy

In July 2018, Mexican bipartitism was broken by a new leftist party (**Morena**). Presidential elections were won by Lopez Obrador, who defeated both PRI and PAN candidates. Since December 2018, Lopez Obrador has applied a mix between social-democrat and (soft) populist reforms, with increases of social expenditures to favor the poorest Mexican citizens (Speck, 2019; Jimenez, 2020).

Peru

Fujimori: from liberal (1990/2) to conservative (1993/8) to hybrid (1999/2000) political economies

In April 1990, the independent candidate Fujimori won Peruvian presidential elections against the rightist Vargas Llosa, supported by the main business groups. The leftist candidate of **APRA**, Alva Castro, arrived third. The new president applied liberal political economies (the *Fuji-shock*), with the increase of prices and public tariffs, but with no devaluation. Fujimori's first economy minister (Hurtado) decided his reforms with the support of the World Bank and the IMF. In February 1991, he named Boloña (from De Soto's **Instituto Libertad y Democracia**) as economy minister, who decided a new austerity program (with some anti-labor measures) in November 1991. Leftist parties, like APRA, were blocking privatizations, as Fujimori had no parliamentary majority; they were supported by protectionist industrial business. Since mid 1991, when Alan Garcia began to be persecuted for corruption, opposition became stronger. At the beginning of 1992, the parliament approved a law limiting president's powers of decree. That situation pushed Fujimori to dissolve parliament and change the constitution (with his *autogolpe* in April 1992) to be able to introduce those market reforms, that were vetoed by parties. In 1992 some small banks failed, while the World Bank suspended its programs after the *autogolpe*, and the USA postponed its credits until new elections were organized in November 1992 (Franco, 1990; Costa, 1993; Gonzales de Olarte, 1993; Rodrich, 1993; Daescher, 1994; Tulchin, 1994; Wise, 1994; Mauceri, 1995; Roberts, 1995). In January 1993 Fujimori named Camet (the leader of the umbrella business association of the export-oriented groups) as economy minister. He pushed the central bank to control interest rate, but the exchange rate remained flexible. Thus, political economies shifted from radical liberalism

to “pragmatic” conservatism. In March 1993, Peru signed an agreement with the IMF, that lasted until 1999. Camet remained economy minister until June 1998, when he was replaced by three other *técnicos*, and Boloña returned from July to November 2000. The last two years of Fujimori were characterized by incoherent political economies, with a hybrid between conservatism and leftist populism (public expenditure increased). Political conflict was becoming very intense in Peru because of Fujimori’s project of being elected for a third term, and of the corruption charges against him. He won the April/May presidential elections, but the congress threatened him with the impeachment; thus, Fujimori resigned in November 2000 (Cameron & Mauceri, 1997; Mauceri, 1997; Stokes, 1997; Levitsky, 1999; Schmidt, 2000; Arce, 2003 & 2005; Kelly, 2003; Levitsky & Cameron, 2003; Carrión, 2006).

**Toledo (2001-6), Garcia (2006-2011), and Humala (2011-16):
social-democrat political economies**

After Fujimori, **three** moderate left’s politicians became presidents of Peru: **Toledo** in 2001 (*Peru Posible*), **Alan Garcia** in 2006 (APRA), and **Humala** in 2011 (*Partido Nacionalista Peruano*). They implemented austerity and privatizations, within social-democrat economic policies, in order to favor labor and improve welfare state (Weyland, 2002; Barr, 2003; Wise, 2003; Taylor, 2005; Mc Clintock, 2006; Arce, 2008; Burrton, 2012; Levitt, 2012; Sanchez-Sibony, 2012; Vergara & Encinas, 2016; Vergara & Watanabe, 2016; Avilés & Rey Rosas, 2017; Durand, 2017; Tanaka & Morel, 2018).

Kuczynski (2016-17) and Vizcarra (2018-20): social-democrat political economies

Kuczynski (*Peruanos por el cambio*), Toledo’s economy minister, was elected president in June 2016. In March 2018, Kuczynski resigned after parliament’s impeachment. Vizcarra became president, and made an *autogolpe* dissolving parliament in September 2019. New parliament elections were held in January 2020. In May, he signed an important agreement with the IMF, but Vizcarra also received an impeachment in November 2020. Both presidents applied moderate left’s economic policies, with heterodox measures, like cut of interest rate (Dargent & Muñoz 2016; Vergara, 2018).

Sagasti (2020-21): hybrid between conservatism and social-democracy

Sagasti (of the center **Morado** party) will govern until new presidential elections of mid-2021. Public debt was high (35% of GDP), as social expenditures increased after Covid emergency. In March, he decided to cap interest rates. Sagasti has applied a mix of conservative and social-democrat reforms.

Venezuela

Perez (1988-93): liberal political economy

In December 1988, the **Acción Democrática (AD)** candidate Perez became president. Venezuela started to apply liberal political economies (*el gran viraje*), after an agreement with the IMF in February 1989. The main government’s ministries came from the IESA business school of Caracas, whose director was the economist Naim. At first, opposition came from the poorest sectors of the population, that spontaneously rioted (in the *Cara-*

⁸ For a comparative analysis of *estados sociales* in Argentina, Peru and Venezuela in 1989 and in 1990, see Fossati (1993b).

cazo) at the end (27-28) of February 1989; military repression led to 300 deaths⁸. Market reforms continued. The IESA boys' structural adjustment was successful at first, with the highest growth rates in the region (in 1990). At the end of 1991, Perez lost the majority in his party and his leadership was weakened. Many reforms (privatizations, banks' reform, and the introduction of the VAT tax) were blocked in the parliament. Fiscal deficit had increased since the fall of oil revenues after the 1991 Kuwait War. The IESA boys negotiated with the export-oriented and financial groups, but opposition came for the "rent-seeking" local (industrial and rural) business groups, who were nostalgic of protectionist ISI and patron-client relations of pre-1989 Venezuela. This conflict led to the first *golpe* attempt by Chavez (leader of the populist sector of the *Bolivarian* armed forces) in February 1992. Chavez was imprisoned, but parties in congress did not defend the democratically elected president. AD and Copei (like former president Caldera) members attacked Perez and asked for the "heads" of the reform *técnicos*. State bureaucracy, in the public administration and in the judiciary sector, was against market reforms. After Chavez' attempt of *golpe*, IESA boys (central bank president Tinoco and economy minister Rodriguez) were fired. Rosas (of Copei) became the new economy minister. The promoters of the second *golpe* of November 1992 coerced the Venezuelan president to free Chavez. In March 1993, Perez received the impeachment, and resigned. After two AD interim presidents (Lepage and Velazquez), there was a financial crisis in January 1994; El **Banco Latino** and 13 other banks failed. Caldera won the February 1994 elections as an independent candidate, defeating Fermin of AD (Coppedge, 1992, 1994a, 1994b; Philip, 1992; Naím, 1993; Mc Coy & Smith 1995).

Caldera (1994-98): hybrid between leftist (social-democrat and populist) political economies

Since 1994, Caldera (former Copei member, then independent) became president. Venezuelan democracy had been challenged by Chavez. Caldera granted amnesty to him and the promoters of the two 1992 *golpes*. He implemented incoherent economic policies, and heterodox social-democrat reforms (prices and exchange rate freeze), were coupled with populist measures (public expenditure increase). His economy minister Baptista left government in June 1994; his successor Sosa was fired in February 1995, when Caldera named a populist (Azocar). The outcome was a deep economic crisis (Geddes, 1994; Davila, 2000; Weyland, 2002; Coppedge, 2005; Alvarez, 2006). Then, *golpista* Chavez won the December 1998 presidential elections. Maduro is governing since his death in 2013 (see Fossati, 2020).

Democratic decision-making processes and political economies

The various political economies will be compared with the main decision-making processes of Latin American democracies, in order to understand if there is a linkage between economy and politics. In Fossati (1997), the decision-making processes of Latin American democracies in the first half of the 1990s had been classified within this typology. The two selected dimensions were: a) the main government partners in decision-making: groups (business and unions) or parties; b) institutionalized or personalized (by formal or informal relations) negotiations⁹.

⁹ All governments' decisions are taken in collaboration with both (business and/or labor) groups and parties, but the typology identifies the prevailing trend. On the relation between business and democracy, see Durand & Silva (1998).

Negotiations	Government partners	
	Groups	Parties
<i>Institutionalized</i>	Neo-corporatism	Party government
<i>Personalized</i>	Neo-oligarchy	Partitocrazia

Which is the relation among the (conservative, liberal, social-democrat, populist) models (and the hybrids) of political economy and the (neo-oligarchy, neo-corporatism, *partitocrazia*, party-government) decision-making processes of contemporary Latin American democracies?

In neo-oligarchies, cohesive change teams promote market reforms. *Technopols* make decisions (Dominguez, 1997); they are autonomous, but informally negotiate with business groups' (not the associations) and unions' (not the formal secretary) leaders. In pre-1989 authoritarian regimes, there were technocracies, but without negotiations with lobbies. Neo-oligarchy was applied in liberal (Perez, Fujimori and Salinas) or conservative (Cavallo and Cardoso) economic policies; the former prevailed in the 1990s, the latter after the 2008 crisis. Evans' (1995) *theory on embedded autonomy* -elaborated in the analysis of Asian tigers' evolution from ISI to export promotion in the 1960s (Haggard, 1990)- linked change to two conditions. First, governments and bureaucrats must be autonomous from lobbies; second, governments must negotiate (with an embedded network of ties) with interest groups. If government are too isolated, like *technocratic Collor* in Brazil, they are going to fail. Venezuelan IESA-boys did not confirm Evans' theory, as both conditions of the embedded autonomy were present; they were autonomous and negotiated with business groups, but were forced to renounce (by Chavez). Neo-oligarchies have continued (with Piñera, Macri, Bolsonaro...), even if with less cohesive governments; change teams were necessary at the beginning of the 1990s, when most of privatizations have been implemented (Teichman, 1997; Centeno & Silva, 1998; Williams, 2002; Dargent, 2015).

¹⁰ Old corporatism was applied for example by Mussolini in Italy. In fact, parliament had been dissolved, and the *Camera dei Fasci e delle Corporazioni*, with representatives of business and workers, substituted it. Corporatism had been an institution of the Middle Age in several parts of Europe (for example in Tuscany), before liberal democracy emerged in England.

Neo-corporatist¹⁰ decisions are institutionalized in trilateral bodies, with ministers, business associations' and unions' representatives. In both neo-oligarchies and neo-corporatism, parliaments' power is limited; in fact, they only have a sort of ratification power. Neo-corporatism was coupled with social-democrat political economies: of leftist Chilean presidents and of Lula/Rousseff in Brazil.

¹¹ On the relation between market reforms and elections, see Stokes (2001). On the current party systems in Latin America, see Roberts (2014) and Mainwaring (2018). On parties in Latin America, see also Corrales (2000).

In a *partitocrazia*, the most powerful actors are parties, who veto (Tsebelis, 1995) governments' reforms, like austerity and privatizations. Pro-*laissez faire* presidents increased the use of decrees, within the so-called *delegative democracies*, also because they rarely enjoyed majority in parliaments¹¹ (O'Donnell, 1992). Then, parties have often promoted impeachments to presidents, who had tried to apply market reforms: Perez in Venezuela, Collor in Brazil, Rousseff in Brazil, Kuczynski and Vizcarra in Peru. The concept of *partitocrazia* was borrowed from Italian policies, where party secretaries' agreements were more important than ministries' decisions. In Latin America, parties were far from playing the role of "gate-keepers" that favored democratic consolidation (and economic liberalization) in Europe (Morlino, 1986). Leftist parties (especially Apra) strongly opposed Fujimori's market reforms in Peru, and pushed him to dissolve parliament. The same happened in Mexico (with some "PRI"-*nosauros*) and in Venezuela (with Copei and AD). If liberal reforms fail, leftist populist parties prevail. Chavez/Maduro applied hard populist political economies, and Venezuela became authoritarian. In Argentina, Cristina Kirchner applied soft populism, and Argentina remained a *partitocrazia* with Peronist presidents (Fossati, 2020). According to Haggard and Kaufman (1995), market reforms

in Latin America have been obstructed when party systems are polarized, like in Argentina, with the cleavage of Radicals *versus* Peronists. The *Justicialista* party has always opposed not Peronist presidents, with the so-called *alternancia imperfecta* (Russo, 2003). Macri could finish his mandate, on the contrary of Alfonsín and De la Rúa, because his economic policies were more coherent than those of the two Radical presidents.

Finally, party governments are the outcome of the majority *versus* opposition relationship, with a relevant role of parliaments. The example is the United Kingdom, where the leader of the winning party becomes prime minister. In Latin America, this process has not materialized yet, especially because many parties objected market reforms, and pushed governments to use decrees.

In hybrid (Alfonsín, Menem II, De la Rúa, Collor, Caldera) economic policies, the decision-making process is not stable: neither neo-oligarchic, nor neo-corporatist, nor party-centered. At the end of Caldera and Menem II mandates, *partitocrazia* prevailed. Alfonsín had two schizophrenic technopols, while De la Rúa incoherently mixed two economic projects: Cavallo's conservatism and Machinea's social-democracy. Collor's economy was hybrid too; then, he was politically isolated. These three presidents applied incoherent economic reforms *since the beginning*, and at the end they had to leave power, after a deep political crisis. López Obrador, Fernández and Sagasti are also applying hybrid economic policies in recent years: in Mexico and Argentina between social-democrat and populist reforms, while in Peru it's a combination between conservatism and moderate left programs.

According to Ross (2001), market reforms have been rejected by countries with relevant energy resources. Mexico, Venezuela and Ecuador export oil, while Bolivia is a large gas producer. In Mexico and Venezuela, relevant social and political actors opposed economic change. Two important PRI's leaders were killed in Mexico, and there were two (leftist populist) military coups in Venezuela. Mexico suffered a stock exchange and currency crisis, but did not abandon *laissez faire*, as the USA supported Zedillo with an aid package with the IMF supervision after the 1994 Tequila crisis. Venezuela stopped market reforms and shifted again towards protectionism, populism and authoritarianism (with Chávez and Maduro). Oil did not halt economic change in Mexico, where an external state (the USA) played the *anchor* role (Whitehead, 2002) in democratic and economic changes, as Mexico belongs to Nafta.

In sum, conservative and liberal reforms are usually applied through neo-oligarchic decision-making processes. Social-democrat economic policies are often implemented with neo-corporatism. When "soft" populism prevails, *partitocrazia* is the typical political instrument of leftist governments, either if they govern or if they are at the opposition. Thus, they usually veto rightist presidents, who have been trying to introduce market reforms. The political consequence of "hard" populism has been authoritarianism, like in Venezuela with Chávez and Maduro (Fossati, 2020). In hybrid economic policies, there is not a stable decision-making process, and political conflict is strong.

Unfortunately, Latin American democracies have not improved their political performance since the 1990s. Political systems are prisoners of the institutional schizophrenia that couples presidentialism with parliaments elected through proportional electoral systems. Thus, the chiefs of state rarely enjoy majority in their parliaments (Linz & Valenzuela, 1994; Valenzuela, 2004). The two coherent combinations are the Usa (with presidentialism and majoritarian electoral system) and Europe (with parliamentarism and proportionalism). This *unhappy oxymoron* seems to have cultural origins, within a continent that has inherited proportionalism by Europe, and has imitated US presidentialism. It is like *a son with divorced parents*. It seems difficult that Latin America may

¹² The exception was Chile's "binominal" proportional electoral system, which had been introduced by Pinochet in 1988. It was a *de facto* majoritarian system, that had favored stable bipartitism in Chile, but it has been irrationally eliminated in 2015.

renounce presidentialism, because all those countries have a strong fascination towards the cult of the *jefe*. Then, it is even more unlikely that proportionalism is abandoned, because citizens prefer *representative* democratic institutions; thus, party systems remain very fragmented¹². If this schizophrenia continues, presidents willing to introduce *laissez faire* shall be able to rely only on technocrats, and parties will keep obstructing *neo-liberalismo*; thus, these seem the two sides of the same coin. Instead, in USA and Europe, the populist anti-market ideology has been weak, and post-1945 (moderate right and left) parties have played the role of "gate-keepers" that has favored both economic liberalization and democratic consolidation. But *the future is unwritten*, because leftist populism is also emerging in Europe (see **Movimento 5 stelle** in Italy) after the 2008 financial crisis.

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