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Telling the truth about capitalist democracies

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Not long ago the celebration of capitalist democracies, as if they constituted the crowning achievement of every democratic aspiration, found legions of adepts in Latin America, where the phrase was pronounced with a solemnity usually reserved for the greater achievements of mankind. But now that more than a quarter of a century has elapsed since the beginnings of the process of re-democratization in Latin America, the time seems appropriate to look at its dismaying shortcomings and unfulfilled promises. Do capitalist democracies deserve the respect so widely accorded them? In the following pages we intend to explore what democracy means, and then, on the basis of some reflections on the limits of democratization in a capitalist society, go on to examine the performance of ‘actually existing’ democracies in Latin America leaving aside democratic fetishism. By looking beyond their glossy external appearances we hope to be able to perceive their disappointing limitations.

Democracy

Let us begin by remembering Lincoln’s formula: democracy as the government of the people, by the people and for the people. Today this looks like the expression of an unreconstructed radical, especially in light of the political and ideological involution brought about by the rise of neoliberalism as the official ideology of globalized capitalism and the parallel rise of a disillusioned left who first decide to rename itself “progressive” to later embrace, amidst an unheard of process of ideological dissolution, the fundamental tenets of the Washington Consensus. Shining examples of this malignant degeneration proliferate in Latin America: from the Chilean Socialist Party, shamefully betraying the heroic legacy of Salvador Allende to the *Frente Amplio/Encuentro Progresista* in Uruguay; to the Argentine *FREPASO* (Front for a Solidary Country); to Lula and the PT ignominious capitulation in Brazil; the Peruvian APRA (Popular Revolutionary Anti-Imperialist Alliance), with a jubilant Alan García signing a “free trade agreement” with the United States following the track opened by the Chilean “socialist” Ricardo Lagos, to what remains of the Mexican left, dispersed and demoralized by the might of its Northern neighbour.

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But well before this epoch in advanced capitalist countries democracy had already become completely detached from the very idea, not to mention the agency, of the people. Lincoln's formula had long since been filed away as a dangerous nostalgia for a state of things irreversibly lost in the past. What replaced it was the Schumpeterian formula, whose deplorable consequences are still strongly felt in mainstream social sciences: democracy was conveniently redefined as a set of rules and procedures devoid of any specific content related to distributive justice or fairness in society, ignoring the ethical and normative content proper of the idea of democracy and disregarding the idea that democracy should be a crucial component of any proposal for the organization of a 'good society', rather than a mere administrative or decisional device. Thus for Schumpeter it was possible to 'democratically' decide if, to take his own example, Christians should be persecuted, witches sent to the stake or the Jews exterminated. Democracy becomes simply a method and, like any other method, 'cannot be an end in itself'.¹ At the extreme, this approach turns democracy into a set of procedures independent of ends and values and becomes a pure decision-making model, like those which Peter Drucker proposes for the management of successful capitalist enterprises. It doesn't take a genius to suspect that democracy should be much more than that.

Moreover, the Schumpeterian paradigm also ignores the concrete historical processes that led to the constitution of 'actually existing democracies'. In proposing the abandonment of what he called the 'classical theory' of democracy Schumpeter projected a foolishly optimistic and completely unreal image of the historical sequences which, in a handful of nation-states, ended with the constitution of democracy.² The epic nature of the process of construction of a democratic order was movingly portrayed by Alexis de Tocqueville, as an 'irresistible revolution advancing century by century over every obstacle and even now going forward amid the ruins it has itself created'.³ This assertion captures, as do many different authors in the classical tradition, the tumultuous, traumatic and violent elements involved – even in what today are regarded as the most developed, pluralistic and tolerant countries in the world – in the installation of a democratic order. The blood and mud of the historical constitution of political democracies are completely volatilized in the hollow formalism of the Schumpeterian tradition. That is the

¹ Joseph Schumpeter, *Capitalism, Socialism and Democracy*, New York: Harper, 1947, p. 242.

² Under the 'classical theory' Schumpeter lumped together the teachings of such diverse authors as Plato, Aristotle, Machiavelli, Rousseau, Tocqueville and Marx, among others.

³ Alexis de Tocqueville, *Democracy in America*, Garden City: Doubleday, 1969, p. 12

reason why, as heirs of this legacy, Guillermo O'Donnell and Phillippe Schmitter warn, in the canonic text of 'transitology', that:

One of the premises of this way of conceiving the transition [to democracy] is that it is possible and convenient for political democracy to be achieved without a violent mobilization and without a spectacular discontinuity. There is virtually always a threat of violence, and there frequently are protests, strikes and demonstrations; but once the 'revolutionary path' is adopted or violence spreads and becomes recurrent, the favorable outlook for political democracy is reduced in a drastic manner.⁴

A premise which is as forceful as it is false. In what country did the conquest of democracy take place in accordance with the stipulations set out above? Barrington Moore pointed out that without the 'Glorious Revolution' in England, the French Revolution and the US Civil War – all rather violent and blood-shedding episodes – it would be extremely hard to conceive the very existence of democracy in those countries.⁵ Can we imagine the slave-owning society of the American South, or the English and French aristocracies, giving rise to democratic arrangements because of an endogenous illumination, or the guilty sentiments of the upper classes as lords of an extraordinary oppressive system? Can we even conceive of democratization in these countries without a violent break with the past? And regarding our authors' concern with 'violence from below', what about 'violence from above' against democratization, systematically leading to state repression, summary executions and disappearances at the hands of paramilitary forces or death squads, military coup-mongering, let alone the structural violence embedded in grossly unequal societies? Isn't it time to ask ourselves who have been the principal agents of violence in Latin America? The exploited and oppressed classes, the strikers and demonstrators, or the forces preserving their privileges and wealth with ruthless determination?

The 'Schumpeterian' perspective not only perverts the very concept of democracy but also poses an equally disquieting puzzle: if democracy is something as simple as a method of organizing collective decision-making, why is it that the overwhelming majority of mankind have lived for most of recorded history under non-democratic régimes? If it is something so elementary and reasonable, why has its adoption and effective implementation been so difficult?

⁴ Guillermo O'Donnell and Phillippe Schmitter, *Conclusiones Tentativas Sobre las Democracias Inciertas*, Buenos Aires: Paidós, 1988, p. 26.

⁵ Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy: Lords and Peasants in the Making of the Modern World*, Boston: Beacon Press, 1966.

Why have some organizational formats – the capitalist company and the stock corporation, for instance – been adopted without significant resistance once the capitalist mode of production had been imposed, while the attempt to adopt the ‘democratic form’ in states has generated wars, civil strife, revolutions and counterrevolutions and interminable bloodbaths? Finally, why, if the capitalist mode of production is five hundred years old, is capitalist democracy such a recent and unstable achievement?

The ethical hollowing out of democracy by the Schumpeterian-based theories of democracy, and their radical inability to account for the process of construction of ‘actually existing’ democracies, call for an alternative theorization.

Capitalist Democracy or Democratic Capitalism?

But this still requires a prior conceptual clarification. Indeed, if the use of the word ‘democracy’ is in itself distorting and plagued with ambiguities – democracy, ‘by’ whom, ‘for’ whom? – expressions like ‘capitalist democracy’ or ‘bourgeois democracy’ are no less contradictory and unsatisfactory. That is why the most rigorous and precise way of referring to the universe of the ‘really existing’ democracies is to call them ‘democratic capitalisms’. Let us see why.

To speak of ‘democracy’ without any adjectives overlooks the enormous differences between: (a) the classical Greek model of democracy, immortalized in Pericles’ celebrated Funeral Oration; (b) the incipient democratic structures and practices developed in some Northern Italian cities at the dawn of the Renaissance (later to be crushed by the aristocratic-clerical reaction; and (c) the various models of democracy developed in some capitalist societies in the twentieth century. Democracy is a form of organization of social power in the public space that is inseparable from the economic and social structure on which that power rests. The different modes of organization, both dictatorial and democratic, or the six classical forms of political power set out in Aristotle’s *Politics*, take root in the soil of specific modes of production and types of social structure, so that any discourse that speaks of ‘democracy’ without further qualifications must necessarily be highly imprecise and confusing. Indeed, when political scientists speak of democracy, to what are they referring? A democracy based on slavery, as in classical Greece? Or that which prospered in urban islands surrounded by oceans of feudal serfdom, and in which the *populo minuto* strove to be something more than a manoeuvring mass

under the oligarchic patriciate of Florence and Venice? Or the democracies of Europe, without even universal male suffrage, let alone the right of women to vote, prior to the First World War? Or of the ‘Keynesian democracies’ of the second post-war period, bearing the traces of what T.H. Marshall meant by social citizenship?⁶

Reacting against this disconcerting ambiguity, which also challenges the allegedly univocal nature of the expression ‘bourgeois democracy’, the Mexican essayist Enrique Krauze, an author with evident neoliberal inclinations, once made a passionate plea in favour of a ‘democracy without adjectives’. Democracy could and should be valued by itself, and social contexts should play no role in this appreciation.⁷ His exhortation, however, fell on deaf ears. An analysis of the literature carried out by David Collier and Steve Levitsky revealed the enormous proliferation of ‘adjectives’ (more than five hundred) that are employed in political science as qualifiers for the operation of democratic régimes, to the extent that more taxonomic pigeonholes exist than democratic régimes.⁸ Despite this, plying democracy with adjectives – even if ‘strong’ terms are employed to this end, or ones highly loaded with signification, like ‘capitalist’ or ‘socialist’ – does not solve the essential problem but only serves to provide it with an elementary loincloth that fails to conceal the fact that the king is naked.

Let us take the expression ‘capitalist democracy’, frequently used by mainstream social scientists as well as by radical thinkers. What does it precisely mean? Some may believe that the problem is solved by adding the ‘capitalist’ qualifier to the word ‘democracy’ – which at least hints at the broader problem of the relations between capitalism and democracy and, more specifically, to the issue of the limits that the former sets on the expansiveness of democracy. Nevertheless, this standpoint is essentially incorrect: it rests on the assumption, quite clearly erroneous, that in this type of political régime the ‘capitalist’ component is a mere adjective that refers to a kind of economic arrangement that in some way modifies and colours the operation of a political structure that is essentially democratic. In reality the phrase ‘capitalist democracy’ is a sort of ‘Hegelian inversion’ of the proper relationship between the economy, civil society and the political realm, involving a subtle apology for capitalist society. For in this formulation democracy is presented as the substance of current society – routinely reasserted by numberless

⁶ T.H. Marshall, *Class, Citizenship and Social Development*, New York: Anchor Books, 1965.

⁷ Enrique Krauze, *Por una Democracia sin Adjetivos*, Mexico City: Joaquín Mortiz/Planeta, 1986, pp. 44-75.

⁸ David Collier and Steve Levitsky, ‘Democracy with Adjectives: Conceptual Innovation in Comparative Research’, Working Paper #230, Kellogg Institute, University of Notre Dame, August 1996.

leaders of the ‘free world’, like George W. Bush, José M. Aznar, Tony Blair, etc., who define themselves as spokespersons of their own ‘democratic societies’. To consider Argentina, Brazil or India as “bourgeois democracies” is tantamount to assert the character essentially democratic of these societies, with a bourgeois “overtone” that refers mainly to some patterns of the political system. Under this light democracy is therefore qualified by an adventitious or ‘contingent’ feature –nothing less than the capitalist mode of production! Capitalism is thus shifted to a discreet position behind the political scene, rendered invisible as the structural foundation of contemporary society. As Bertolt Brecht once observed, capitalism is a gentleman who doesn’t like to be called by his name. But there is more. As the late Mexican philosopher Carlos Pereyra argued, the expression ‘bourgeois democracy’ is ‘a monstrous concept’ because it ‘hides a decisive circumstance in contemporary history: democracy has been gained and preserved, to a greater or lesser extent in different latitudes, against the bourgeoisie’.⁹

A double difficulty exists, therefore, in the above-mentioned use of adjectives. In the first place, it gratuitously attributes to the bourgeoisie a historical achievement such as democracy, which was the work of centuries of popular struggles precisely against, first, the aristocracy and the monarchy, and then against the domination of capitalists, who tried hard to prevent or delay the victory of democracy, appealing to all imaginable means from lies and manipulation to systematic terror, epitomized by the Nazi State. Second, if the expression ‘bourgeois democracy’ is accepted, what is specifically ‘bourgeois’ becomes an accidental and contingent fact, a specification of an accessory kind with regard to a fetishized essence called democracy.

So how should democracy be properly conceptualized? Certainly, it is not a question of applying or not applying adjectives to a supposed democratic substance but of abandoning the neo-Hegelian inversion: that is to say, unlike the term ‘bourgeois democracy’, an expression such as ‘democratic capitalism’ recovers the true meaning of democracy by underlining the fact that its structural features and defining aspects – ‘free’ and periodic elections, individual rights and freedoms, etc. – are, despite their importance, only political forms whose operation and specific efficacy are unable to neutralize, let alone dissolve, the intrinsically and hopelessly anti-democratic structure of capitalist society.¹⁰ This structure, which rests on a system of social relations centered on the incessant reproduction of labour power that must be sold in the marketplace

⁹ Carlos Pereyra, *Sobre la Democracia*, México: Cal y Arena, 1990, p. 33.

¹⁰ We have explored at length this issue in our *State, Capitalism and Democracy in Latin America*, Boulder and London: Lynne Rienner Publishers, 1995, pp. 33-68.

as a commodity to guarantee the very survival of the workers, poses insurmountable limits for democracy, no matter the rhetoric or the legal pieces passed to “deepen” the democratic arrangements. This ‘slavery’ of wage-earners, who must turn to the marketplace in search of a capitalist who may find it profitable to buy their labour-power, or otherwise try to eke out a dismal living as petty traders and scavengers in the slums of the world, places the overwhelming majority of contemporary populations, and not only in Latin America, in a situation of structural inferiority and inequality. This is incompatible with the full development of a democratic regime worthy of its name, while a small section of the society, the capitalists, are firmly established in a position of undisputed predominance and enjoy all sorts of privileges.

The result is that “democratic capitalisms” are a *de facto* dictatorship of capitalists, whatever the political forms – such as democracy – under which the former is concealed from the eyes of the public. Hence the tendential incompatibility between capitalism as a social and economic form resting on the structural inequality separating capitalist and workers and democracy, as conceived in the classical tradition of political theory, not only in its formal and procedural aspects, but grounded in a generalized condition of equality. It is precisely for this reason that Ellen Meiksins Wood is right when, in a magnificent essay rich in theoretical suggestions, she asks: will capitalism be able to survive a full extension of democracy conceived in its substantiality and not in its processuality?¹¹ The answer, clearly, is negative.

Outline of a Substantive, not Procedural, Theory of Democracy

A comprehensive and substantive conception of democracy must immediately put on the table the issue of the relationship between socialism and democracy. It would be foolhardy on our part to attempt to broach this discussion here. Suffice it for the moment to recall the penetrating reflections of Rosa Luxemburg on this subject, including her democratic formula to the effect that ‘there is no socialism without democracy; there is no democracy without socialism’.¹² Luxemburg emphasized the value of the democratic popular conquests under capitalism but being aware of their insurmountable limits posed by the system she took pains to declare that a new and

¹¹ Ellen Meiksins Wood, *Democracy Against Capitalism: Renewing Historical Materialism*, Cambridge: Cambridge University Press, 1995, pp. 204-37. On this see also Arthur MacEwan, *Neoliberalism or Democracy?*, London: Zed Books, 1999; and Atilio A. Boron, *Tras el Búho de Minerva. Mercado contra Democracia en el Capitalismo de Fin de Siglo*, Buenos Aires: Fondo de Cultura Económica, 2000.

¹² It goes without saying that our agreement extends to her entire statement and not only to its second part, although it is this that we are concentrating on here.

more genuine democratic order could only take place under socialism. Her thinking avoids the traps of both vulgar Marxism – which in its rejection of democratic capitalism ends up spurning the very idea of democracy and justifying political despotism – and of ‘post-Marxism’, and the diverse currents of neoliberal inspiration, that mystify democratic capitalisms to the point of treating them as paradigms of a ‘democracy’ without any further qualification.

Taking this reasoning into account it seems to us that a theorization aimed at overcoming the vices of Schumpeterian formalism and ‘proceduralism’ should consider democracy as a synthesis of three inseparable dimensions amalgamated into a single formula:

(a) Democracy presupposes a social formation characterized by economic, social and legal equality and a relatively high, albeit historically variable, level of material welfare, which allows the full development of individual capabilities and inclinations as well as of the infinite plurality of expressions of social life. Democracy, therefore, cannot flourish amidst generalized poverty and indigence, or in a society marked by profound inequalities in the distribution of property, incomes and wealth. It requires a type of social structure which only exceptionally can be found in capitalist societies, and never in the periphery of the world capitalist system. Despite all official claims to the contrary, capitalist societies are not egalitarian but profoundly inegalitarian. Egalitarianism is the ideology, class polarization is the reality, of the capitalist world. Political democracy cannot take root and prosper in a structurally anti-democratic society. What we may find there is a caricature of democracy and nothing else.

(b) Democracy also presupposes the effective enjoyment of freedom by the citizenry. But freedom cannot be only a ‘formal right’ – like those brilliantly incorporated into numerous Latin American constitutions – which, in practical life, does not enjoy the least likelihood of being exercised. A democracy that does not guarantee the full enjoyment of the rights it says it enshrines at the juridical level turns into a farce, as Fernando H. Cardoso said many years ago, before becoming president of Brazil and having forgotten all his former teachings.¹³ Freedom, leaving aside metaphysics, means the possibility of choosing among real and concrete alternatives. As will be seen below, our ‘free elections’ in Latin America are limited to deciding which member of the same political establishment, recruited, financed and co-opted by the

¹³ Fernando Henrique Cardoso, ‘La Democracia en las Sociedades Contemporáneas’, *Crítica y Utopía*, 6, 1982 and ‘La democracia en América Latina’, *Punto de Vista*, 23, April

dominant classes, will have the responsibility of running the country.¹⁴ What kind of freedom is this that condemns people to illiteracy, to live in miserable shacks, to die young for lack of medical assistance, depriving them of a decent job and a minimum standard of social protection in their old age? Are they free, the millions of jobless that in Latin America don't have even the couple of dollars needed to leave their homes to find some job, any job? Is a people free when told by the local rulers, the "responsible media", the official intellectuals and the imperial administrators in Washington that democracy means "alternation without alternatives"?

Moreover, while equality and freedom are necessary, they are not by themselves sufficient to guarantee the existence of a democratic state. A third condition is required:

(c) The existence of a complex set of institutions and clear and unequivocal rules of the game that make it possible to guarantee popular sovereignty, overcoming the limitations of the so-called 'representative' democracy and endowing the citizenry with the legal and institutional means of ensuring the predominance of the popular classes in the formation of the common will. Some scholars have argued that one of the central characteristics of democratic states is the 'relatively uncertain' character of the results of the political process, namely, the uncertainty of electoral outcomes.¹⁵ But a warning should be issued about the risks of overestimating the true degrees of 'democratic uncertainty' found in today's democratic capitalisms. In actual fact there is very little uncertainty in them because even in the most developed ones, the most crucial and strategic hands in political life are played with 'marked cards' that consistently uphold the interests of the dominant classes. We repeat: not all hands, but definitively the most important ones – both at the electoral as well as at the decision-making level – are played with enough guarantees for the results to be perfectly foreseeable and acceptable to the dominant classes. This is the case, for instance, in the United States, where the major policy decisions and orientations of the two competing parties are almost identical, differing only on some marginal issues which do not threaten the rule of capital. Little wonder, then, that in no single capitalist country has the state ever called a popular plebiscite to decide if the economy should be organized on the basis of

¹⁴ The situation is not so different in most of the rest of the world. Indeed, as Noam Chomsky observed, in the last presidential elections the American people were offered a nice democratic menu: they could either elect one multimillionaire, already in office, or elect another multimillionaire, already in the Senate, both of which, in turn, had as their running mates two other multimillionaires. This was the choice in what is considered, by mainstream social science, as one of the most perfected models of democratic development in the world!

¹⁵ Adam Przeworski, *Capitalism and Social Democracy*, Cambridge: Cambridge University Press, 1985, pp. 138-45

private property, popular economy or state-owned corporations; or, for example, in Latin America, to decide what to do about the foreign debt, the opening up of the economy, financial deregulation, or privatizations. In other words, uncertainty, yes, but only within extremely narrow, insignificant, margins. Elections, yes, but using all kind of resources, legal and illegal, to manipulate the vote and avoid having the people ‘make a mistake’ and choose a party contrary to the interests of the dominant classes. It isn’t just that the games are played with ‘marked cards’; other games aren’t even played, and the winners are always the same.

To sum up: the existence of clear and unequivocal rules of the game that guarantee popular sovereignty is the ‘political-institutional’ condition for democracy. But, once again, this is a necessary but not sufficient condition, because a substantive or comprehensive democracy cannot sustain itself or survive for very long, even as a political régime, if its roots are deeply sunk in a type of society characterized by social relations, structures, and ideologies antagonistic or hostile to its spirit. ‘To discuss democracy without considering the economy in which that democracy must operate’, Adam Przeworski once wrote, ‘is an operation worthy of an ostrich’.¹⁶ Unfortunately, contemporary social sciences seem to be increasingly populated by ostriches. In real and concrete terms democratic capitalisms, even the most developed ones, barely fulfill some of these requirements: their institutional deficits are well known, their trends toward rising inequality and social exclusion are evident, and the effective enjoyment of rights and freedoms is distributed in an extremely unequal way among the various sectors of the population. Rosa Luxemburg was right: there cannot be democracy without socialism. We cannot hope to build a democratic political order without simultaneously waging a resolute struggle against capitalism.

The Latin American Democratic Experience

Let us imagine that Aristotle comes back to life, and we have the chance to ask him to look at the contemporary political scene in Latin America and pass judgment on the nature of the prevailing political regimes. Surely his irrefutable conclusion would be that our capitalist ‘democracies’ are anything but democratic, following his classic typology of political regimes as ‘oligarchies’ or ‘plutocracies’, that is, government of the rich exercised by somebody who is not necessarily rich but who rules for them. Looking at our political landscape one could say that our

¹⁶ Adam Przeworski, *The State and the Economy under Capitalism*, New York: Harwood Academic Publishers, 1990, p. 102.

faulty democracies are governments of the markets, by the markets and for the markets, lacking all three of the conditions summarized above.

This is why, after more than two decades of ‘democratization’, the achievements of Latin American democratic capitalisms are so disappointing. Our societies today are more unequal and unjust than before, and our populations are not free, but enslaved by hunger, joblessness and illiteracy. If in the decades after 1945 Latin American societies experienced a very moderate progress in direction of social equality, and if in that same period a diversity of political regimes - from variants of populism to some modalities of ‘developmentalism’- managed to lay the foundations of a policy that, in some countries, like Perón’s Argentina, was aggressively ‘inclusive’ and tended towards the social and political ‘enfranchisement’ of large sections of our popular strata who had been traditionally deprived of every right, the period that began with the exhaustion of Keynesianism and the debt crisis has gone exactly in the opposite direction. In this new phase, celebrated as the definitive reconciliation of our countries with the inexorable imperatives of globalized markets, old rights – such as the rights to health, education, housing, social security – were abruptly ‘commodified’ and turned into unattainable goods on the market, throwing large masses of poor people, the sick and elder, and jobless into indigence. The precarious security nets of social solidarity were demolished *pari passu* with the social fragmentation and marginalization caused by orthodox economic policies and the exorbitant individualism promoted by both the ‘lords of the market’ and the political class that rules on their behalf.

Moreover, the collective actors and social forces that in the past voiced and channelled the expectations and interests of the popular classes – labour unions, left- wing parties, popular associations of all sorts – were persecuted by fierce tyrannies, their leaders jailed, massacred or ‘disappeared’. As a result these popular organizations were disbanded and weakened, or simply swept aside. In this way the citizens of our democracies found themselves trapped in a paradoxical situation: while in the ideological heaven of the new democratic capitalism, popular sovereignty and a wide repertoire of constitutionally reasserted rights were exalted, in the prosaic earth of the market and civil society citizens were meticulously deprived of these rights by means of sweeping processes of social and economic disenfranchisement which excluded them from the benefits of economic progress and converted democracy into a deplorable simulacrum.

The result of the democratization process in Latin America having taken this form has been a dramatic weakening of the democratic impulse. Far from having helped to consolidate our nascent democracies, neoliberal policies have undermined them and the consequences are clearly felt today. Democracy has become that ‘empty shell’ of which Nelson Mandela has often spoken, where increasingly irresponsible and corrupt politicians run countries with total indifference to the common good and only worried about ensuring a friendly response to the market demands. Then, returning to our imaginary dialogue with Aristotle, the supposedly democratic regimes in Latin America are just a special brand of oligarchies or plutocracies. Undeserving the name of democracy these regimes are no more than “post-dictatorial” states, a far cry from democracy. This explains the enormous popular distrust of politicians, parties and parliaments, a phenomenon seen, with varying levels of intensity, in every single country of Latin America. Some recent empirical research provides interesting data on this.

The United Nations Development Program Report on Latin American Democracy: A Balance Sheet

The UNDP’s *Democracy in Latin America: Toward a Citizens’ Democracy* is the most important and comprehensive comparative research on democratic capitalisms ever conducted in Latin America.¹⁷ However, despite the immense efforts demanded by its realization, the severe flaws built into its theoretical apparatus and its methodology prevented it from producing a fully realistic portrayal of the situation of democracy in the region. The incurable problems of ‘politician’ reductionism are evident from the very beginning of the thick volume. Thus the report starts by considering democracy as ‘not only a political system but also a system of governance that permits greater public participation, thereby creating a favorable environment for societies to become involved in decisions that affect their development’.¹⁸ Democracy, in sum, is a political thing having to do with voters, citizens and patterns of governance, in splendid isolation from the rest of social life. A research project with this starting-point (and punctuated here and there by occasional – but still highly significant – references to the contributions of ultraconservative think tanks like Freedom House and the Heritage Foundation to the study of contemporary

¹⁷ United Nations Development Program, *Democracy in Latin America: Towards a Citizens’ Democracy*, New York: UNDP, 2004.

¹⁸ *Ibid.*, p. 25-6.

democracies) cannot go very far, no matter how many scholars are involved, or how large the budget.

Not surprisingly the report goes on to say that although ‘140 countries in the world today live under democratic regimes’ – a fact that is seen as a major achievement – ‘only in 82 of these is there full democracy’.¹⁹ This gross exaggeration (no less than 82 full democracies!) is somewhat tempered when the authors warn the reader that authoritarian and undemocratic practices still persist under democratically elected governments, and provide a convincing list of these. Nevertheless, this does not deter them from arguing that the eighteen Latin American countries included in the report ‘fulfill the basic requirements of a democratic regime; of these only three lived under democratic regimes 25 years ago’.²⁰

To be sure, the report does not fail to notice that while ‘the people of Latin America consolidate their political rights they are faced with high levels of poverty and the highest levels of inequality in the world’. This contradiction moved the authors of the report to conclude, albeit somewhat enigmatically, that ‘there are severe tensions between the deepening of democracy and the economy’. Thus while the report celebrates the main achievements of democracy in Latin America it doesn’t fail to identify inequality and poverty as its main weaknesses. Additionally, it urges the adoption of policies ‘that promote democracy in which citizens are full participants. Integral participation of citizens means that today’s citizens must have easy access to their civil, social, economic and cultural rights and that all of these rights together comprise an indivisible and interconnected whole’.²¹ Unfortunately, the authors of the report stop short of asking why is it that this whole set of rights, still granted on paper by all capitalist states, is increasingly becoming little more than dead letter everywhere in a neoliberal world. And why has access to those rights in any case always been so limited in capitalist societies? Is it by chance, or due to systematic class factors?

The report has no answer to these questions because the nature of the contradiction between capitalism and democracy is not explored. In the 284 pages of the English version of the report the words ‘capitalism’ or ‘capitalist’ appear just twelve times. The first mention comes only on page 51, surprisingly enough in a quotation from someone as inconspicuous a theorist of capitalism as George Soros; indeed nine out of the twelve mentions appear in quotations or in the

¹⁹ Ibid., p. 25.

²⁰ Ibid., p. 26. The three democratic countries were Colombia, Costa Rica and Venezuela.

²¹ Ibid., p. 26.

bibliographic reference sector of the report. Only three occur in the body of the text. Of course, this extreme reluctance to talk about capitalism exacts a severe theoretical toll on the whole report. For, how can one speak about democracy in today's world when one is reluctant even to mention the word capitalism? How are we supposed to understand the acknowledged 'tensions between the deepening of democracy and the economy'? What features of the economy are to be blamed for this? Its technological base, its natural endowment, the size of the markets, the industrial structure, or what?

The problem is not the 'economy' –an innocuous abstraction- but the 'capitalist economy' and its defining feature: the extraction and private appropriation of surplus value and the ineluctable social polarization that springs up as a result. The tensions are not between two metaphysical entities, 'democracy' and the 'economy', but between two concrete historical products: the democratic expectations of the masses and the iron-like laws of capitalist accumulation, and the contradiction exists and persists because the latter cannot make room for the former, except in the highly devalued mode of the 'liberal democracy' we see all around us. He who doesn't want to talk about capitalism should refrain from talking about democracy.

Popular Perceptions of Democracy

One of the most useful components of the UNDP report is a comparative survey of public opinion conducted by Latinobarómetro with a sample of 18,643 citizens in 18 countries of the region. In broad terms, its findings are summarized as follows:

- The preference of citizens for democracy is relatively low;
- A large proportion of Latin Americans rank development above democracy and would withdraw their support for a democratic government if it proved incapable of resolving their economic problems;
- 'Non-democrats' generally belong to less educated groups, whose socialization mainly took place during periods of authoritarianism and who have low expectations of social mobility and a deep distrust of democratic institutions and politicians; and
- Although 'democrats' are to be found among the various social groups, citizens tend to support democracy more in countries with lower levels of inequality. However, they do not express themselves through political organizations.²²

²² Ibid., p. 29

These findings aren't at all surprising. On the contrary, they speak very highly of the political awareness and rationality of most Latin Americans and their accurate assessment of the shortcomings and unfulfilled promises of our so-called 'democratic' governments. Let us push this line of analysis a little farther and look at the most recent data produced by Latinobarómetro in its latest international public opinion survey.²³ As expected, the empirical findings show high levels of dissatisfaction with the performance of the democratic governments in their countries: from 1995 to 2006, only 38 percent of the region's sample declared themselves satisfied with the workings of democracy in their own countries, with a record low mark in 2001 in which only 25 percent of the respondents declared to be satisfied. Moreover, the sub-period 1997-2005 –signed by neoliberal pundits as a “recovery phase” of the Latin American economies after the Tequila crisis- shows a decline of 10 percentage point in the satisfaction with democracy in Latin America. The significance of this is enhanced by the fact that the starting-point in the comparison was far from reassuring, since even in 1997 almost 60 per cent were not satisfied with democracy. Only a handful of countries deviated from this declining trend during the 1995-2006 period: Venezuela, ironically the favourite target of the 'democratic' crusade launched by the White House, where the percentage of people who declared themselves satisfied with the democratic regime increased by 21 percentage points, reaching 57 percent of the sample in 2006, second only to Uruguay in terms of popular approval of democratic governments; Bolivia, with a swift improvement of 15 percentage points between 2005 and 2006, that means, after Evo Morales election, and reaching in the last year 39 percent of satisfied respondents; Uruguay also shows an increase in the level of popular satisfaction in this period, especially after the election of the Frente Amplio/Encuentro Progresista in 2004, jumping from 45 to 66 percent in 2006. Other countries like Brazil and Mexico show an improvement as well, but more moderate when the final figure for 2006 is concerned.

Let us look at things from another angle. In 1995 there were only two countries in which more than half of the population expressed satisfaction with the functioning of democracy. This rather modest mark of popular approval was achieved in Uruguay, with 57 per cent, and Argentina, with

²³ Cf. www.latinbarometro.org/2006. The countries included in the study are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, México, Nicaragua, Panama, Paraguay, Perú, Dominican Republic, Uruguay and Venezuela. According to the technical information provided by Latinobarómetro, in the 2006 survey they made 20.234 face to face interviews in 18 países countries from October 3 thru November 5, with representative samples of 100% for each country populations, and with an error margin of 3 percent in each country.

51 per cent of the popular approval. Yet in 2006 not one country was added among those above the 50 per cent mark: Uruguay was at the top, with 66 percent of popular approval, followed by Venezuela, with 57 percent. The disillusion with our ‘actually existing democracies’ left no other country above 50 per cent mark.

Chile, in turn, presents a disturbing paradox for the conventional theory. The country regarded as “the successful economic model” and the best achieved democratic transition (patterned after the equally-praised and supposedly successful Spanish post-Francoist transition) reveals a high proportion of Macchiavelli’s ‘ungrateful citizens’, not persuaded by the applause of the social science pundits and the reassuring voices of the international financial institutions. Thus in 1995 only 33 per cent of Chileans declared themselves satisfied with the democratic, rational and responsible ‘centre-left’ government of the Concertación. After a sudden decline to 23 per cent in 2001, amidst anxieties over an economic downturn, the proportion rose to 42 per cent in 2006, an increase but, nevertheless, a figure that could hardly be regarded as healthy indicator of democratic beliefs. Under the government of Michelle Bachelet, inaugurated at the beginnings of 2006, the widespread protests of young students from the high school public system against the discriminatory legacies of Pinochet “educational reform”; the revolt of the city of Santiago dwellers against the phenomenal fiasco of the public transit “modernization”; and the upheaval of the Mapuche communities in the South reclaiming their ancient lands taken over by big monopolies, all of which were fiercely repressed, are very likely to plunge this indicator of “democratic satisfaction” to an all times low.

In the Brazil of Fernando H. Cardoso, a champion of Latin American democratic theory, the proportion of satisfied citizens fluctuated between 20 and 28 per cent during his two presidential terms, hardly a level to be proud of. After four years of Lula’s government the proportion of satisfied citizens increased moderately to a 36 percent.

Given these disappointments with the performance of Latin American democratic governments, it is not surprising to learn that support for the abstract idea of a democratic regime, as opposed to satisfaction with its concrete operation, remained stagnant between 1995 and 2006: only 58 per cent affirmed that democracy was to be preferred to any other political regime, that is, less than two thirds of the citizenry. And, in answer to a different question asked in the 2004 Latinobarómetro poll, no less than 55 per cent of the sample said they were ready to accept a non-

democratic government if it proved capable of solving the economic problems affecting the country

To sum up: it is clear that the disillusionment with democracy prevailing in the region cannot be attributed to a distinctive authoritarian feature of societies fond of caudillismo and personalistic despotisms of all sorts. It is a rational response to a political regime that, in its Latin American historical experience, has given ample proof of being much more concerned with the welfare of the rich and the powerful than with the fate of the poor and the oppressed. When in the most complete 2004 survey the same people in the sample were asked whether they were satisfied with the functioning of the market economy, a dismaying 19 per cent responded affirmatively, and in no country of the region did this figure reach a majority of the population. Few Latin American governments, of course, are very interested in knowing the reasons for this, let alone in calling for a public discussion of the issue. Nor are they remotely interested in calling referenda to decide whether or not such an unpopular economic regime deserves to be upheld against the overwhelming opinion of those who, supposedly, are the democratic polity's sovereign. That would be the only democratic response, but our 'democratic' governments do not dream of fostering such dangerous initiatives.

Where the number of those satisfied with the market economy is higher – not by chance Chile, the country most thoroughly brain-washed by the neoliberal virus – this proportion barely reaches 36 per cent of the national sample, a clear minority vis à vis those supporting alternative opinions. As long as Latin American democracies have as one of their paramount goals to guarantee the 'governability' of the political system, that is, to govern in accordance with the preferences of the market, nobody should be taken by surprise by these results. Dissatisfaction with the market economy would sooner or later spread to the democratic regimes. This was summed up in the widespread opinion among the general public that the rulers do not honour their electoral promises, either because they lie in order to win the elections or because the 'system' prevents them from doing so. But the public is only coming to realize what the real powers-that-be already know. Asked to identify who really exercises power in Latin America, a survey conducted among 231 leaders in the region (among whom were several former presidents, ministers, high-ranking state officials, corporate CEOs, etc.) 80 per cent of the sample pointed to big business and the financial sector, while 65 per cent pointed to the press and the big media. By comparison, only 36 per cent identified the figure of the President as somebody with the capacity

to really wield power, while 23 per cent of respondents said that the American Embassy was a major wielder of power in local affairs.²⁴ Let us turn then to examining the real power structure in Latin America.

Free Elections?

Conventional social science argues that ‘free elections’ are a fundamental component of democracy. The UNDP Report defines as ‘free’ an election in which the electorate is offered a range of choices unrestricted by legal rules or restrictions operating ‘as a matter of practical force’.²⁵ In the same vein, a report by the conservative think tank Freedom House, *Freedom in the World 2003*, asserts that an election can be considered free when ‘voters can choose their authoritative leaders freely from among competing groups and individuals not designated by the government; voters have access to information about candidates and their platforms; voters can vote without undue pressure from the authorities; and candidates can campaign free from intimidation’.²⁶

There are many problems with both definitions. To begin with, what constitutes ‘a matter of practical force’? For the authors of the UNDP Report it is the imposition of certain restrictions on the political participation of particular parties in the electoral process. This argument is derived from the classic liberal premise that subscribes to a negative theory of freedom, according to which freedom only exists to the extent that external, governmental constraints are absent. In the ideological framework on whose basis liberal theory develops there are two separate social spheres: one, comprising civil society and markets, nurturing freedom; the other, embodied in the state, the home of coercion and restrictions. Therefore, ‘forceful’ restrictions on the free will of the citizenry can only come from the state. Consequently, examples of ‘forceful’ impediments are the legal proscription of the Peronista Party in Argentina, the APRA in Peru and the banning of the Communist parties throughout the region from the mid-forties to the early eighties. But this theorization is blind to other effective and lethal restrictions emanating from market power, in the form of economic blackmail, investment strikes, threats of capital flight and so on, that are not even mentioned in the Report and that decisively limit the decisional space of the sovereign

²⁴ United Nations Development Program, *Democracy*, p. 155. Figures do not add to 100 because the respondents could identify more than one factor.

²⁵ *Ibid.*, p. 79.

²⁶ Cf. Freedom House, *Freedom in the World 2003: Survey Methodology*, <http://www.freedomhouse.org/ratings/>, p. 7.

people. These limitations and conditions are not construed as ‘forceful’ restrictions imposed on the will of the electorate but as healthy manifestations of pluralism and freedom.

Let us examine a concrete case: a little country like El Salvador, where almost one third of the population was forced to emigrate because of decades of civil strife and economic stagnation. As a result, El Salvador is heavily dependent on emigrants’ remittances and on foreign investment, mainly from the United States. A few months before the last presidential election of 2004 major American firms established in El Salvador started to declare that they had already devised plans for quickly pulling out their investments and laying off employees in case the front-runner candidate of the left-wing Frente Farabundo Martí de Liberación Nacional (FMLN) won the elections. This statement created havoc in the already convulsed Salvadorean society, which was made worse when an official spokesperson of the US government warned that in such an eventuality the White House might step in to protect threatened US corporate interests, and would surely impose an embargo on remittances to El Salvador. It took less than two weeks to radically change the electoral preferences of the citizenry: the FMLN front-runner was pushed into second place, far behind the candidate supported by the establishment. After these announcements he appeared as the only one able to prevent the chaos that would surely follow the electoral victory of the ‘wrong’ candidate. Of course, these are little anecdotes that do not disturb the self-confidence of conventional political science, nor serve to exclude El Salvador from Freedom House’s roster of the ‘free countries’ of the world.

In addition, to say that an election is ‘free’ ought to mean that there are real alternatives available to the electorate – alternatives, that is, in terms of policy options offered to the general public. A quite widespread formula adopted in their shameful ideological capitulation by the so-called Latin American ‘centre-left’ parties is ‘alternation without alternatives’, meaning the tranquil succession of governments led by different personalities or political forces but without attempting to implement any alternative policy agenda that might be labelled as “market hostile” or as an irresponsible political adventure leading towards an undesirable post-neoliberal direction. Former Brazilian president Fernando H. Cardoso used to say that ‘within globalization there are no alternatives, outside globalization there is no salvation’. In which case, free elections mean very little.

Under the ‘North Americanization’ of Latin American politics, already discernible in the format as well as in the shallowness of electoral campaigns, party competition has been reduced

to little more than a beauty contest or toothpaste advertising, in which ‘images’ of the candidates are far more important than their ideas. On the other hand, the parties’ obsession with occupying the supposed ‘centre’ of the ideological spectrum, and the primacy of video politics with its flashy and incoherent speeches and its convoluted advertising styles, has reinforced the political mistrust of the masses and the indifference and apathy already promoted by market logic. This has long been typical of public life of the United States, and even might be said to have resulted from the conscious design of the Founding Fathers of the American constitution, who often advanced arguments on the desirability of discouraging, or preventing, too much participation by the ‘lower classes’ in the conduct of public affairs.

But there are further problems with electoral freedom in Latin America, having to do with the actual powers of the magistrate elected by the people to the presidency. Is the democratic sovereign people electing somebody endowed with effective powers of command? Take the case of Honduras, regularly considered a democracy according to the Freedom House criteria prevailing in mainstream social sciences. The historian Ramón Oqueli has keenly observed that in the mid-eighties:

(T)he importance of the presidential elections, with or without fraud, is relative. The decisions that affect Honduras are first made in Washington; then in the American military command in Panama (the Southern Command); afterwards in the American base command of Palmerola, Honduras; immediately after that in the American Embassy in Tegucigalpa; in fifth place comes the commander-in-chief of the Honduran armed forces; and the president of the Republic only appears in sixth place. We vote, then, for a sixth-category official in terms of decision capacity. The president’s functions are limited to managing misery and obtaining American loans.²⁷

Was the case of Honduras in the 1980s something special? Not really. Replace Honduras by almost any other Latin American country today, with the exception of Cuba, Venezuela, Bolivia and Ecuador, and a roughly similar picture will be obtained. In some cases, like Colombia, or the extreme case of Haiti, internal strife gives the military a crucial role in the decision-making process, lowering even further the importance of the presidency. This was the situation during the seventies and the eighties during the apogee of the guerrilla wars in Nicaragua, El Salvador and

²⁷ Quoted in Agustín Cueva, ‘Problemas y Perspectivas de la teoría de la Dependencia’, in *Teoría social y procesos políticos en América Latina*, Mexico: Editorial Edicol Línea Crítica, 1986, p. 50.

Guatemala, all countries in which there were democratically elected presidents. But for countries that do not pose a military threat to American interests, the central role rests in the hands of the US Treasury and the IMF, and the Latin American president can, in such cases, move up the decision ladder one or, at most two rungs.

For instance, the decision to adopt the Central American Free Trade Agreement, involving the Central American nations plus the Dominican Republic and the United States, is first of all made in the United States by the dominant imperial class and their subordinate allies in the periphery. This decision is then converted into an enforceable policy through the indispensable mediation of Washington, that is, the American state: principally the White House, the Treasury and State Departments, and the Pentagon.²⁸ Only then does it make its way to the international financial institutions, the ‘guard dogs’ of international capitalism with their paraphernalia of ‘conditionalities’ and expert missions and their repertoire of ‘kid glove’ extortions to ensure that the policy is carried out by the dependent states. In this particular phase the American embassies in the capital cities of the imperial provinces, the financial press and the local economic pundits that crowd the media play a critical role in pushing for the adoption of neoliberal policies, extolled as the only sensible and reasonable course of action possible and disregarding any other alternative as socialistic, populist or irresponsible. Then, the decision descends to a fourth rung: the offices of the ministers of economy and the presidents of the central banks (whose ‘independence’ has been actively promoted by the Washington Consensus over the past decades), where the incumbent heads and their advisers are usually economists trained in ultraconservative American university departments of economics, and owe their professional careers to their loyalty to the big firms or international financial institutions in which they also work from time to time. These offices then communicate the decision to the supposedly ‘first magistrate’, the President, whose role is just to sign what already has been decided well above his competence and in a manner that does not even remotely resemble anything like a democratic process. Thus, our much-praised democracy is really only a particular political and administrative arrangement in which citizens are called on to elect an official who, in crucial decisions, is located at best on the fifth rung of the decisional chain. Senators and congressmen are even more irrelevant as expressions of popular will. If the country involved is riddled by civil strife and guerrilla warfare,

²⁸ . This key role of the US state has been forcefully demonstrated in Leo Panitch and Sam Gindin, ‘Global Capitalism and American Empire’, in *Socialist Register 2004: The New Imperial Challenge*.

like Colombia, for instance, then other wholly non-democratic military elements (like the Southern Command, the American base and the local armed forces) intervene to reduce the relevance of the President even further.

Of course, there are some slight variations in this general model of economic decision-making. There are basically three factors that account for the variations:

(a) The relative strength and coherence of the peripheral state and the potency of the working class and popular organizations. Where the process of dismantling or destruction of the state has not progressed too far, and where popular organizations are able to resist the neoliberal encroachments, then the decisions made at the top cannot always be fully implemented;

(b) The interests of the local bourgeoisie, to the extent they are in conflict with the international ruling capitalist coalition. Where a local bourgeoisie still survives (not a national bourgeoisie in the classic sense – that is long gone in Latin America) with strong domestic interests and capacities for political articulation, then decisions made in the form suggested above do encounter some minor obstacles to their implementation – as is especially the case in Brazil today;

(c) The nature of the decision to be adopted. For instance, the forceful implementation of the Washington Consensus agenda in the Third World was jointly decided by ‘the Wall Street-Davos lobby’ and the G-7; or, in other words, by the international ruling classes and their political representatives in the core capitalist states. In matters more properly hemispheric the role of the European and Japanese members of the imperial triad is of much smaller importance and questions are mostly decided by the American ruling class. Moreover, some marginal decisions that do not affect the general course of capitalist accumulation are almost entirely made by the local authorities.

To sum up, democratically elected presidents in Latin America retain few functions, apart from the governance of misery. This is admittedly a crucial role that involves, on the one hand, begging for endless loans to repay an ever mounting external debt, and on the other ‘keeping the rabble in line’, to use Noam Chomsky’s graphic expression; that is, steering the ideological and repressive apparatuses of the state to ensure the subordination of the majority and to see that capitalist exploitation proceeds along predictable lines. In order to perform this role labour has to be spatially immobilized and politically demobilized, while the unfettered mobility of capital has to be assured at all costs. This role of the ‘first magistrate’ of Latin American democracies is

quite evident in the day-to-day management of the state, and where it appears to be challenged by a new incumbent the formidable veto power acquired by ministers of the economy and presidents of central banks in Latin America comes into play, thus confining our 'democratically elected presidents' to a rather ornamental role in key decision-making areas. In Brazil, for instance, President Lula repeatedly said that the program Famine Zero would be his most important policy instrument in fighting poverty and social exclusion. To this end he set up an office directly dependent on the presidency under the direction of a Catholic priest, Frei Betto, a long-time friend of his. Yet Frei Betto was forced to resign after two years of futile efforts to get from the Minister of Economy, Antonio Palocci (a former die-hard Trotskyite, now converted into an ultra-orthodox neoliberal) the money needed to put the program on its feet. Why didn't Palocci supply the required financial resources? Simply because the request of the President didn't carry the same weight as the commands or even recommendations of international capital and its watchdogs. Since for the latter it is of crucial importance to guarantee a huge fiscal surplus to enable the prompt repayment of the external debt, and to acquire the coveted 'investment rating' that will, supposedly, release a flood of foreign capital into Brazil, decisions regarding social expenditures never reach the top of the list of budgetary priorities, no matter if it is a decision made by the democracy's 'first magistrate'. In sum: President Lula asked one thing and the Minister of Economy decided exactly the contrary, and prevailed. Lula's friend had to leave, while the Minister received the applause of the international financial community for his unbending commitment to fiscal discipline. Similarly, Miguel Rosetto, the Minister of the Agrarian Reform, saw his budget, previously agreed upon with Lula, cut by more than half by a ukase of Palocci, again overruling a decision made by the President.

In Argentina, similarly, while President Néstor Kirchner delivered blazing speeches against the IMF and, more generally, international financial capital and neoliberalism, his Minister of Economy, Roberto Lavagna, made sure that the incendiary prose of the President did not translate into effective policies and remained a rhetorical exercise destined only for internal consumption. Consequently, despite all the boastful official rhetoric suggesting otherwise, the Kirchner government actually had the dubious honour of being the government that has paid most to the IMF in all Argentine history.

Popular Reactions

But the original promise of Lula, and the manoeuvrings of Kirchner, mean something nonetheless. They indicate not only that the limits of democratic capitalism are increasingly evident to the people of Latin America, but also that they are coming to expect something to be done about this. Recent developments in Bolivia, Ecuador and Uruguay need to be seen in this light.

These developments demonstrate, especially in the case of the Andean countries but not only there, the utter inability of the legal and institutional framework of Latin American 'democracies' to solve social and political crises within the established constitutional procedures. Thus, legal reality becomes illegitimate because our legality is unreal, not corresponding to the inner nature of our social formations. Popular upheavals toppled reactionary governments in Ecuador in 1997, 2000 and 2005, and in Bolivia the insurgence of large masses of peasants, aboriginal peoples and the urban poor overturned right-wing governments in 2003 and 2005. The 'constitutional' dictatorship of Alberto Fujimori in Peru was overthrown by a formidable mass mobilization during 2000, and in the next year Argentina's 'center-left' President Fernando de la Rúa, who had betrayed his electoral promises of a prompt and resolute abandonment of neoliberal policies, was rudely removed from power by an unprecedented popular outburst that took the lives of at least thirty-three people.

But these popular insurgencies also prove that this long period of neoliberal rule – with its paraphernalia of tensions, ruptures, exclusions and mounting levels of exploitation and social degradation – created the objective conditions for the political mobilization of large sections of Latin American societies. Are the above-mentioned plebeian revolts just isolated episodes, unconnected outbursts of popular anger and fury, or do they reflect a deeper and much more complex historical dialectic? A sober look at the history of the democratic period opened in the early eighties shows that there is nothing accidental in the rising mobilization of the popular classes and the tumultuous finale of so many democratic governments throughout the region. At least sixteen presidents, the majority of them obedient clients of Washington, were forced to leave office before the completion of their legal mandates because of popular revolts. Some went at the end of the 1980s, like Alfonsín in Argentina, who had to relinquish his powers to his elected successor six months ahead of schedule because of an intolerable combination of social unrest, popular riots and hyperinflation. In this he was following Siles Suazo of Bolivia, who was forced to call early presidential elections in 1985, being unable to reach the full completion of his

term in office. Brazil's Fernando Collor de Melo, in 1992, and Venezuelan Carlos Andrés Pérez, in 1993, were both impeached and ousted from office on charges of corruption amidst a wave of popular protests. The rest were overthrown amidst severe social and economic crises. In addition, referenda called to legalize the privatization of state enterprises or public services invariably defeated the expectations of the neoliberals, as in the cases of Uruguay (on water supply and port facilities) and Bolivia and Perú (over water resources). On top of that, impressive social uprisings took place to nationalize oil and gas in Bolivia; to oppose the privatization of oil in Ecuador, the telephone company in Costa Rica, the health system in several countries; to put an end to the plunder of foreign banks in Argentina; and to stop programmes of coca eradication in Bolivia and Peru.²⁹

Two lessons can be drawn from all these political experiences. First, that the popular masses in Latin America have acquired a novel ability to remove anti-popular governments from office, rolling over the established constitutional mechanisms that not by chance have a strong elitist bias (politics is an elite affair, and the populace should not mingle with the gentlemen in charge). But, on the other hand, the second lesson is that this salutary activation of the masses fell short of building a real political alternative leading to the overcoming of neoliberalism and the inauguration of a post-neoliberal phase. These heroic uprisings of the subordinate classes had a fatal Achilles heel: organizational weakness, as expressed in the absolute predominance of spontaneism as the normal mode of political intervention. Suicidal indifference towards the problems of popular organization and the strategy and tactics of political struggle became crucial factors explaining the limited achievements of all those upheavals. True, neo-liberal governments were replaced, but only by others like them, less prone to use neo-neoliberal rhetoric but loyal to the same principles. The impetuous mobilization of the multitude vanished in thin air shortly after the presidential reshuffling without being able to create a new political subject endowed with the resources needed to modify, in a progressive direction, the prevailing correlation of forces. Not unrelated to these unfortunate results is the astonishing popularity gained in wide sections of the popular classes and among political activists by new expressions of political romanticism, such as Hardt and Negri's exaltation of the virtues of the amorphous multitude or Holloway's diatribes

²⁹ James Petras, 'Relaciones EU-AL: Hegemonía, Globalización e Imperialismo', *La Jornada*, Mexico, 10 July 2005. See also, CLACSO's journal: *OSAL, the Social Observatory of Latin America*, with in-depth coverage of social conflicts and protests movements in Latin America since 2000. Cf. www.clacso.org/osal

against parties and movements that, supposedly unwilling to learn the painful lessons of twentieth century social revolutions, still insist on the importance of conquering political power.³⁰

Disillusionment with neoliberalism has helped to accelerate the decline of optimism about democratization that was clearly predominant only a few years ago. Nevertheless, it must be borne in mind that the weakness of the popular impulse at the time of building an alternative was not only visible during ‘extra-constitutional’ transfers of power. It has also been clearly seen in the case of governments elected in accordance with the Schumpeterian prescriptions of the experts in ‘democratic transition’ after the economic collapse of neoliberal policies, like in Argentina in 2001. The cases of Kirchner in Argentina, Vázquez in Uruguay, and especially Lula in Brazil, clearly illustrate the powerlessness of the subordinate classes to impose a post-neoliberal agenda even in governments popularly elected with that paramount purpose in its electoral campaign. If in the political turbulences the masses overthrow the incumbent governments and then demobilize and withdraw, in the cases of constitutional governmental replacements the political logic has been surprisingly similar: the masses vote but then go home, letting the people who supposedly ‘know’ how to run the country and manage the economy do their job. As in the cases of presidential replacement via popular revolt, the outcomes could not be more disappointing.

Yet, despite all these shortcomings the unprecedented capacity of the popular masses in Latin America to oust anti-popular governments has introduced a new factor into the political scene. The formidable resurgence of the popularity of the Cuban Revolution and its leader, Fidel Castro, throughout Latin America, and the newly-won reputation of Hugo Chávez, his Bolivarian Revolution, his permanent recourse to referenda and elections to prove his popular legitimacy as a means of restoring to the presidency the prerogatives of the ‘first magistracy’, and his permanent assertions that the solution of the evils of the region can only be found in socialism, not capitalism – a bold statement that had disappeared from public discourse in Latin America – are clear signs of the changing popular mood in the region.

³⁰ Cf. Michael Hardt and Antonio Negri, *Empire*, Cambridge: Harvard University Press, 2000; John Holloway, *Change the World Without Taking Power*, London: Pluto, 2002. We have examined these problems at length in Atilio A. Boron, *Empire and Imperialism: A Critical Reading of Michael Hardt and Antonio Negri* [2001], Translation by Jessica Casiro, London and New York: Zed Books, 2005; ‘Civil Society and Democracy: The Zapatista Experience’, *Development, Society for International Development*, 48(2), 2005; and ‘Der Urwald und die Polis. Fragen an die politische Theorie des Zapatismus’, *Das Argument*, 253, 2003

Moreover, Chávez's strong bet in favour of participatory democracy and his repeated popular consultations – general elections, constitutional reforms, referenda, etc. – have nurtured the development of a new political consciousness among large sections of the working classes who now see in the political initiatives of Caracas a door wide open to the exploration of new forms of democracy, far superior to the empty formalism of the 'representative democracy' prevailing in the other Latin American countries. It is still too soon to tell whether the radical democratic stirrings that today shape Venezuelan politics will be imitated elsewhere, or if the Bolivarian experiment will finally succeed in overcoming the narrow limits of democratic capitalism and tempting others to follow the same path. But so far its overall impact, within Venezuela as well as abroad, can hardly be overestimated. A good indication of this is provided by the inordinate attention – and the enormous resources in time, personnel and money allocated to 'fix' the situation – that the Venezuelan political process commands in Washington.³¹

The formidable obstacles that Chavez still faces – undisguised harassment by the US domestically and abroad, attempted coup d'états, international criminalization, economic sabotage, media manipulation, etc. – and that every single radical democratic project elsewhere in Latin America today would have to face as well -ranging from brutal IMF and World Bank 'conditionalities' to every kind of economic and diplomatic pressure and blackmail- should also not be underestimated. In Latin America, the progress, however modest, in the process of democratization is likely to unleash a blood-bath. Our history shows that timid reformist projects gave way to furious counter-revolutions. Will it be different now?

The Iron-Like Limits of Democratic Capitalism

All things considered, the balance-sheet of Latin American democracies –as a matter of fact, simple 'post-dictatorial regimes'- reveals the severe, incurable limitations of capitalist democracy

³¹ The political ascendancy of Chávez was slightly damaged by the defeat he suffered, by a very narrow margin scarcely over 1 % of the total vote, in the December 2007 referendum called to approve a constitutional reform designed to establish the legal framework for socialism. The significant thing is that, in rough numbers, the opposition failed to increase his electoral strength. What happened was that about three million people who in the past presidential election had voted for Chávez failed to show up at the polls in the constitutional referendum. This prompted Chávez urge to build the political party of the Bolivarian revolution and to strengthen all the organizational capabilities of the revolution to ensure the full mobilization and organization of the popular classes. Lately, his resounding success in the liberation of two hostages that had been retained by the Revolutionary Armed Forces of Colombia for almost six years helped to recover his immense popularity once again throughout Latin America and many other countries and regions in the world.

and the formidable obstacles that arise in the periphery to the full development of the democratic project.

A glance to the historical process of democratization as well as a careful inspection of the international political scene shows that there are four possible levels of democratic development conceivable within a capitalist social formation. A first level, the most rudimentary and elementary, could be called an ‘electoral democracy’. This is a political regime in which elections are held on a regular basis as the only mechanism for filling the post of the chief executive and the representatives in the legislative branch of the state. To some extent this first and most elementary level of democratic development is a simulacrum, an empty formality devoid of any meaningful content. There is, certainly, ‘party competition’: candidates can launch intensive campaigns, elections can be doggedly contested and public enthusiasm in the run-up to, and on, election day can be high. Yet this is an isolated gesture because the outcome of this routine changes nothing in terms of public policies, citizenship entitlements or the promotion of the public interest. It is the ‘degree zero’ of democratic development, the most elementary starting-point and nothing else. As George Soros warned before the election of Lula IN 2002, Brazilians can vote as they please, once every two years, but markets vote every day, and the incoming president, whoever it is, will surely take note of this. ‘Markets force governments to make decisions that are unpopular but indispensable’, Soros noted in an interview. ‘Definitively, the real meaning of the states today rest on the markets’.³² The incurable misery of democratic capitalism is coldly expressed in his words. Markets are the real thing, democracy and popular participation just a convenient ornament.

There is, though, a second level that can be called ‘political democracy’. This implies moving a step further than electoral democracy through the establishment of a political regime that allows for some degree of effective political representation, a genuine division of powers, an improvement in the mechanisms of popular participation via referenda and popular consultations, the empowerment of the legislative bodies, the establishment of specialized agencies to control the executive branch, effective rights of public access to information, public financing of political campaigns, institutional devices to minimize the role of lobbies and private interest groups, etc. Needless to say, this second kind of political regime, a sort of ‘participatory democracy’, has never existed in Latin American capitalisms. Our

³² George Soros, ‘Entrevista’, *La República*, Rome, 28 January 1995.

maximum achievement has been only the first. We can find this second type of capitalist democracy in some European countries, that's all.

A third level of democratic development is what we call 'social democracy'. It combines the elements of the previous two levels with all-encompassing social citizenship: that is, the granting of a wide spectrum of entitlements in terms of living standards and universal access to educational, housing and health services. As Gösta Esping-Andersen has observed, a good indicator of the degree of social justice and effective citizenship in a country is given by the extent of 'de-commodification' in the supply of basic goods and services required to satisfy the basic human needs of all men and women. In other words, 'de-commodification' means that a person can survive without depending on the market's capricious movements and, as Esping-Andersen notes, it 'strengthens the worker and debilitates the absolute authority of employers. This is, precisely, the reason why employers have always opposed it'.³³

Where the provision of education, health, housing, recreation and social security – to mention the most common elements – are freed from the exclusionary bias introduced by the market we are likely to witness the rise of a fair society and a strong and meaningful democratic order. The reverse of 'commodification' is exclusion, because it means that only those with enough money will be able to acquire the goods and services which are inherent in the condition of citizen.³⁴ Therefore, 'democracies' that fail to grant a fairly equal access to basic goods and services – that is to say, where these basic goods and services are not conceived as universal civil rights – do not fulfill the basic premises of a substantive theory of democracy, understood not only as a formal procedure in the Schumpeterian tradition but as a definite step in the direction of the construction of a good society. As Rousseau rightly remarked:

If you would have a solid and enduring State you must see that it contains no extremes of wealth. It must have neither millionaires nor beggars. They are inseparable from one another, and both are fatal to the common good. Where they exist public liberty becomes a commodity of barter. The rich buy it, the poor sell it.³⁵

³³ Gösta Esping-Andersen, *The Three Worlds of Welfare Capitalism*, Princeton: Princeton University Press, 1990, p. 22.

³⁴ A subtle analysis of this process of commodification in the United Kingdom, in public health and public television, and its deleterious impact on democracy, is found in Colin Leys, *Market-Driven Politics*, London: Verso, 2001.

³⁵ Jean-Jacques Rousseau, *The Social Contract and Discourse on the Origin of Inequality*, New York: Washington Square Press, 1967, p. 217.

The situation in Latin America fits exactly the model of what Rousseau saw as a feature ‘fatal to the common good’, and this was not the result of the play of anonymous social forces but the consequence of a neoliberal project to reinforce capitalism imposed by a perverse coalition of local dominant classes, -a sort of “comprador” bourgeoisie tributary to imperial rule plus other local ruling classes- and the global dominant capital who runs the show at the international level. Until recently, the Scandinavian countries and Latin America have illustrated the contrasting features of this dichotomy. In the former, a politically effective citizenry firmly devoted to the universal access to basic goods and services and incorporated into the Nordic countries’ fundamental ‘social compact’ (and, in a rather more diluted way, into that of the European social formations in general). This amounts to a ‘citizen’s wage’ – a universal insurance against social exclusion because it guarantees, through ‘non-market’ political and institutional channels, the enjoyment of certain goods and services which, in the absence of such insurance, could be acquired only in the market, and only by those whose incomes allowed them to do so. ³⁶ In sharp contrast, democratic capitalisms in Latin America, with their mixture of inconsequential political processes of political enfranchisement co-existing with growing economic and social civic disenfranchisement, wound up as an empty formality, an abstract proceduralism that is a sure source of future despotisms. Thus, after many years of ‘democratic transition’ we have travelled nowhere closer to any real democratic order; we have democracies without citizens: free market-democracies whose supreme objective is to guarantee the profits of the dominant classes and not the social welfare of the population.

The fourth and highest level of democratic development is ‘economic democracy’. The basis of this model is the belief that if the state has been democratized there are no reasons to exclude private firms from the democratic impulse, especially because even if the firms are privately owned their operation has massive public implications which call for some degree of democratic control. Even an author as identified with the liberal tradition as Robert Dahl has broken with the political reductionism proper to that perspective by arguing that ‘as we support the democratic process in the government of the state despite substantial imperfections in practice, so we support the democratic process in the government of economic enterprises despite the imperfections we

³⁶ Samuel Bowles and Herbert Gintis, ‘The Crisis of Liberal Democratic Capitalism: The Case of the United States’, *Politics and Society*, 2(1), 1982.

expect in practice'.³⁷ We can, and should, go one step further and assert that modern private firms are only 'private' in the juridical dimension which, in the bourgeois state, upholds existing property relations with the force of law. There ends these firms' 'private' character. Their awesome weight in the economy, as well as in the political and ideological realms, makes them truly public actors that should not be excluded from the democratic project.

Gramsci's remarks on the arbitrary and class-biased distinction between public and private should be brought to the fore once again. An economic democracy means that the democratic sovereign has effective capacities to decide upon the major economic decisions influencing social life, regardless of whether these decisions are originally made by, or will affect, private or public actors. Contrary to what is maintained by liberal theories, if there is one thing more than another that is political in social life it is the economy. Political in the deepest sense: the capacity to have an impact on the totality of social life, conditioning the life chances of the entire population. Nothing can be more political than the economy, a sphere in which scarce resources are divided among different classes and sections of the population, condemning the many to a poor or miserable existence while blessing a minority with all kind of riches. Lenin was right: politics is the economy concentrated. All neoliberal talk about the 'independence' of central banks, for instance, or neoliberal reluctance to accept the public discussion of economic policies more generally – on the grounds that the latter are 'technical' matters beyond the scope of competence of laymen – is just an ideological smoke screen to ward off the intrusion of democracy into the economic decision-making process.³⁸

Conclusion

After decades of dictatorship involving enormous spilling of blood, the social struggles of the popular masses brought Latin America back – or in some cases for the first time – to the first and most elementary level of democratic development. But even this very modest achievement has been constantly besieged by opposing forces that are not ready to relinquish their privileged

³⁷ Robert A. Dahl, *A Preface to Economic Democracy*, Los Angeles: University of California Press, 1986, p. 135.

See also Carnoy Martin and Dereck Shearer, *Economic Democracy: The Challenge of the 1980s*, Armonk: M.E. Sharpe Inc., 1980, pp. 86-124 and 233-76.

³⁸ The neoliberal arguments in favor of the central banks 'independence' has acquired scandalous features lately. In Latin America the "state reforms" promoted as a part of the Washington Consensus agenda granted the independence of the central banks. But this independence was from the democratically elected local authorities, not from the dominant forces in the international financial markets. Our central banks in Latin America have become mere 'transmission belts' of the interests of finance capital, not subjected to any kind of democratic or public control and completely delinked with the economic needs of the population.

access to power and wealth. If capitalist society has everywhere proved to be a rather limited and unstable terrain on which to build a steady democratic political order, Latin America's dependent and peripheral capitalism has proved to be even more unable to provide solid foundations for democracy. And it is proving highly resistant to the strong popular desire and pressures that are manifest today for opening great new avenues of mass political participation and self-government and which might lead on to the full realization of democracy. Some particular experiences – like the 'participatory budgeting' originally tried under the leadership of the Workers Party (PT) in Porto Alegre, Brazil, the reiterated calls to popular referenda in Venezuela, and 'grassroots' democracy in Cuba, based on high levels of political involvement and participation at the workplace and the neighbourhood – are significant steps in this direction.

To conclude: the traditional model of 'liberal democracy' faces an inevitable demise. Its shortcomings have acquired colossal proportions, and its discontents are legion, in the advanced capitalist nations as well as in the periphery. A new model of democracy is urgently needed. True: the replacement is still in the making, but the first, early signs of its arrival are already clearly discernible.³⁹

Contrary to what is asserted by many observers, the crisis of the democratization project in Latin America goes well beyond the imperfections of the 'political system' and has its roots in the insoluble contradiction, magnified in the periphery, between a mode of production that, by condemning the wage-labour to find somebody ready to buy its labour power in order to ensure its mere subsistence, is essentially despotic and undemocratic; and a model of organization and functioning of the political whose basic assumption is the intrinsic equality of all citizens. The formalistic democracies of Latin America are suffering from the assault of neoliberal policies that amount to an authentic social counter-reformation, determined to go to any extremes to reproduce and enhance the unfettered dominance of capital. 'Market-driven' politics cannot be democratic politics at all. These policies have caused the progressive exhaustion of the democratic regimes established at a very high cost in terms of human suffering and human lives, making them revert to a pure formality deprived of all meaningful content, a periodical simulacrum of the democratic

³⁹ The recent writings of Boaventura de Sousa Santos provide an insightful perspective on the 're-invention' of democracy. A summary of his major findings can be found in Boaventura de Sousa Santos, *Reinventar la Democracia: Reinventar el Estado*, Buenos Aires: CLACSO, 2005. See also Hilary Wainwright, *Reclaim the state. Experiments in popular democracy* London: Verso 2003..

ideal while social life regresses to a quasi-Hobbesian war of all against all, opening the door to all types of aberrant and anomalous situations.

But this is not only a disease of ‘low-intensity’ democracies at the periphery of the capitalist system. In the countries at the very core of that system, as Colin Crouch has observed, ‘we had our democratic moment around the mid-point of the twentieth century’ but nowadays we are living in a distinctively ‘post-democratic’ age. As a result, ‘boredom, frustration and disillusion have settled in after a democratic moment’. Now ‘powerful minority interests have become far more active than the mass of ordinary people ...; political elites have learned to manage and manipulate popular demands; ... people have to be persuaded to vote by top-down publicity campaigns’ and global firms have become the major and unchallenged actors in democratic capitalisms.⁴⁰

This is especially true in societies in which national self-determination has been relentlessly undermined by the increasing weight that external political and economic forces have in domestic decision-making, to the point that the word ‘neo-colony’ describes them better than the expression ‘independent nations’. This being the case, in Latin America the question is increasingly being posed: to what extent is it possible to speak of popular sovereignty without national sovereignty? Popular sovereignty for what? Can people subjected to imperialist domination become autonomous citizens of a democracy? Under these very unfavourable conditions only a very rudimentary democratic model can survive. Thus is it becoming clearer that the struggle for democracy in Latin America, that is to say, the conquest of equality, justice, liberty and citizen participation, is inseparable from a resolute struggle against global capital’s despotism. More democracy necessarily implies less capitalism. What Latin America has been getting in the decades of its ‘democratization’ has been precisely the opposite – and that is what people across the region are increasingly now rising up against.

Notes

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⁴⁰ Colin Crouch, *Post-democracy*, Cambridge: Polity Press, 2004, pp. 7, 18-9.

translation into English of this paper. It goes without saying that all mistakes and errors are the exclusive responsibility of the author.