

REFORMISM, CLASS CONCILIATION AND THE PINK TIDE: PROSPECTS FOR THE WORKING CLASSES UNDER LEFT-OF-CENTRE GOVERNMENTS IN LATIN AMERICA

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Abstract: This paper analyses how the ‘Pink Tide’ governments in Latin America have contributed or not to improving the living conditions of the working classes. Surveying the continent, it argues that these governments have chosen the paths of least resistance to conduct moderate reforms, with positive results in the short-term. Rising minimum wages and conditional cash transfer policies were the main levers. In order to obtain this, however, they relied on permissive foreign conditions and sapped the longer-term capacities needed for sustained development. Economically, this refers to a neo-extractivist pattern of accumulation and deindustrialisation. Politically, to neo-corporatist class conciliation measures that curb popular self-organisation and tie the state to fractions of capital. Hence, as foreign conditions worsen, the social formations are found in a debilitated position and the processes that sustained these governments in power are no longer operative. The predictable crisis that ensues thus does not lead to a deepening of the progressive elements in these hybrid state forms, but rather to a reaction. The conclusion, then, is that the forces behind the Pink Tide have advanced an ‘inconsequential’ attempt at counter-hegemony, which relied too much on short-term factors and marginal reforms, without transforming the state and the economy in ways that would progressively establish structural conditions compatible with popular interests.

Key words: The Pink Tide; Latin America; neo-extractivism; neo-corporatism; class conciliation.

Resumo: Este trabalho analisa como os governos da ‘Maré Rosa’ na América Latina contribuíram ou não para melhorar as condições de vida das classes trabalhadoras. Através de um olhar sobre todo o continente, argumenta-se que tais governos escolheram os caminhos de menor resistência para levar a cabo reformas moderadas, com resultados positivos no curto prazo. Os principais instrumentos para tanto foram aumentos do salário mínimo e transferência de renda condicionadas. Para obtê-lo, contudo, dependeram em condições externas permissivas e corroeram os requisitos de longo prazo para um processo de desenvolvimento sustentado. Economicamente, isso se traduz em um padrão de acumulação neoextrativista e em desindustrialização. Politicamente, em medidas neocorporativistas de conciliação de classes que impedem a auto-organização popular e atam o Estado a frações do capital. Desta maneira, à medida que as condições externas se deterioram, as formações sociais encontram-se em uma posição debilitada e os processos que sustentaram esses governos no poder não mais se encontram operantes. A previsível crise que se instaura não leva, assim, ao aprofundamento dos elementos progressistas dessas formas de Estado híbridas, mas sim a medidas excludentes. Conclui-se, portanto, que as forças por detrás da Maré Rosa avançaram um projeto ‘inconsequente’ de contra-hegemonia, que dependeu demasiadamente em fatores de curto prazo e reformas marginais, sem transformar o Estado e a economia de maneiras que progressivamente estabelecessem as condições estruturais compatíveis com interesses populares.

Palavras chave: Maré Rosa; América Latina; neoextrativismo; neocorporativismo; conciliação de classes.

JEL codes: B51; P51; I30.

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1. INTRODUCTION

Towards the end of a long period of developmental regimes, from roughly 1930 to 1980, Latin America became the world's laboratory for neoliberalism, pioneering transitions in Chile and Argentina in the early and mid-1970s. This soon spread to most of the continent and, alongside a crisis-ridden decade of the 1980s, it underwent the most thorough neoliberal transformation in the world (Sader 2011). Countries across the region promoted trade and financial liberalisation, cut the already small welfare entitlements and privatised state assets, whilst firms integrated themselves into low value-added sections of global value chains (de Medeiros 2009, 2011, Saad-Filho 2010). What resulted was a highly unstable, low-growth model, systematically dependent on foreign direct investment (FDI): the Latin American growth rate, on average 5.8% and never below 3.0% between 1961-1980, dropped to 2.3% between 1981-2000, with several years of negative or near-zero growth (World Bank 2015). The social record did not fare much better, with rising unemployment, labour market informality, poverty and inequality. Illustratively, the simple country-average of the Gini index of household per capita income increased by 0.05 (approximately 10%) between the early 1980s and 2002 (Cornia 2012: 4), whilst poverty rates increased from 40.5 to 44% of the population (Robinson 2008: 252) (Cornia 2012, Robinson 2008). Popular approval of governments consequently fell and, starting with Venezuela in 1998, many countries have elected presidents running on platforms allegedly antithetical to neoliberalism.

This continental movement, known as the 'Pink Tide,' has been the object of much controversy.¹ Assessments of the economic, social and political record of these governments vary widely. Some see in them a reproduction of the patronage and clientelistic political models for which the region has been known (e.g., Castañeda 2006, Edwards 2010). Others understand that these governments are committed to deep-rooted political and economic change, perhaps capable of breaking with the region's entrenched patterns of inequality and exclusion (e.g., Sader 2011). A third group of scholars (e.g., Spronk and Webber 2014a, Veltmeyer 2013) is sceptical of the prospects for popular gains, considering that they have not empowered the population, but co-opted social movements and trade union leaders to implement a slightly modified version of neoliberalism. In spite of these interpretive disagreements, the social record has indeed improved considerably when compared to the preceding decades, and growth picked up for some years: the simple country-average of the Gini index for household per capita income dropped by approximately 0.04 (8%) between 2002 and 2010 (Cornia 2012: 4), and the simple average of growth rates was 4.1% for the region between 2004 and 2011 (World Bank 2015).

More recently, however, several countries have experienced mounting political and economic problems. With escalating crises in Argentina, Venezuela and Brazil, all the signs for another paradigm shift in Latin America are in place. In light of the Pink Tide's unravelling, the moment thus seems ripe

¹ There is now a burgeoning literature on the topic. As a sample of different positions aiming at a wider interpretation of the phenomenon, see (Dello Buono and Bell Lara 2006, Flores-Macias 2012, Goodale and Postero 2013, Hershberg and Rosen 2006a, Leiva 2008, Macdonald and Ruckert 2009, Panizza 2009, Regalado 2007, Sader 2011, Silva 2009, Spronk and Webber 2014a, Webber and Carr 2013).

for an appreciation of the significance of this historical moment and what it entails for the future of the region. The present study attempts to offer such a contribution: understanding to what extent have the Pink Tide governments contributed to launching a sustained process of material gains for the working classes in Latin America. In order to do so, it discusses the economic and political trends prevailing in the continent as a whole, focusing on changes to the productive structure of the economies, the new matrix of social policies and the political strategies carried out to keep these governments in power. These three dimensions can be respectively synthesised in a shift towards neo-extractivism, the rise of conditional cash transfer policies (CCTs) and broad electoral fronts combined to a neo-corporatist pattern of class relations.

The main argument of this paper is that the Pink Tide governments have, in different ways, indeed *promoted* changes that economically benefitted the working classes, but employing a strategy incapable of securing the mid-term *sustainability* of this process. Conversely, the very processes that led to better standards of living reinforced a precarious international insertion of the countries, as they stimulated a neo-extractivist pattern of accumulation, and also disorganised the working classes and social movements, as they depended on neo-corporatist class conciliation measures and the repression of independent class struggle. Therefore, these improvements were not accompanied by self-reinforcing economic and political conditions, but rather by an increased likelihood of any situation of crisis being ‘solved’ via an exclusionary shift in policies or government. In broad terms, the forces behind these governments have advanced an ‘inconsequential’ attempt at counter-hegemony, which relied too much on short-term factors and did not transform the state and the economy in ways that would progressively establish structural conditions compatible with popular goals. The argument can be divided into four elements:

- i. There were substantial material gains for the working classes not entirely ascribable to positive international economic conditions, but partially due to active government policies;
- ii. To bring about these improvements, the governments have i) relied on and promoted a neo-extractivist pattern of accumulation; and ii) reproduced themselves politically via broad fronts, centrally relying on neo-corporatist class conciliation measures, cash transfers to the most destitute groups and repression of independent struggles, without promoting far-reaching transformations of the state institutionality or of class relations;
- iii. Neo-extractivism and neo-corporatist class conciliation erode the sustainability of this process, as they respectively i) cement a peripheral insertion in the world market and a class structure with a sizeable amount of precarious employment; and ii) disorganise the working classes and social movements, which are then incapable of mounting (extra-institutional) pressure;
- iv. Therefore, it becomes increasingly likely that, when these social formations face a crisis, it will not be the progressive elements in these hybrid state forms that will be deepened. On the contrary, a transformation of state power in an exclusionary direction is to be expected.

The remainder of the paper is structured as follows. The second section, after this introduction, presents the debate on Latin America as a whole, at the most general level. It lays down three interpretative frameworks that frame the later discussion. The third section discusses the recent political and economic trends of the region. It sequentially covers the changes to the countries’ productive structures and to their insertion in the world market, the resulting class structures and standards of living, the changing mix of social policies and, finally, the participation of state power in class relations. The last section presents some concluding remarks.

2. BETWEEN POPULISM, POST-NEOLIBERALISM AND RECONSTITUTED NEOLIBERALISM: THREE INTERPRETATIONS OF THE PINK TIDE

As mentioned above, there are three main discernable approaches to the Pink Tide. Mainstream analyses (Castañeda 2006, Edwards 2010, Levitsky and Roberts 2011, Weyland *et al.* 2010a) tend to highlight the importance of global economic conditions, particularly the commodities boom, and of market-conforming policies, especially conditional cash transfer programmes (CCTs), in bringing about social improvements. On the other hand, they denounce the state's greater involvement in the economy, such as via nationalisations or planning measures, as inefficient (Weyland 2009, 2010). In this general prescriptive framework, the necessity of maintaining balanced budgets and promoting trade and financial openness is unquestionable, seen as 'fundamental market principles' (Weyland 2011: 74). Much in line with the Post-Washington Consensus,² targeted poverty-alleviation measures and public investment in so-called human capital are considered desirable. There is thus much praise for conditional cash transfer programmes (CCTs), education reform and labour training policies, as well as the prudent macroeconomic policies of some countries, particularly Chile (Levitsky and Roberts 2011, Weyland *et al.* 2010a). The line is drawn at economic policies that distort the allocation of resources by influencing relative prices (e.g., exchange and price controls), at showing tolerance to inflation or by attempting to implement universal social policies.³

The cornerstone of this narrative is the ambivalent opportunity created by the commodities boom and high international liquidity (Edwards 2010, Weyland 2009, 2010, 2011, Weyland *et al.* 2010b). This has undoubtedly alleviated the balance of payments constraint on the economies and raised tax revenues, thereby creating the possibility of extending state measures without short-term negative consequences. And herein allegedly lies the risk. Whenever the leftist governments used this opportunity to address social demands more rapidly, they have thereby created a boom and bust cycle. As soon as the permissive foreign conditions are no longer in place, the policies will be reversed. Not only this, but since the latter were inefficient to begin with, their net effect is negative. In other words, the commodities boom creates the possibility of drifting from the neoliberal policy prescription, as it decreases short-term constraints via rent appropriation, but if governments go down this path they are really only harming their economies. In fact, some authors argue that the policy orientation of governments is essentially defined by the constraints the foreign scenario presents, regardless of their ideological preferences: if reserves are available, they will be leftist and favour redistributive measures; if not, they will follow the neoliberal orthodoxy (Murillo *et al.* 2011, Weyland 2009)

A second line of reasoning, whilst recognising the limitations of these governments, tends to see in them the best viable option, a post-neoliberal alternative (Hershberg and Rosen 2006b, Kozloff 2008, Rodríguez-Garavito *et al.* 2008, Sader 2011, 2013a). The main point, often from a realist geopolitical framework, regards the independent and multi-lateral foreign policies in place. As Sader (2011: 141) puts it, the 'fundamental dividing line is between those countries that have signed free trade treaties with the United States, and those that prioritize processes of regional integration.' These foreign policies were responsible for reducing the US's influence on the region and establishing stronger links between Latin American countries, forging a regional bloc capable of autonomous development (i.e., more independent from the US). The second dimension important in this current concerns social policies. It stresses their role in lifting large swathes of the population from poverty and

² For a critical discussion of the Post-Washington Consensus, see Fine *et al.* (2001).

³ Weyland's (2011: 79) criticism of Bolivia is illustrative: 'Morales has engaged in typical rentier behavior. He has created new spending programs, especially "universal" health insurance and a conditional school grant, and has made old-age protection more generous.'

reducing inequality, going against the trends of the preceding decades and arguably representing a break with neoliberalism (Sader 2011: 60). Lastly, these authors also emphasise the state's more active role in the economy, considering that revamped planning capacities and a co-ordination of accumulation to favour 'national interests' can bring about growth and redistribution.

These authors do not deny that the Pink Tide governments have got shortcomings, to be sure. For example, elements of neoliberal macroeconomic management, such as excessively prudent fiscal balances and stringent monetary policy, are widely recognised. They are seen, however, as ultimately beyond the reach of these governments, explained by opposition from the domestic media and right-wing forces, imperialist pressures or notions of an ideological hegemony of neoliberalism. In other words, little attention is paid to how the strategies these forces employ to hold on to the state might be contradictory or bear self-defeating elements. A blind eye is turned, for example, to the processes whereby these governments repress popular and working class organisations not allied to them. In light of this, the message is that these governments are at the forefront of the fight for better conditions of living for the population. The far left is seen as committed to sectarian politics, so the only other possibility would be the return of the right. The political implication is that broad fronts and alliances are necessary, incorporating, if need be, sectors of the local capitalist classes.

Finally, a third line of argument is critical of the Pink Tide governments because, according to this view, they have not promoted substantial breaks with neoliberalism or have, for different reasons, disempowered the popular classes – it is a matter of a reconstituted neoliberalism (Modenesi 2012, Petras and Veltmeyer 2007, Robinson 2008, Spronk and Webber 2014b, Veltmeyer 2013, Webber and Carr 2013). Certain authors recognise the positive trends in poverty and inequality reduction, whilst others downplay them, but the central elements in this narrative are the narrow character of the reforms enacted, the consolidation of a particularly problematic pattern of accumulation (neo-extractivism) and attempts at class conciliation. The conclusion, then, is that whatever gains might have obtained for the working classes, they are both small and unsustainable.

In this vein, the reforms are seen as timid changes within an exclusionary pattern of accumulation, offering limited benefits to the popular classes whilst re-composing and better serving the interests of capitalists. Riding the wave of the commodities super cycle, these governments have stimulated a neo-extractivist pattern of accumulation that allegedly promotes deindustrialisation, worsens the quality of jobs created, reduces the importance of the domestic market and strongly degrades the environment (Veltmeyer 2013). With minor tax hikes on extractive activities, these governments were able to distribute some benefits for the underclasses in manners that bypass or prevent popular organisation. Hence the idea of a neodevelopmental state (Boito Jr and Berringer 2014), which organises the interests of the dominant classes via a more active participation in the circuit of capital, or of a compensatory state (Gudynas 2012), which implements minimalist social policies financed by extractivism without affecting basic class structures.

This process was also marked by the disorganisation and de-mobilisation of the working classes, whose leaders are co-opted into becoming state managers and whose independent struggles are strongly repressed (Bonnet and Piva 2012, Castorina 2013, Oliveira *et al.* 2010). In more acute cases, such as Bolivia and Argentina, state power under the Pink Tide is seen as an instrument to curb popular radicalism, and thus actually works *against* the possibility of more progressive developments (Castorina 2013, 2014, Webber 2011, 2013). The Pink Tide governments are, in short, essentially responsible for recomposing capitalist hegemony after moments of crisis. It is thus expected that after a prolonged downturn of the global economy these experiences will end, and, given the lack of institutionalisation of social policies and the fact that basic class relations were not altered, the gains for the working classes will be reversed.

3. NEO-EXTRACTIVISM, CCTs AND NEO-CORPORATIST CLASS CONCILIATION: A BIRD'S EYE VIEW OF THE PINK TIDE

Having surveyed the wider interpretative frameworks, the text now covers the relevant economic and political developments. The first element is the changing productive structure and international insertion of these economies. This comprises the rising importance of extractive activities and deindustrialisation, leading to a re-primarisation of exports, with negative mid-term consequences. The second point brings forth the class structures associated to this pattern of accumulation and changes to the standards of living. It is shown that the latter have improved and there is reduced labour informality, but also structural precariousness in face of the worse quality of the jobs created. Finally, the text covers the changes to social policies and how the state has dealt with class relations. The central points here are the dissemination of CCTs, which have actively reduced poverty and inequality, the incorporation *cum* co-option of social movements and class entities into the state apparatus and the repression of independent struggles. It is suggested that this can be understood as a form of neo-corporatism, which brings class relations into the state apparatus and routinises social conflicts.

3.1. The productive structure: neo-extractivism and deindustrialisation

One of the most salient aspects of the recent economic trends in Latin American countries is their renewed dependence on the extraction of natural resources, particularly the export of primary commodities. This has been variously described as a neo-extractivist pattern of accumulation (Burchardt and Dietz 2014, Féliz 2012, Gudynas 2009, López and Vértiz 2012, Veltmeyer 2013, Webber 2014), a re-primarisation of the structure of exports (Corrêa *et al.* 2013, Gonçalves *et al.* 2009, Pinto 2011) or, indeed, a commodities consensus (Katz 2015, Svampa 2013). The central feature this characterisation conveys is that the extraction and export of primary goods has become the driving element of capital accumulation in Latin America. This does not imply such activities are the largest element of GDP, but rather that they are the main dynamic force in the economic cycle. Consequently, estimations show how the foreign sector drove the growth of Latin American economies during the 2000s, led by commodity exports (Caldentey and Vernengo 2010).⁴ Accordingly, agricultural and extractive commodities have risen from 41 to 53% of total Latin American exports between 1999 and 2013, whilst manufacturing decreased from 58 to 44% (Ray *et al.* 2015: 5). If the centrality of unprocessed commodity exports is similar to 'old' extractivism, what qualifies it as *neo*-extractivism is, in turn, the greater participation of the state in these activities, essentially via tax regimes that capture a varyingly higher parcel of rent, on which social policies are funded (Arsel 2012, Arsel and Angel 2012, Gudynas 2009, 2012). The precise tax regimes, which affect the capacity of funding social policies, and the reliance on mineral or agricultural exports, which have got different technological content and linkages, are an important differentiation between these experiences. These are, however, differentiations *within* a broad neo-extractive pattern of accumulation.

The implications of this process can be felt at different levels. On a local scale, the communities directly affected by extractive projects are subjected to environmental degradation and a destabilisation of their social reproduction, given that very few benefits spill over (Veltmeyer 2013). This heightens the spatial inequality of accumulation and sponsors processes of accumulation by dispossession, in which transnational companies, guarded by state power, continuously advance over natural resources.

⁴ In Central America, remittances are the driving factor, which can be conceptualised as an export of labour (Caldentey and Vernengo 2010, Robinson 2008).

This amounts to the expanded commodification of nature and the forced proletarianisation of small farmers and whatever peasantry there still is (Webber 2014).

On a macro level, the results are more complex. The currency inflows obtained with commodity exports present both opportunities and risks, which can be analysed under the so-called ‘Dutch disease’ and the possibilities of avoiding it (Saad-Filho and Weeks 2013). The risks exist insofar as a rapid increase of foreign currency inflows, generally due to higher export prices,⁵ might appreciate the domestic currency and thus decrease the competitiveness of the manufacturing sector, forestalling the diversification of the economic base (Bresser-Pereira 2011, 2012a, Frenkel and Rapetti 2012). Once this boom is over, the economy would find itself in a worse position, given the lower technological content and linkages of commodity production. This is not, however, a necessary outcome – given appropriate policies, the currency overvaluation can be checked and the resources directed to developmental objectives (Saad-Filho and Weeks 2013). Capital controls, the establishment of sovereign funds and higher taxation of commodity exports are amongst some of the possible mechanisms to prevent the Dutch disease. Natural resource-based booms are thus not a curse, but they do present risks that must be faced via an appropriate set of policies.

The actual results are mixed. On the one hand, the currency inflows obtained with commodity exports relaxed the balance of payments constraint (particularly during the 2003-2007 period), allowing for higher growth rates than would have otherwise have been possible (Ocampo 2007, 2009, 2014). With different degrees of intervention in the foreign exchange market, the countries were also able to accumulate a substantial amount of reserves, providing buffers against external volatility: the region’s gross international reserves increased from US\$ 163 billion in 2001 (ECLAC 2010: 272) to US\$ 830 billion in 2013 (ECLAC 2014: 191). States throughout the region have also, to different extents, increased the taxation of such activities, and these resources were central in expanding social policies.

On the other hand, there is strong evidence that, except for Argentina, the region’s exchange rates were overvalued during the 2000s (Frenkel and Rapetti 2012). This suggests that measures to neutralise the Dutch disease, if existent in some cases, were mostly insufficient. Hence, the turn to neo-extractivism has contributed to an already existent and ongoing process of deindustrialisation (Brady *et al.* 2011, Bresser-Pereira 2011, 2012b, Frenkel and Rapetti 2012, Ocampo 2007, 2009, 2014). The latter, to be sure, did not begin under the left-of-centre governments. Since its heyday as the manufacturing centre of the global south, during the ISI period, Latin America has lost relative importance in global manufacturing and the share of industrial employment has consistently decreased (Palma 2010).

There are two stages to this process. First, neoliberalism implied a restructuring of the region’s insertion in the world market, dealing a first blow to manufacturing. The abandonment of active industrial policies and the trade and financial opening are the main factors behind this (Bogliaccini 2013). What then followed was a ‘standing still,’ defensive policy that perpetuated deindustrialisation and led to the conclusion that, ‘as far as manufacturing is concerned, in [Latin America] the three post-1980 decades might well deserve [the “lost decade” label]’ (Palma 2010: 38). The region has, moreover, also been specialising in less competitive manufacturing sectors (CEPAL 2007, Cimoli *et al.* 2010, Palma 2010). Consequently, whilst the Pink Tide governments cannot be held responsible for *initiating* deindustrialisation, their rule has *deepened* it due to the reliance on a neo-extractivist pattern of accumulation without sufficient measures to counteract the Dutch disease.

⁵ It should be noticed that this inflow of reserves can be greatly magnified by accompanying financial movements, at least partly speculating on future commodity markets.

Summing up, under the pressure of the commodities boom, virtually all Latin American countries have shifted to neo-extractivism. If this has allowed for financing social policies and alleviated the balance of payments constraint, it also entails negative environmental consequences, spurs deindustrialisation and heightens mid-term external vulnerability. The paper now explores how this reflects on changing class structures, employment patterns and the standards of living of the population.

3.2. Class structures and standards of living under the Pink Tide

During the neoliberal period (roughly 1980-2000), five trends dominated Latin American class structures: greater structural unemployment; the rise of a migrant labour class and the ensuing dependence of numerous households on remittances; the growth of labour market informality, also as precarious self-employment and micro-entrepreneurialism; deregulation of the labour market; and feminisation of labour (Cornia 2012, Portes and Hoffman 2003, Robinson 2008). This process led to a widely documented rise in inequality and poverty (see note **Error! Bookmark not defined.** above), not to mention stagnant or falling real wages.⁶

What has happened since the turn of the century is a murkier picture, with many sceptical of positive developments (e.g., Robinson 2008, Spronk and Webber 2014b, Webber 2014). Evidence does indicate, however, that at least a partial reversal of these trends is (or was) underway. Poverty, labour income inequality and informality have undoubtedly decreased during the last decade (Cornia 2012, 2014a, Keifman and Maurizio 2014, Lopez-Calva and Lustig 2010, Lustig *et al.* 2013). The simple country-average of the Gini coefficient of household per capita income for Latin America fell by 0.04 between 2002 and 2010 (Cornia 2012: 4), whilst urban poverty dropped 14 percentage points between 2002 and 2012 (ECLAC 2014: 137). Informality decreased approximately 8% during the 2000s (ILO 2013: 59), a striking difference from the beginnings of the preceding decade, when 80% of the jobs created were in the informal sector (ILO 2013: 45). Finally, the population-weighted average real minimum wages increased by 54% between 2000 and 2012 (ILO 2013: 127).

Importantly, there is strong evidence that these developments were in large measure due to government policies (see Cornia 2012, and the contributions in Cornia 2014a). Using panel data for 18 countries to explain the behaviour of inequality, Cornia (2012: 37) finds that changes in external conditions and in the growth rate were positive but of minor importance (a 0.3 to 5.0% contribution to total changes, depending on the model), whilst the appreciation of the real exchange rate had a negative effect on inequality. The main determinants, which overlap with social policies analysed below, were a reduction in the skills premium, due to greater access to secondary education (2.9 to 11.2% contribution to total changes); rising and less unequal labour market incomes, with a central role played by politically determined minimum wage hikes and reduced informality (9.4 to 23.0% contribution); and increased government transfers (9.8 to 23% contribution).

Furthermore, the left-of-centre governments were seen to have, adjusted for all variables employed, reduced inequality considerably more than the rest – with the more radical ones in the Pink Tide positively standing out (Cornia 2012, 2014b). In light of this, it is clear that the Pink Tide governments have positively impacted the livings standards of the working classes. These results discredit interpretations that ascribe to foreign conditions the direct or sole determinant of improved living standards, and likewise require at least a more nuanced view than that of many critics of the Pink

⁶ Average real minimum wages dropped 30% between 1980 and 1990 for Latin America, and were mostly stagnant until 2000 (ILO 2002: 115).

Tide. The issue is thus not assessing whether the latter has improved the material conditions of the working classes, but exploring the limits and future prospects for this process.

3.3. The changing character of state power: social policies, class relations and struggles

State power has assumed a different role in class relations. As explained below, if the neoliberal state was mainly the enforcer of market discipline on capital and labour, it now takes on a more active character, as it attempts to mediate (intra-)class relations via economic and social policies and negotiation procedures. This holds true for all levels, and is synthesised in tripartite negotiation forums. They bring capital-labour relations into the state, by which the latter attempts to mediate their class strategies and gains to limits compatible with the continuity of accumulation. This is predicated upon a more direct participation of state power in intra-capitalist relations and in the reproduction of labour power. As regards the former, the attempt to steer accumulation towards a national development project leads to arbitration between different fractions of capital, by actively using procurement policies, sector-specific tax subsidies and the like. For the latter, a significant increase in social policies, however not universal, and rising minimum wages can be observed. Finally, as class conciliation reaches its limits, the continued repression of ‘hardliner’ popular organisations ensues. It is argued that this state form, on the one hand, is capable of securing greater gains (as compared to the neoliberal state) for the working classes. On the other hand, as its legitimacy is strictly associated to securing the profitability of various fractions of capital and modest gains for the working classes, it is prone to destabilisation as growth falters, and is also relatively incapable of promoting wide-ranging transformations. In short, it secures certain gains for the working classes whilst preventing greater transformations. These developments are reviewed in order.

In the neoliberal period, with the privatisation of state-owned enterprises (SOEs), market liberalisation and the rollback of sector-specific policies, there were relatively few channels through which the state could arbitrate between fractions of capital. Likewise, to assure price stability and repress distributional conflicts, the state intervened less in wage negotiations and repressed workers’ mobilisations. Competing in an increasingly globally integrated market was the way to achieve wage gains or higher profitability, and state power was put to enforce this (Bonnet and Piva 2012).

On the other hand, under the Pink Tide the more active role of state power is based on a more negotiated approach. Tripartite forums are central in this process. Through these, qualified class entities enter in negotiation processes with the government, so that issues related to distributional conflicts, wage levels, investment priorities etc., are addressed in an explicitly politicised and state-centred manner (Bonnet 2012, Bonnet and Piva 2012, Piva 2011). Whereas in the ‘traditional’ idea of corporatism this is usually restricted to tripartite negotiations between organised labour, firm representatives and state managers, what we now observe also encompasses social movements.

There are three main results that come from this neo-corporatist pattern of organising class relations. First, if successful, it routinises social conflicts and is capable of directing capitalist accumulation strategies towards potentially developmental objectives (such as a pro-poor growth pattern). Second, it politicises accumulation, as state power comes to be seen as responsible for the outcomes of the various class fractions. Third, and as a consequence of this, the legitimacy of the government becomes increasingly attached to securing modest gains for the relevant classes – bankruptcies of industrialists, for example, can no longer be ‘explained away’ as a result of inefficient competition (as in the 1990s), but become a directly political problem (Bonnet and Piva 2012). Therefore, state power also takes on a more active role in intra-capitalist relations and in reproducing labour power to maintain its legitimacy, as analysed below.

With the Pink Tide, there was a recovery of planning capacities, a shift towards more discretionary economic policies and, in some cases (e.g., Argentina, Bolivia and Venezuela), a partial re-nationalisation of formerly privatised SOEs. This is what many authors see as a neodevelopmental state form, which actively intervenes via subsidies and tax exemptions to stimulate particular economic sectors, sponsors the internationalisation of ‘national champions’ with the aid of development banks, takes on a greater role in providing infrastructure and other public goods, redirects procurement policies to domestic firms of strategic sectors and, in general, attempts to steer accumulation towards a pattern compatible with a particular – and always selective – view of what national development would be (Biancareli and Rossi 2014, Boito Jr and Berringer 2014, Ebenau 2014, Féliz 2012, Morais and Saad-Filho 2012, Petras and Veltmeyer 2007, Schutte 2013). National development comes to be associated, in particular, with the accumulation strategies of the internal bourgeoisie,⁷ and this class fraction displaces the hegemonic position of transnationalised financial capital (Boito Jr and Berringer 2014).

In contradistinction to the ‘traditional’ Latin American developmental state, however, the neodevelopmental state does not seek to overcome the countries’ position in the world market and relies less on the domestic market; it is a watered-down version of its precursor (Boito Jr and Berringer 2014, Katz 2014a, 2014b, 2014c). Or, in Boito’s and Berringer’s words, ‘neodevelopmentalism is *the developmentalism of the era of neoliberal capitalism* [...] the development policy that is possible within the limits of the neoliberal capitalist model’ (2014: 97, emphasis in the original). The concept then regards this state form that organises a relationship between capitalist class fractions wherein state power is an overt element, attempting to steer accumulation, by a mix of active economic policies, towards a pattern that serves the interests of the internal bourgeoisie relatively more.

As indicated above, for a modicum of stability to obtain, the state must also guarantee at least moderately rising living standards for the working classes. State power thus assumes a greater participation in the reproduction of labour power. There are two dimensions to this. The first is mediating labour negotiations and stimulating a growth pattern capable of securing rising wages. As already mentioned, the element more amenable to political influence, the minimum wage, has been systematically rising under Pink Tide governments (ILO 2013: 127).

The second dimension refers to social policies. The overriding development in this regard was the widespread diffusion of CCTs, with universal social safety nets and public services showing little improvement. CCTs are currently present in twenty countries and reach approximately 120 million people, or 20% of the region’s population (Cecchini 2013). They are not exclusive to the Pink Tide governments (for their diffusion, see Pena 2014), but are nevertheless central in the mix of social policies adopted. Their alleged low cost, political viability and effectiveness in targeting both short- and long-term poverty, have gained them widespread acceptance amongst policy-makers and international development agencies.

On the positive side, there is strong evidence that they are indeed able to reach the poor and very poor. There is also no evidence that, if properly designed, they significantly stimulate labour market segmentation and informality, increase the fertility rate of beneficiaries (Alves and Cavenaghi 2013, Stecklov *et al.* 2007) or reduce labour market participation (Alzúa *et al.* 2013). That they have lifted millions out of poverty at a very low cost of approximately 0.4% of the region’s GDP is no mean feat (Cecchini 2013, Cecchini and Madariaga 2011, Valencia Lomeli 2008).

⁷ A Poulantzian concept, their interests are somewhat tied to accumulation in the domestic or regional (i.e., Latin American) market, as opposed to fully transnationalised class fractions, but not to the extent of the now-defunct national bourgeoisie (Boito Jr and Berringer 2014: 95).

Nevertheless, the claims about their capacity of achieving longer-term goals – breaking the inter-generational transmission of poverty – are much harder to sustain, and as of yet there is no evidence in this regard (Handa and Davis 2006, Valencia Lomeli 2008). Moreover, given the small amount of the benefits provided, in most cases poverty *vulnerability* is not adequately addressed, and improvements in the labour market were more important in reducing inequality. Finally, cheap though they might be, their cost-effectiveness is by no means demonstrated, given leakages and higher administrative costs as compared to universal programmes (Bastagli 2009, Handa and Davis 2006, Saad-Filho forthcoming, Stampini 2012). The extension of CCTs can thus be considered a welcome, if far from sufficient, development.

Summing up, the state form under the Pink Tide is characterised by a neo-corporatist pattern of mediating class relations, whose legitimacy depends on arbitrating between different classes and class fractions. Regarding material outcomes, this is done via i) a neodevelopmental participation in accumulation, with discretionary economic policies benefitting the internal bourgeoisie; ii) active labour market policies and rising minimum wages, benefitting formal workers; and iii) CCTs to reach the population in more destitute situations. It is now necessary to look at how this is associated to a political (i.e., not directly material) relation between the government and class entities. This is a two-sided process. It comprehends, first, incorporating or co-opting the representatives of trade unions and social movements, who participate in the negotiation forums. As a corollary, it also involves isolating or repressing independent entities.

The central element is thus ‘convincing’ labour and social movements to abandon extra-institutional mobilisation and direct action in favour of official channels. As part of this, many leaders of trade unions and social movements have been incorporated into the state apparatus, assuming offices (Antunes 2013, Castorina 2013, Farthing and Kohl 2014, Oliveira 2010, Webber 2014). To the extent that this is effective, it amounts to a routinisation of social conflicts and a curtailment of the tools popular sectors can use in their struggles, albeit in exchange for the possibility of sharing, to an extent, in the gains capital enjoys.

Many refer to this as the co-option of popular leaderships that, for particularistic reasons, *actively* support the state managers and de-mobilise their bases, which become *passive* supporters of the government (Braga 2012, Oliveira *et al.* 2010). Whilst in principle a valid analysis, co-option is actually a sub-group of the processes herein analysed, only applicable when some sort of ‘treason’ is in place. Overextending it to whenever entities abandon extra-institutional mobilisation and opt for negotiation both denies the agency of the bases, seen as incapable of going against the leaders, and downplays the possibility of there being actual gains in negotiations. It also focuses too much on the individual decisions of the leaders. The more general case is thus one of convincing the relevant strategic actors of limiting themselves to a negotiated institutional process. However this might happen, it does indeed imply abandoning a ‘maximalist’ perspective for, in turn, sharing in some of the gains that are possible under the constraints of the current pattern of accumulation.

The second element involved in this process is dividing class entities and social movements into ‘good,’ negotiating ones, and ‘bad,’ independent ones (Boito Jr *et al.* 2009, Castorina 2013, Galvão 2014, Webber 2014). A line is thus drawn between the demands that can be processed and those that must be ignored and repressed. Accumulation is thereby stabilised, and within certain limits negotiations around material distribution can be conducted by qualified class entities. This ‘us versus them’ approach creates divisions within the popular sectors, and thus further restricts the horizons of what is at stake in official negotiations (Modenesi 2012). Combined as it has been to actively repressing all forms of independent struggle, it leads to demobilisation and smaller independent

grassroots organising. Ironically, then, in the mid-term it might hamper the continuity of reforms as it hinders popular mobilisation from below, an important element in obtaining concessions from capital.

All of these are widespread processes under Pink Tide governments, illustrated below. In Brazil, after the PT came to power it appointed many union leaders to key positions in the state apparatus, with which the *Central Única dos Trabalhadores* (CUT), the main trade union federation, became organically linked to the routine management of the state. Once a combative and innovative organisation, it was already moderating itself throughout the 1990s; with the PT in power, however, it opted for a clear negotiating strategy and abandoned tactics reliant on wide mobilisations of its base (Antunes 2013, Galvão 2014). As for the MST, they did not establish organic links with the government, but likewise opted for a negotiating strategy in which the resort to direct action was strongly curtailed (Antunes 2013, Vergara-Camus 2009, 2013, 2014).⁸ Finally, independent struggles were met with indifference to their demands, repression and police violence, as the 2012 strike of federal university professors and the mass mobilisations of 2013 show.

In Argentina, the introduction of *Plan Jefes y Jefas de Hogar* (PJyJH), a CCT programme, had important implications for the unemployed workers organisations known as *piqueteros*, hitherto at the forefront of popular resistance to neoliberalism and the 2001-2002 crisis (Castorina 2013). The government selectively incorporated the leaders of certain organisations into the state apparatus to administer PJyJH benefits whilst repressing those that did not cooperate, and thus destroyed horizontal linkages between the various grassroots movements and stabilised conflicts. As for labour struggles, the Labour and Social Development ministries were reinstated as the site of tripartite negotiations. The state thus emerged as the arbiter of class relations and was capable of bringing important trade unions into this strategy, such as the *Confederación General del Trabajo de la República Argentina* (General Confederation of Labour of the Republic of Argentina, CGT) (Bonnet 2012, Bonnet and Piva 2012).

In the case of Bolivia a similar process ensued, as various organisations whence the *Movimiento al Socialismo* (Movement Towards Socialism – MAS, the left governing party since 2006) comes have become intertwined with the state apparatus and opted for institutional-based forms of struggle. The leaders of entities in between indigenous movements and trade unions, such as the *Confederación Sindical Única de Trabajadores Campesinos de Bolivia* (Unified Trade Union Confederation of Bolivian Peasant-Workers, CSUTCB), have assumed several positions in office (Farthing and Kohl 2014) and are important agents in implementing government policies (Webber 2014). This ‘de-colonisation’ of the state, a central platform of the MAS government, has arguably led many marginalised groups to see themselves reflected in the state apparatus and allowed for real gains in negotiation processes (Ikemura Amaral 2014). It comes with a caveat, nevertheless. When social movements understand the state is not acquiescing to their demands and go for direct action – which, it must be remembered, stands behind the insurrectionary movement that culminated in MAS’s rise to power (Webber 2011) –, they are deemed ‘imperialist conspiracies’ or the agents of foreign NGOs, and are repressed, as became clear in the TIPNIS conflict (Webber 2014, 2015).

This whole process receives its perhaps clearest expression in the thought of Álvaro García Linera, Bolivia’s vice-president and a prolific theoretician. As he puts it, ‘the Bolivian people have consolidated their historical unity around a *single* project for the state, the economy and the society’ (García Linera 2011: 7, our emphasis). In fact, since the consolidation of the revolutionary process we would be witnessing the dissolution of the state form into society, creating an ‘integral state’ (p. 10), and the national-popular bloc – in all effect the government and its allies – would thus concentrate in

⁸ The number of families in MST encampments dropped from 10,750 in 2002 to 4,570 in 2014 (CPT 2015). As a militant put it, ‘When government is ours, it’s worse. The MST stops organizing protests’ (Vergara-Camus 2009: 186).

itself all the ‘creative tensions’ of the revolution, which are (the only ones) capable of further advancing popular goals (p. 28). The corollary is that every mobilisation not contained within these limits, such as those of communities that resist extractivism, must of necessity be denounced as particularistic, counterproductive or even imperialist (Webber 2014). The state form is thus the arbiter of all that is progressive, and there are only two positions: one is either for it, and (critically) supports it from within, or a right-wing agent of counter-revolution. No progressive stance outside of the state’s realm is possible. Whilst García Linera restricts his analysis to Bolivia, it can arguably be extended to encompass the strategies and rhetoric of various other Pink Tide governments.⁹

4. FINAL REMARKS

As presented above, Latin America has undergone a multifaceted process of social change in the past years that defies all summary interpretations. There were undeniable material gains for the popular classes, as inequality, poverty and labour informality levels decreased, in large measure due to the political initiative of Pink Tide governments. This has, nevertheless, occurred under very particular foreign conditions, given the coincidence of the commodities supercycle and abundant international liquidity. Whilst the latter did not *determine* the processes indicated above, they do seem to have played a contradictory enabling role, and their overall impact is still far from clear. Additionally, the Pink Tide governments have promoted problematic economic and political developments, which might sap the potential for a continued process of gains for the population.

Regarding the wider interpretive frameworks put forth above, little evidence is found in support of mainstream analyses. As Cornia (2012, 2014b) shows, inequality decreased more in those countries that further departed from neoliberalism, suggesting that it is not the strict obeisance of the Post-Washington Consensus, as this line advocates, that led to better results. Moreover, whilst highlighting the undeniable importance of the commodities boom, in some variants (e.g., Murillo *et al.* 2011, Weyland 2009) domestic factors and policy choices are overlooked, naturalised as almost an epiphenomenon of the foreign scenario.

The idea of a post-neoliberal state, in turn, underscores the social gains achieved, taking them as indicative of there being a fundamental change towards a pro-poor, inclusive growth pattern, as well as the more independent foreign policy of the Pink Tide governments. If this line duly emphasises certain gains for the working classes, it sheds little light on the shortcomings of these governments and the reasons behind their current troubles. Fundamentally, it disregards how interconnected are the dependence on commodity exports and the social policies put forward, the one financing the other, and the impact of class conciliation and the repression of independent forms of struggle.

It is for variants of the third framework that a stronger case can be made, with the following concepts being of particular relevance. Neo-corporatism suggests a state form that internalises class conflicts, circumscribing them to what is compatible with the prevailing pattern of accumulation. This is seen as an attempt to promote class conciliation by distributing material gains to various social movements and class fractions, whilst moderating their goals (Bonnet and Piva 2012). Neodevelopmentalism suggests a more active role for state power in coordinating the circuits of capital, which lifts the internal bourgeoisie to the hegemonic position and distributes some gains to subaltern classes to cement its supporting base, without attempting to change the countries’

⁹ As Sader (2013b) put it for Brazil: ‘This group, which allegedly took to the left of PT to found PSOL [*Partido Socialismo e Liberdade*], quickly added itself, in a subordinate manner, to the right-wing attack on the government. [...] The extreme left [...] has, tacitly or explicitly, allied itself with the right against these [Pink Tide] governments.’

international position (Boito Jr and Berringer 2014, Féliz 2012). The neo-extractivism or commodity consensus (Svampa 2013, Veltmeyer 2013) and the compensatory state theses (Gudynas 2009, 2012), in turn, highlight the dependence on resource-extraction, the state's role in fostering the latter and the use of taxes therefrom derived to buy the acquiescence of the popular classes.

A synthesis is proposed highlighting a common element to these concepts: how they describe processes of moderate reforms, which provide some gains to the working classes at the cost of avoiding more confrontational politics and popular empowerment. Hence, to different degrees, these governments have chosen the paths of least resistance in trying to advance a reformist project – specifically, neodevelopmentalism. They have strongly restricted their goals, adopted tactics consistent with this and got what was possible under these circumstances. Within this strategy, they have achieved ‘the best of the worst,’ neoliberalism with a social face. Lower informality combined to precarious employment, reducing inequality but only to the levels of the 1980s and achieving higher growth rates whilst cementing a peripheral insertion in the world market are illustrative. Neo-corporatism might thus be understood as an institutionality to manage the prevailing class relations within small margins, whilst preventing greater changes. In order to obtain this, the Pink Tide governments relied on permissive foreign conditions and, more importantly, progressively sapped the longer-term capacities that would allow for a sustained improvement of social conditions. There are two main processes in this latter regard. On the economic front, stimulating a neo-extractivist pattern of accumulation, with its negative consequences in terms of their insertion in the world market and associated class structures. And, on the political front, relying on class conciliation measures that i) tie the governments to the interests of several fractions of capital, forestalling attempts at wider economic restructuring, and ii) limit the potential of popular organisation and extra-institutional pressure, the main features capable of altering the balance of forces in favour of the popular classes. As foreign conditions worsen, the social formations are found in a debilitated position and the processes that sustained these governments in power are no longer operative. The predictable crisis that ensues is thus not expected to lead to a deepening of the progressive elements in these hybrid state forms, but rather to exclusionary adjustments. In the medium-term, then, the most realistic option these paths of least resistance represent might erode their conditions of existence, ironically becoming the more utopic ones.

This underscores the dangers of broad political fronts and minimalist reformist programmes. Their very condition of success in the short-term – appealing to a broad section of the population and avoiding overt conflict – creates the constraint that they are incapable of confronting established (capitalist) interests. On the contrary, the economic and political dynamics that unfold are all geared towards class conciliation and incremental reforms, preventing more transformative actions. In this sense, there is a strategic complementarity between neo-corporatism, neodevelopmentalism and a social policy mix based on CCTs financed via foreign reserves forthcoming in a neo-extractivist pattern of accumulation. These are all mechanisms for social compromise that, compared to the preceding phase of strict neoliberalism, allow for relatively greater gains for the working classes, albeit at the cost of preventing the empowering of the latter, contentious politics and a clearer break with the prevailing productive and class structure.

Whilst it is beyond the scope of this paper to try to discern the precedence or causation of each of these elements, it is argued that over time, through a trial-and-error process, they reinforce and support each other: as neo-extractivism offers funding for CCTs there is interest in stimulating it, CCTs together with rising real minimum wages sustain popular approval of the governments, and the ensuing results in terms of faster growth and lower inequality and poverty legitimate neo-corporatist, conciliatory class relations – which, in turn, help guarantee the interests of local capitalists and so on. This does not in any sense imply that such an arrangement is stable in the long-term. In fact, the

argument is precisely that this least-resistance strategy becomes increasingly vulnerable. What the idea of strategic complementarity conveys is, on the other hand, that through a series of processes (experimentation, political manoeuvring, imitation/inspiration from neighbouring countries...) there is a *tendency* for these economic and political forms to develop alongside each other and forestall alternatives in any single dimension (e.g., ‘why go for independent labour mobilisation when neo-corporatism has been bringing about wage gains?’ or ‘why attempt a larger overhaul of macroeconomic policies if this would require confronting powerful interests and it has allowed for growth with redistribution?’ – not to mention the more vexing question of how to do so without strong popular organisation). Attempting to change one dimension without supporting transformations in the others is hence extremely hard. The different elements are thus likely to stand and fall together, in the latter case particularly if subjected to foreign-determined shocks, but in so doing will still obviously have been path-shaping processes whose legacy will continue to mark the history of Latin America in years to come, for better or for worse.

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