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Promoting Polyarchy in Latin America: The Oxymoron of "Market Democracy"

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"I don't see why we need to stand by and watch a country go Communist because of the irresponsibility of its own people," famously declared National Security Advisor Henry Kissinger in June 1970, referring to the democratic election that year of Salvador Allende as president of Chile.¹ In the preceding decade, Washington had spent millions of dollars in covert intervention to "marginalize" Allende and the left and bolster its favored parties, particularly the Christian Democrats. When Allende won anyway, Washington turned to a massive destabilization campaign against his government, with the collusion of the Christian Democrats—then headed by Patricio Aylwin—and other groups from the center and the right. The result was the bloody 1973 military coup.

The Chilean coup was part of a pattern in Latin America of military takeovers in the 1960s and 1970s with U.S. approval and often active assistance, in the face of mass struggles that broke out everywhere against the prevailing social and economic inequalities and highly restricted political systems. But Washington abruptly switched tracks in the mid-1980s and began to "promote democracy" in Latin America and around the world. In Chile, Aylwin and his party once again received U.S. assistance, this time as part of a "democracy promotion" program channeled through the National Endowment for Democracy (NED) and the U.S. Agency for International Development (AID), which would help Aylwin become president. Ironically, the return to power in 1990 of Aylwin and the party that openly participated

in the 1973 military coup was projected around the world as the culmination of a "democratic revolution" sweeping Latin America. In different ways, this scenario—suppressing democracy and placing dictatorships in power, only to later organize a return to civilian rule under the banner of "democracy promotion"—repeated itself throughout Latin America and the world in the 1980s and 1990s.

GLOBALIZATION AND THE TRANSNATIONAL AGENDA

What is most striking about this shift from promoting dictatorships to promoting "democracy" is that it coincides with the rise of the neoliberal economic project. I suggest here that not only are these two linked, but that what Washington refers to as "democracy" has become a functional imperative of economic globalization. "Market democracy" may be an oxymoron for those who see the concentration of social and economic power brought about by capitalist "free" markets as fundamentally incompatible with the democratic exercise of political power. Yet the phrase cynically captures the ideological sales pitch that a new transnational elite has used to sell the project of global capitalism in recent decades. This new elite—the product of recent changes in transnational development—constructed and imposed a paradigm of "free markets and democracy" that was so hegemonic in the 1980s and 1990s that it came to be seen as common sense and those who challenged it as crazed heretics.

Over the past thirty years the world economy has experienced dramatic crises and restructuring as globalization has unfolded. Structural changes have profoundly transformed the social and political fabric of each nation, international relations, and the global system as a whole, giving rise to a new global capitalist bloc under the leadership of the transnational elite. The increasing global mobility of capital has allowed for the decentralization and functional integration around the world of vast chains of production and distribution and the unprecedented concentration of worldwide economic management, control, and decision-making power in transnational capital. As national economies are dismantled and replaced by an integrated global

production and financial system, new corporate and bureaucratic groups have emerged. Their interests lie in advancing the global economy over any national economic projects. In recent decades, these groups gradually coalesced into a new global capitalist bloc: led by a transnational elite comprised of the owners and managers of the leading transnational corporations and banks, as well as bureaucrats and technicians who administer the international financial institutions (IFIs), the upper echelons of state bureaucracies in the "North" and the "South"—developed and underdeveloped countries alike—and transnational forums including the Group of Seven, the Trilateral Commission, and the World Economic Forum.²

The promotion of "free markets and democracy" is intended to make the world both available and safe for global capitalism by creating the most propitious conditions for the unfettered operation of the new global production and financial system. One part of global restructuring was the so-called "Washington Consensus," or what came to be known as neoliberalism, a doctrine of *laissez-faire* capitalism legitimated by the assumptions of neoclassical economics and modernization theory, by the doctrine of comparative advantage, and by the globalist rhetoric of free trade, growth, efficiency, and prosperity.³ But this transnational agenda has an explicitly political component, involving a shift in the policies of the United States and other capitalist powers from bolstering authoritarianism and dictatorship in much of the South to promoting "democracy." If the economic component is to make the world available to capital, the political component is to make it safe for capital. This endeavor involves the development of new methods of domination, new political institutions, and forms of transnational social control intended to achieve a more stable and predictable world environment.

Behind the policy of "democracy promotion" is the eternal problem that dominant groups face: how to maintain order and exercise effective social control in the face of popular pressures for change. By the 1980s it had become clear to dominant groups, and especially to emergent transnational elites, that the old methods of political domination would no longer work. Elite rule required renovation as people were becoming integrated globally, and many engaged in mass mobilization as they saw their ways of life profoundly altered by capitalist development. Sweeping changes in social control were necessary if the emergent global order was to hold together:

When transnational elites talk about "democracy promotion," what they really mean is the promotion of polyarchy. I use the term to refer to a system in which a small group actually rules, and mass participation in decision making is confined to choosing leaders in elections that are carefully managed by competing elites. This, of course, is the system in place in the United States. The concept of polyarchy is an outgrowth of elitism theories that developed early in the twentieth century to counter the classic definition of democracy as power or rule (*cratos*) by the people (*demos*). This classic definition was quite at odds with the rapid increase in the concentration of wealth and political power among dominant elites, and their ever-greater control of social life, that accompanied the rise of corporate capitalism. To bring the term "democracy" in line with reality, redefinition was necessary.

Early twentieth-century elitism theory argued, in the words of one of its leading exponents, Italian social scientist (and Mussolini admirer) Gaetano Mosca, that "in all societies, two classes of people appear—a class that rules and a class that is ruled. The first class, always the less numerous, performs all political functions, monopolizes power and enjoys the advantages that power brings, whereas the second, the more numerous class, is directed and controlled by the first, in a manner that is now more or less legal, now more or less arbitrary and violent."⁴

What Mosca meant by "now more or less legal, now more or less arbitrary and violent," was that elite domination could be maintained, and the social order preserved, through either democratic or dictatorial methods, depending on circumstances. Building on this elitism theory, a new polyarchic or institutional redefinition of democracy developed within U.S. academic circles closely tied to the U.S. policy-making community in the post-World War II years of U.S. world power. This redefinition began with Joseph Schumpeter's 1942 classic study, *Capitalism, Socialism and Democracy*, in which he rejected the "classic theory of democracy" defined in terms of the "will of the people" and the "common good." Instead, Schumpeter advanced "another theory" of democracy as "institutional arrangements" for elites to acquire power "by means of a competitive struggle for the people's vote." Explained Schumpeter, "Democracy means only that the people have the opportunity of accepting or refusing the men who are to rule them."⁵ This redefinition culminated in 1971 with the publication of Robert Dahl's study, *Polyarchy*. By

the time the United States assumed global leadership after World War II, the polyarchic definition of democracy had come to dominate social science, political, and mass public discourse. It is this conception that has informed the "transitions to democracy" and the veritable cottage industry of academic literature on the subject.

Polyarchy is not dictatorship, and the distinction between the two should not be derided. But the trappings of democratic procedure in a polyarchic political system do not mean that the lives of ordinary people become filled with authentic or meaningful democratic content, much less that social justice or greater economic equality is achieved. This type of "low-intensity democracy" does not invoke power (cratos) of the people (demos), much less an end to class domination or to substantive inequality that is growing exponentially under the global economy. Mass movements for democratization around the world are movements seeking fundamental social change, including but encompassing much more than reforms leading to contested elections and other institutional structures of polyarchy. In contrast to more popular conceptions of democracy, which see political power as a means for transforming unjust socioeconomic structures and democratizing social and cultural life, the polyarchic definition explicitly isolates the political from the socioeconomic sphere and restricts democracy to the political sphere. And even then, it limits democratic participation to voting in elections.

Polyarchy is promoted in order to co-opt, neutralize, and redirect these mass popular democratic movements—to relieve pressure from subordinate classes for more fundamental political, social, and economic change in emergent global society. The crisis of elite rule that developed throughout the underdeveloped world in the 1970s and 1980s was resolved, momentarily, through transitions to polyarchies—the so-called "democratic revolution." During these contested transitions, transnational dominant groups tried to reconstitute hegemony by changing the mode of political domination—from coercive control exercised by authoritarian and dictatorial regimes to more consensually based (or at least consensus-seeking) new polyarchies.

At stake was the type of social order—nascent global capitalism or some popular alternative—that would emerge. While masses pushed for a deeper

popular democratization, emergent transnationalized fractions of local elites, backed by the political and ideological power of the global economy, often counted on the direct political and military intervention of the United States and other transnational forces. They were thus able to gain a controlling influence over democratization movements and to steer the breakup of authoritarianism into polyarchic outcomes. These transitions constitute real political reform—"preemptive reform," in the words of former secretaries of state Henry Kissinger and Cyrus Vance—in an effort to contain mass popular movements.⁶

Promotion of polyarchy is a policy initiative that has become transnationalized under U.S. leadership. The United States and other core powers have conducted programs worldwide through diverse "democracy promotion" instruments as part of their foreign policy and military/security apparatuses. Various international organizations have also established "democracy units," and the IFIs have made aid and access to global financial markets conditional upon the recipient country having a polyarchic system.⁷ I stress the collective nature of this new policy because I disagree with the prevalent notion that the emergent global capitalist order is based on U.S. hegemony. Analysis based on the nation-state is outdated and obscures our understanding of transnational dynamics in the new era. We are witnessing the decline of U.S. supremacy and the early stages of an emerging transnational hegemony as expressed in a new historic bloc that is global in scope and based on the hegemony of transnational capital.⁸ In Latin America, the United States has sponsored the region's restructuring and integration into global capitalism, *not* as a project of U.S. hegemony in rivalry with other powers for influence but *on behalf of* a transnational project. In this age of globalization the U.S. state promotes polyarchy not to stabilize the old interstate system but to attempt to stabilize a new transnational capitalist historic bloc.

POLYARCHY AND NEOLIBERALISM

In Latin America, as elsewhere, the "transitions to democracy" became a mechanism to facilitate the rise to power of transnationally oriented elites.

During the 1980s and 1990s, alliances of local and global elites were able to hijack and redirect mass democratization movements to undercut popular demands for more fundamental change in the social order. In this way, the outcome of mass movements against the brutal regimes that ruled that continent involved a change in the political system while leaving intact fundamentally unjust socioeconomic structures.

Alongside the promotion of "democratic transitions," transnational elites and their local counterparts in the state and the economy (new "modernizing" or "technocratic" elites) used the structural power of the global economy to reorganize state institutions and to create a more favorable set of institutions for deepening adjustment. The new polyarchic civilian elites emerging from controlled transitions set about integrating (or reintegrating) their countries into the new global capitalism through a massive neoliberal restructuring—the well-known story of deregulation, liberalization, privatization, social austerity, labor flexibilization, and the like. The result in Latin America has been an unmitigated disaster for the popular classes. Throughout the 1980s and 1990s, as the global economy arrived in Latin America, the poor got poorer and the rich got richer; social conditions deteriorated for majorities as insecurity and marginally escalated.

Seen in historical perspective, the shift to polyarchy corresponds to the emergence of the global economy in recent decades. New modes of social control became a political counterpart to economic restructuring on a world scale, in the context of the transnationalization of the economy and of politics itself. Transnational capital emerged as the agent of globalization as the world capitalist system entered into a political and economic crisis in the 1970s. Symptoms of this crisis included economic stagnation, declining corporate profits, the growing strength of the nonaligned movement and its calls for a "new international economic order," and rising popular protests around the world. In the face of this crisis, transnational elites became convinced that both the economic and the political pillars of the system needed to be transformed. The economic goal was to restore growth and profitability through a new global production and financial system. The political goal was to reestablish authority—read "capitalist hegemony"—through new ideologies and by overhauling political systems around the world. On the economic

front, transnational elites began this project by reorganizing and dismantling national economies and redistributive projects and constructing a new global production and market system.⁹

Polyarchy has been promoted by the transnational elite as the political counterpart to neoliberalism, structural adjustment, and unfettered transnational corporate accumulation. The neoliberal program involved worldwide market liberalization and the construction of a new legal and regulatory framework for the global economy, along with internal restructuring and global integration of each national economic system. The program called for eliminating state intervention in the economy and sharply curtailing state regulation over capital flows in all nations. The combination of the two was aimed at creating a "liberal world order," an open global economy, and a global policy regime that breaks down all national barriers to the free movement of transnational capital *between* borders and the free operation of capital *within* borders. The neoliberal model attempts to harmonize a wide range of fiscal, monetary, industrial, labor, and commercial policies among multiple nations, as a requirement for fully mobile transnational capital to function simultaneously, and often instantaneously, among numerous national borders. These programs became the major mechanism of adjusting local economies to the global economy. What took place through these programs was a massive restructuring of the productive apparatus in each adjusted country—and the reintegration into global capitalism of vast zones of the former Third and Second Worlds—under the tutelage of emergent transnational state apparatuses.¹⁰

But why does polyarchy become the political counterpart to this economic restructuring? Interaction and economic integration on a world scale are obstructed by authoritarian or dictatorial political systems, which cannot manage the expanded social intercourse associated with the global economy. The turn to promoting polyarchy is an effort to modernize political systems in each country incorporated into global structures so that they operate through consensual, rather than direct, coercive domination. The demands, grievances, and hopes of the popular classes tend to be neutralized less through direct repression than through ideological mechanisms, political co-optation and disorganization, and the limits imposed by the global econ-

omy. The universal imposition of economic or "market" discipline as the principal worldwide means of social control has tended to replace extra-economic or political discipline exercised by states as sites of direct social control.

In addition to mediating interclass relations, polyarchy is also a better institutional arrangement for resolving conflicts among dominant groups. Because of its mechanisms for intraclass compromise and accommodation, and with its hegemonic incorporation of popular majorities through elections and other mechanisms, polyarchy is better equipped in the new global environment to legitimize the political authority of dominant groups and to achieve a stable enough environment—even under the conflict-ridden and fluid conditions of emergent global society—for global capitalism to operate in the new world order. U.S. "democracy promotion" intervention, in this regard, generally facilitates a shift in power from locally and regionally oriented elites to new groups more favorable to the transnational agenda. Under the guidance of transnational fractions of local elites, neoliberal states promote the interests of global accumulation over national accumulation.

Polyarchy represents a more efficient, viable, and durable form for the political management of socioeconomic dictatorship in the age of global capitalism. Nonetheless, neoliberal states have been wracked by internal conflicts brought about by the contradictions of the global system. The "democratic consensus" is consensus among an increasingly cohesive global elite on the best type of political system for reproducing social order. Promoting polyarchy is thus a political counterpart to the project of promoting capitalist globalization. And "democracy promotion"—free markets through neoliberal restructuring—has become a singular process in U.S. foreign policy. As the U.S. AID explains, "Democracy is complementary to and supportive of the transition to market-oriented economies."¹¹

Throughout the 1980s and 1990s Washington developed novel mechanisms of political intervention as it launched "democracy promotion" programs around the world and set about to transnationalize the policy. Political intervention programs have increasingly brought together an array of governmental and nongovernmental organizations, think tanks, financial insti-

tutions, multilateral agencies, and private corporations from the United States, Europe, and elsewhere. In 1980 the United States and the European Union each spent \$20 million on "democracy"-related foreign aid. By 2001 this had risen to \$571 million and \$392 million, respectively. In 2003 the EU spent \$3.5 billion while the United States was expected to spend a total of \$2 billion for the 2006 fiscal year for polyarchy promotion.

U.S.-organized political intervention programs conducted under the rubric of "democracy promotion" invoke several tiers of policy design, funding, operational activity, and influence. The first involves the highest levels of the U.S. state apparatus: the White House, the State Department, the Pentagon, the Central Intelligence Agency (CIA), and certain other state branches. It is at this level that the overall need to undertake political intervention through "democracy promotion" in particular countries and regions is identified as one component of overall policy toward the country or region in question, to be synchronized with military, economic, diplomatic, and other dimensions.

In the second tier, the U.S. Agency for International Development (AID) and several other branches of the State Department are allocated hundreds of millions of dollars, which they dole out, either directly or via the National Endowment for Democracy (NED) and other agencies such as the U.S. Institute for Peace (USIP), to a series of ostensibly "private" U.S. organizations that are in reality closely tied to the policy-making establishment and aligned with U.S. foreign policy. The NED was created in 1983 as a central organ, or clearinghouse, for new forms of "democratic" political intervention abroad. Prior to the creation of the NED, the CIA had routinely provided funding and guidance for political parties, business councils, trade unions, student groups, and civic organizations in the countries in which the United States intervened. In the 1980s a significant portion of these programs were shifted from the CIA to the AID and the NED and made many times more sophisticated than the often-crude operations of the CIA.

The organizations that receive AID and NED funds include, among others (the list is extensive): the National Republican Institute for International Affairs (NRI), also known as the International Republican Institute, or IRI) and the National Democratic Institute for International Affairs (NDI), which are officially the "foreign policy arms" of the U.S. Republican and Democratic

parties, respectively, as well as the International Federation for Electoral Systems (IFES), the Center for Democracy (CFD), the Center for International Private Enterprise (CIPE), the Free Trade Union Institute (FTUI), and International Labor Solidarity. The boards of directors of these organizations include representatives from the highest levels of the U.S. foreign policy and political establishment and representatives from the transnational corporate world. U.S. universities, private contractors, independent intellectuals, and other "democracy" experts may also be tapped. All these organizations and actors coalesce into a complex and multileveled U.S. political intervention network.

In the third tier, these U.S. organizations provide "grants"—that is, funding, guidance, and political sponsorship—to a host of organizations in the intervened country itself. These organizations may have previously existed and are penetrated through "democracy promotion" programs and incorporated in new ways into U.S. foreign policy designs. Or they may be created entirely from scratch. These organizations include local political parties and coalitions, trade unions, business councils, media outlets, professional and civic associations, student and women's groups, peasant leagues, human rights groups, and so on. In the division of labor with the political intervention network, each U.S. agency works with a specific sector of the intervened society. For example, the IRI and the NDI specialize in political parties and they make "grants" to parties in intervened countries. For their part, the FTUI and the ILS target the working class and typically handle grants to trade unions in the intervened country. Local groups brought into U.S. "democracy promotion" programs are held up as "independent" and "non-partisan," but in reality they become internal agents of the transnational agenda.

The interventionist network seeks to penetrate and capture civil society in the intervened country through local groups that have been brought into the fold. A veritable army of U.S. and international nongovernmental organizations (NGOs) and technical advisors, consultants, and "experts" conduct programs to "strengthen political parties and civil society," for example. They also lead workshops on "civil education," "leadership development," "media training," and so on. These "democracy promotion" activities seek to

cultivate local political and civic leaders with a political and civic-action capacity. Under U.S. sponsorship, these groups typically come together into a "civic front" with interlocking boards of directors. They support one another and synchronize their political activities and discourse.

In the overall strategy, Washington hopes to create through its "democracy promotion" programs "agents of influence"—local political and civic leaders who are expected to generate ideological conformity with the elite social order under construction, to promote the neoliberal outlook, and to advocate for policies that integrate the intervened country into global capitalism. These agents are further expected to compete with, and eclipse, more popular-oriented, independent, progressive, or radical groups and individuals who may have a distinct agenda for their country.

PROMOTING POLYARCHY IN LATIN AMERICA

These processes are clearly illustrated in Latin America, which in many respects has been a laboratory for polyarchy promotion. By the late 1970s, authoritarian regimes there faced an intractable crisis. Mass popular movements for democracy and human rights threatened to bring down the whole elite-based social order along with the dictatorships—as happened in Nicaragua in 1979, and looked likely to occur in Haiti, El Salvador, Guatemala, and elsewhere. This threat from below, combined with the inability of the authoritarian regimes to manage the dislocations and adjustments of globalization, generated intractable conflicts that unraveled the ruling power coalitions. This crisis of elite rule was defused, at least momentarily, through transitions to polyarchy that took place in almost every country in the region during the 1980s and early 1990s.

U.S. polyarchy promotion in Latin America has involved two phases. In the first, begun in the 1980s, the United States launched "democracy promotion" along with other interventions during mass struggles against authoritarian regimes and for popular democratization. The challenge of "preemptive reform" was to remove dictatorships to prevent deeper change. U.S. intervention synchronized political aid programs with covert and di-

rect military operations, economic aid or sanctions, formal diplomacy, government-to-government programs, and so on. These programs linked with and helped place in power local sections of the transnational elite that swept to power in country after country, and who have integrated their respective nation-states into the new global order. The same elite groups that benefit from capitalist globalization also came in this way to control key political institutions.

In the second phase, launched in the 1990s, U.S. policy has aimed to "consolidate" democracy through broad "democratic aid" and other government-to-government and multilateral programs.¹² These programs sought to train the new transnationally oriented elites in the procedures of polyarchy, to inculcate a polyarchic political culture, and to strengthen a polyarchic institutional environment, as a complement to economic restructuring under the superintendence of the IFIs. These elites are helped in opposition to popular sectors and also against the far-right, authoritarian-oriented elites, "crony" capitalists, and other dominant strata opposed to the transnational project.

Transitions to polyarchy provided transnational elites the opportunity to reorganize the state and build a better institutional framework to deepen neoliberal adjustment. In undertaking this adjustment, the new elites have set out to modernize the state and society without any fundamental deconcentration of property and wealth, or any class redistribution of political and economic power.¹³ Instead, the elites have implemented a transnational model of development based on a rearticulation with world markets, new economic activities linked to global accumulation, the contraction of domestic markets, and the easy availability to transnational capital of cheap labor and abundant natural resources as the region's "comparative advantage" in the global economy.¹⁴

The cases of Chile, Nicaragua, Panama, Mexico, Haiti, Venezuela, and Bolivia demonstrate these patterns.¹⁵ In Chile, the United States, after orchestrating the 1973 overthrow of the Allende government, provided consistent backing for the military dictatorship of Augusto Pinochet until 1985, when, in response to a growing protest movement, it abruptly shifted support to the elite opposition and began to promote a transition. That year, the United

States began applying myriad carrot-and-stick pressures on the regime to open up and to transfer power to civilian elites. Simultaneously, it implemented political aid programs, through the AID and the NED, to help organize and guide the coalition that ran against Pinochet in the 1988 plebiscite and against the dictatorship's candidates in the 1990 general elections. U.S. political intervention was key to achieving unity among a splintered elite opposition, in eclipsing popular opposition, and in assuring elite hegemony over the antidictatorial movement between 1985 and 1987 when this hegemony was in dispute. From 1987 to 1990, U.S. intervention also was important in consolidating a reconstituted elite and in securing the commitment of much of that elite to the process—began under Pinochet—of far-reaching neoliberal restructuring and integration into the global economy.

In Nicaragua, the United States supported the Somoza family dictatorship for nearly five decades. Foreign capital poured into Central America in the 1960s and 1970s, integrating the region into the global economy and laying the structural basis for the social upheavals of the 1980s. The Sandinista government that came to power in the 1979 revolution became the target of a massive U.S. destabilization campaign. Then, in 1987, the objective of this campaign changed dramatically, from a military overthrow of the Sandinistas by a foreign-based counterrevolutionary movement to new forms of polyarchy promotion that supported an internal, moderate opposition. This opposition, organized and trained through large-scale U.S. political aid programs, operated through peaceful, noncoercive means in civil society to undermine Sandinista hegemony. The shift from hard-line destabilization to polyarchy promotion culminated in the 1990 electoral defeat of the Sandinistas, a conservative restoration and installation of a polyarchic political system, reinsertion of Nicaragua into the global economy and far-reaching neoliberal restructuring.

In Panama, as in Nicaragua, military aggression was combined with political intervention to achieve a polyarchic outcome. In 1903 the United States orchestrated the country's independence from Colombia and brought to power a tiny white oligarchic elite (in an overwhelmingly black country) that would support its plans to build the canal. This elite was kept in power by U.S. support and numerous direct interventions until it was displaced, but only

partially, by the populist 1968 coup led by General Omar Torrijos. Manuel Noriega, an unpopular CIA asset and close U.S. ally, came to power following Torrijos's death in 1981, opening a period of crisis and instability. Washington continued its support for the Noriega regime, despite its practice of electoral fraud and mass repression, until a combination of conjunctural geopolitical concerns and the broader shift to its new, worldwide strategy led to a decision to overthrow it. The destabilization campaign included economic sanctions, coercive diplomacy, psychological operations, and, finally, a direct military invasion. The campaign also involved a multimillion-dollar political intervention program to create a "democratic opposition" by bringing together "modernizing" groups from within the oligarchy tied to international banking and trade. Through the invasion, this "modernized" sector was placed in power—literally. Despite ongoing social conflict and an internally divided elite, neoliberal reform proceeded apace in the 1990s.

In Mexico, the ruling Institutional Revolutionary Party (PRI) was wracked by a power struggle in the 1980s. The "dinosaurs" (the old bourgeoisie and state bureaucrats tied to Mexico's corporatist import-substitution model of national capitalism) could not prevent the rise of the "technocrats," the transnational fraction of the Mexican elite that captured the party and the state with the election of Carlos Salinas de Gortari in 1988. This group implemented a sweeping neoliberal structural adjustment, thoroughly transforming the Mexican economy and integrating the country into global capitalism. The struggle between national and transnational fractions, however, was not fully resolved, and things turned violent in the early 1990s. Intracelite conflict combined with the widespread mobilization of popular classes and armed insurrections by the Zapatistas in Chiapas and other guerrilla groups in the states of Guerrero and Oaxaca made stability elusive and threatened the whole transnational project for the country.

There was a disjuncture between the economic dimension of the transnational project and the political dimension: An incomplete transition to polyarchy lagged far behind neoliberalism. U.S. policy makers wanted to see a functioning bipartisan system based on competition between the PRI and the rightist and neoliberal National Action Party (PAN). But too much pressure on the PRI could have opened up space for the popular classes. U.S.

strategy was therefore to provide strong and consistent support for an authoritarian state even while prodding it to complete a transition to fully functioning polyarchy. This included support for the Mexican state's brutal counterinsurgency program in Chiapas against the Zapatistas and their supporters. The electoral triumph of PAN's Vicente Fox in July 2000, however, may have completed a transition to polyarchy, bringing the political system in synch with economic changes. The Mexican case also underscores that the U.S. objective is to promote polyarchy and oppose authoritarianism only when doing so does not jeopardize elite rule itself. Indeed, the United States provided support in the 1980s and 1990s for mass repression in each of the cases discussed and in other countries as well, such as in El Salvador, Guatemala, Bolivia, and Colombia. A policy of conditional promotion of polyarchy is perfectly compatible with, and in fact regularly includes, the promotion of repression.

In Haiti, the United States sustained the Duvalier dictatorship at the same time it promoted a development model in the 1960s and 1970s which inserted the country into the emergent global economy as an export-assembly platform. This model helped uproot the rural peasantry—a class that had constituted the backbone of the social order for nearly two centuries—and hastened a mass movement against the dictatorship. In early 1986 a popular uprising brought down the Duvalier regime.

In Chile elites had gained enough hegemony over the antidictatorial movement to secure a polyarchic outcome, and in Nicaragua the Sandinistas led popular sectors in a revolutionary outcome. In Haiti, however, neither elite nor popular forces could gain any decisive hegemony. The elite was fragmentary and wedded to authoritarianism, and what's more, the small, transnationally oriented elite was poorly organized. Popular forces had no unifying political organization, program, or leadership which could facilitate a bid for power. Haiti became submerged in a national power vacuum and a cauldron of turmoil between 1986 and 1990. During this period, the United States introduced a massive "democracy promotion" program to cultivate a polyarchic elite and place it in power through U.S.-organized elections. The liberation theologian Jean-Bertrand Aristide and his Lavalas Party defeated Marc Bazin, who had been carefully groomed in U.S. political aid programs,

in the 1990 elections. This was an upset for the U.S. program, but Aristide was overthrown in a 1991 military coup d'état, which was tacitly supported by the United States.

Aristide returned to office as a lame-duck president through a U.S. invasion in September 1994, having agreed as a condition for his return to office that he implement a neoliberal program and open space for the elite. Throughout the 1990s and into the new century, the NED and the AID provided support for a coterie of elite civic and political organizations that mounted opposition to Aristide's Lavalas Party. The Lavalas Party remained in power from 1994 to 2004 and managed to resist implementing the full packet of neoliberal reform, but it was unable to govern effectively and saw its program of basic change in the social order stifled by the local elite; the United States, and the IFIs. Aristide was again ousted in February 2004; this time directly by U.S. Marines on the heels of an uprising led by former Duvalierist paramilitaries and conservative political groups. He was replaced by the same collection of elites that had been cultivated by U.S. political aid programs since the 1980s. The ongoing conflict in Haiti underscores a complex scenario whereby the conditions for a stable polyarchic system continued to elude the United States yet neither elite nor popular forces could achieve any hegemonic order.

Venezuela had a polyarchic political system in place since the 1958 pact of Punto Fijo, but the exhaustion of the political and economic model that emerged from that pact led to a crisis of the system during the 1980s and 1990s. This was an era of transition from the preglobalization world capitalist system to the emerging globalist stage of capitalism. In Venezuela, the elite were thrown into confusion over how to face the crisis unleashed by the decline of the old model and the rise of neoliberalism. Among the various elite cliques and factions were some stubbornly rooted in the national circuits of accumulation developed in the post-World War II period of oil-driven expansion and import-substitution industrialization—circuits that were increasingly less viable. (We have, for example, the very modest nationalist project put forth by the government of Rafael Caldera between 1994 and 1999.) Others, meanwhile, sought a reinsercion of the country into new transnational circuits. The oligarchy became wracked by internal splits and

disputes. No one faction could achieve its hegemony over the elite as a whole. The crisis of oligarchic power could not be contained as the popular classes began to make their own political protagonism felt from the 1989 *Caracazo* and on. This political protagonism, for a number of circumstantial and conjunctural reasons, eventually coalesced around the rise of Hugo Chávez and the Bolivarian government. The oligarchy, for the first time since polyarchy had been instituted, began to lose its grip on power.

The objective of the transnational project in Venezuela, hence, was not to facilitate a transition to polyarchy, since the country had a polyarchy since 1959. Rather, it was aimed at salvaging oligarchic power, at modernizing it, and at trying to identify and groom new groups among the elite who could reincorporate the popular classes into an elite hegemony and implement the new model of neoliberalism and insertion into global capitalism. But this project could not be implemented. What took place instead was the rise of a popular project contrary to the interests of the transnational elite and their local counterparts. The Bolivarian project had broken with elitist hegemony in Venezuela and the basic U.S. objective became to restore it. This is the context in which U.S. strategists turned to "democracy promotion" in Venezuela.

As is well known, the NED has dramatically expanded its programs in Venezuela since Hugo Chávez was elected to power in 1998. NED and related AID programs for the anti-Chavista forces have been broadly documented, and include, among others: assistance for these forces to develop media strategies; regular trips to Washington for opposition politicians, business people, and trade unionists; new disbursements for the opposition Confederation of Venezuelan Workers (CTV); a series of workshops for opposition groups; and financing for numerous anti-Chavista groups. The NED doled out almost \$1 million in the period preceding the 2002 coup d'état to the groups that were involved in the abortive putsch, while the Bush administration gave tacit support to the coup.

With the collapse of the coup and the subsequent failure of the anti-Chavista forces to win the August 2005 referendum, Washington has turned to a strategy of ongoing attrition involving a strategic shift from a "war of maneuver" that sought the quick removal of the Chávez government (coup

d'état, business strikes, referendum) to an extended "war of position." The effort now is to regroup the opposition forces and to develop plans for the 2006 elections and beyond, without passing up any opportunity to weaken and destabilize the government on an ongoing basis. For these purposes "democracy promotion" programs have been vastly expanded.

In Bolivia, polyarchy promotion programs were relatively small-scale until the indigenous uprising that drove President Gonzalo Sánchez de Lozada from power in October 2003. Since then, millions of dollars have poured in to fund and organize discredited traditional political parties, support compliant ("moderate") indigenous leaders that could counter more radical ones, and to develop civic organizations under elite control to compete with militant social movements. One objective of these programs was to depoliticize the issue of natural gas and defuse popular demands for nationalization of natural resources. AID's Office of Transition Initiatives (OTI) spent no less than \$11.8 million for these purposes during 2004 and 2005. One U.S. Embassy cable from La Paz quite candidly stated that one of the objectives was to "help build moderate, pro-democratic political parties that can serve as a counterweight to the radical MAS or its successors."¹⁶ MAS, or the Movement Toward Socialism, is one of two militant indigenous organizations that organized mass uprisings that forced two neoliberal presidents to resign—Sánchez de Lozada in 2003 and Carlos Mesa in 2005—and have demanded the nationalization of gas and the empowerment of indigenous communities.

POWER, THE GLOBAL SYSTEM, AND THE ANTIMONY OF CAPITALIST POLYARCHY

When we speak of democracy, we should recall that at issue is *power*, or the ability to meet objective interests, to shape social structure in function of these interests. What is most striking about the new polyarchies is the extent to which globalizing elites have been insulated from popular pressures and mass opposition to the neoliberal project. In Latin America, the transnational elite has demonstrated a remarkable ability to utilize the structural power of transnational capital over individual countries as a sledgehammer

against popular grassroots movements. In Haiti, Nicaragua, and elsewhere, these movements were powerless to change the social structure, even when they gained access to the state, because of the ability of the global economy and the transnational elite to dictate internal conditions. In several countries, antineoliberal blocs elected their own candidates in recent years. But these candidates soon found it impossible to resist the pressures of transnational forces.

In Honduras, for example, Carlos Roberto Reina headed an insurgent progressive, social democratic-oriented faction within the Liberal Party and won the 1993 elections on a populist platform of opposition to the neoliberal program. He was backed by national groups among the elite who were threatened by the opening to the global economy, and by broad popular sectors whose resistance to neoliberal austerity mounted in the early 1990s. In his first year in office Reina met with International Monetary Fund (IMF) and AID officials and tried to negotiate greater flexibility in implementing adjustment programs that his predecessors had agreed to. But when threatened with suspension of new bilateral and multilateral credits, and with the denial of much-needed debt relief, the government caved in, and by 1995 had recommitted Honduras to the neoliberal program. Reina's own social base rapidly deteriorated, and his government faced a spiral of popular protest and loss of legitimacy in the mid-1990s. Similar stories can be told for Rafael Caldera's government in Venezuela, elected in 1993, and for governments elected in the 1990s and in the new century in Ecuador, Argentina, and elsewhere.

Voting against the dominant project by electing candidates who oppose it has not given electorates the ability to change that project. It is evident that the global system limits the ability of popular majorities to use polyarchy to have their will prevail. The power of global capitalism to impose discipline through the market usually makes the all-pervasive coercion of authoritarian regimes unnecessary. The concept of coercion here is not limited to physical coercion such as military and police force. Economic coercion as the threat of deprivation and loss, the threat of poverty and hunger, and so on forces people to make certain decisions and take certain actions, such that apparently "free" choices are made by groups that have in fact been coerced by

structures, and by other groups that control those structures, into making particular choices.

Socioeconomic power, therefore, translates into political power: the political and the socioeconomic spheres cannot be separated. "Transitions to democracy" literature, drawing on theories of elitism, claim that democracy rests exclusively on process and that the political sphere can and should be separated from the economic sphere, so that there is no contradiction between a "democratic" process and an antidemocratic social order characterized by sharp social inequalities and minority monopolization of society's material and cultural resources. However, a central argument in this literature, and one that directly mirrors U.S. policy, is that polyarchy requires free-market capitalism and that promoting polyarchy is complementary to and supportive of promoting free-market capitalism.¹⁷ The polyarchic definition of "democracy" thus claims to separate the political from the economic and yet it simultaneously connects the two in its actual construct, just as U.S. policy connects the two in the actual practice.

Hence when global capitalism is the concern, the political is expected to be linked to the social and the economic and "normal society" is capitalist society. But when economic inequalities and social justice are the concern, the political is expected to be separated from the social and the economic. By making this separation, such issues as socioeconomic exclusion, the exercise of power, the controls of material and cultural resources of society, and so forth become irrelevant to the discussion of democracy. What is relevant is simply political contestation among elite factions through procedurally free elections. This separation of the socioeconomic from the political sphere by policy makers and by mainstream social scientists is an ideological construct that does not correspond to reality but does help legitimate the political practice of promoting polyarchy and the interests it serves.¹⁸

Transitions to polyarchy have been accompanied by a dramatic sharpening of inequalities and social polarization, as well as growth in poverty, a consequence of polarizing processes inherent in capital accumulation liberated through globalization from the constraints of developmental and interventionist states and the countervailing powers of popular classes. Added to income polarization in the 1980s and 1990s was the dramatic deterioration in

social conditions as a result of neoliberal policies that drastically reduced and privatized health, education, and other social programs.¹⁹ Popular classes whose social reproduction is dependent on a social wage (the public sector) have faced a social crisis, while privileged middle and upper classes have become exclusive consumers of social services channeled through private networks. Global, neoliberal capitalism generates downward mobility for most people while it opens new opportunities for some middle-class and professional groups by separating global market forces from mediation by redistributive state structures as they mold the prospects for downward and upward mobility.

In fact, the United Nations Development Program's Human Development Index (HDI), an aggregate measure of well-being based on life expectancy at birth, educational attainment, and standard of living (GDP per capita in purchasing-power parity), actually *decreased* for many Latin American countries in the 1990s, including Argentina, Chile, Uruguay, Costa Rica, Mexico, Panama, Venezuela, Colombia, Brazil, Peru, Ecuador, Bolivia, and Guatemala. Between 1980 and 1995, some 94 million Latin Americans joined the ranks of the poor as the number of people living in poverty went from 136 to 230 million—an increase from 41 to 48 percent of the total population.²⁰ An explosion of the informal sector, mass unemployment and underemployment, the spread of hunger and malnutrition, and the epidemic reappearance of such diseases as malaria, tuberculosis, and cholera have accompanied the transitions to polyarchy and the integration of Latin America into the global economy. These trends are not particular to Latin America; they are part of a broader pattern under global capitalism.

Latin America's polyarchic regimes face growing crises of legitimacy and governability. Almost every Latin American country has experienced waves of spontaneous uprisings triggered by austerity measures, indigenous uprisings, the formation in the shantytowns of urban poor movements of political protest, and a resurgence of mass peasant movements and land invasions, all outside of the formal institutions of the political system, and almost always involving violent clashes between protestors and the states and paramilitary forces. But there has also been growing and increasingly coherent organized opposition from below. State repression organized by polyarchic regimes has

been used throughout Latin America to repress protest against neoliberalism and has claimed thousands of lives.²¹

Popular uprisings and their forcible suppression highlight the relationship between the violation of socioeconomic rights and the violation of traditional human rights. In the end, the imperative of social order makes itself felt in coercive domination. Worldwide inequality in the distribution of wealth and power is a form of permanent structural violence against the world's majority. This structural violence generates collective protest, which calls forth state repression. On an ongoing basis, this repression turns structural violence into direct violence. Hegemony, Gramsci reminds us, is consensus projected by the "armor of coercion."²² Polyarchy does not mean an end to direct coercion. It means that coercion is applied more selectively than under a dictatorship, and that repression becomes legalized—legitimated—by civilian authorities, elections, and a constitution.

In the long run, the transnational elite cannot promote polyarchy and also promote global capital accumulation and the class interests embedded therein. This has already become clear in Colombia and Mexico. Even though Washington has attempted to promote polyarchy in these countries, the need to save the state from popular and insurrectionary sectors has led it into an ever deeper alignment with local authoritarian political forces and paramilitary groups who have been strengthened by U.S. support. The social and economic crisis has given way to expanding institutional guardaries, the breakdown of social control mechanisms, and transnational political-military conflict. The revolt in Argentina, a string of leftist electoral victories in South America, the struggle of the landless in Brazil, peasant and indigenous insurrections in Bolivia and Ecuador, ongoing civil war in Colombia, coups d'état in Haiti, the Bolivarian revolution in Venezuela, and so forth: this was the order of the day in the first few years of the twenty-first century.²³

This panorama suggests that the state structures that have been set up (and continuously modified) to protect dominant interests are now decomposing, possibly beyond repair, as the neoliberal elite that came to power in recent decades through "transitions to democracy" has lost legitimacy and the Washington Consensus has cracked. It is not at all clear in the early twenty-first century whether these fragile polyarchic political systems will be

able to absorb the tensions of economic and social crisis without themselves collapsing. A long period of political decay and institutional instability is likely.

But we should not lose sight of the structural underpinning of expanding institutional crises and recall the fundamental incompatibility of democracy with global capitalism. The transnational model of accumulation being implemented since the 1980s does not require an inclusionary social base and is inherently polarizing. This is a fundamental structural contradiction between global capitalism and the effort to maintain polyarchic political systems that require the hegemonic incorporation of a sufficiently broad social base. Global capitalism generates social conditions and political tensions—inequality, polarization, impoverishment, marginality—conducive to a breakdown of polyarchy. This is the fundamental contradiction between the class function of the neoliberal states and their legitimation function. The same market that generates an affinity between capitalism and polyarchy, largely because the market replaces coercive systems of social control, also creates and re-creates the socioeconomic conditions that make genuine democracy impossible.