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Andersson, Vibeke; Christensen, Steen Fryba

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## **Contesting the notion of "The Pink Tide". Case studies of Bolivia and Brazil**

Vibeke Andersson & Steen Fryba Christensen

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### **Introduction**

'The Pink Tide' has been a much contested notion in academic and other debate. In this paper we discuss the background for the current left turn in Latin America and analyze this political change more specifically in two case studies to understand how and why the left turn has different forms in different countries. Many researchers have discussed the left turn in Latin America. We will analyze and criticize the notion of 'The Pink Tide' taking point of departure in two different positions each representing an opposing view on the relevance of discussing a left turn in contemporary Latin American politics.

We exemplify the different forms of the turn to the political left in Latin America through the case studies of Bolivia and Brazil. Although these countries cannot really represent all of Latin America and all cases of the 'new left', comparing the political developments in these two countries can provide insight into other cases with regard to why they may take the actual forms that they do.

The point of departure for the analysis is the opposing positions of Jorge Castañeda and James Petras regarding 'The Pink Tide' in Latin America. Castañeda (2006) distinguishes between a 'good' and a 'bad' political left. The good left is 'pragmatic' and 'realist' and is presented as focusing on development results more than on the opportunistic search for power for the sake of power itself. The good left has also left behind the former hard ideological positioning of the left in Latin America including its Anti-Americanism. The more pragmatic approach to ideology and to the United States are reflected in domestic development policies and in foreign policy and form the core reasoning of Castañeda for hailing the 'good' and 'pragmatic' new political left governments in Latin America. Petras (2006), in opposition to Castañeda, finds that the lack of hard traditional leftist ideological definition in development policy and in foreign policy towards the imperial power of the United States and towards domestic and particularly foreign economic elites in a number of the so-called left-wing governments in Latin America shows that the turn to the left discussed in academic and political circles as well as in the mass media is grossly

exaggerated. In many cases what is deemed a case of a turn to the political left should rather be seen as an example of neo-liberal continuity in development policy and a 'soft' subordination to the imperial power of the United States instead of a former relatively 'hard' form of subordination. Thus, Petras basically is negative towards the so-called 'pragmatic' and 'good' left of Castañeda as his (normative) point of departure is that the political left should follow a frozen ideal-typical set of policies that he defines as what left-wing policy 'consists of'. This also means that he does not have the problem with defining left-wing politics as a number of other analysts who have debated 'The Pink Tide' in Latin America.

Taking these two analysts as the point of departure does not mean that we endorse their views and arguments. The point with using their respective positions is to develop a more satisfactory understanding of the left turn in Bolivia and Brazil and to argue how this position differs from these two radically opposed positions. We see the positions of Castañeda and Petras as two extremes in each end of a continuum of positions. In the case of Bolivia it might even seem difficult to see the political and social development as represented by either of these two positions on the Pink Tide, since the social processes seem to be part political and part 'cultural'

The Pink Tide is often seen as a shared quality for many Latin American countries currently. In this paper we discuss the different 'meanings' of the so-called 'Pink Tide' and the implications for changed policies in the two different countries. We see different developments and different backgrounds for the social change going on at present in Bolivia and Brazil.

### **Case Study Bolivia**

In Bolivia complex processes have led to the election of the MAS leader, Evo Morales as president of Bolivia, now in his second term. The point of departure in this paper, is that 'bottom-up' processes in coordination with international pressure for neo-liberal policies in fact created 'space' for new actors and a new political agenda especially for Bolivia's majority of indigenous people and their organisations.

There has been a resurgence of a revolutionary, anti-neoliberal movement (at least in their own discourse), left-wing president and government with focus of "taking back rights" from the establishment, which consists of former parties and elite groups, especially in the big cities. The political parties have been a main factor in maintaining inequalities and unjust social order, since political parties have been famous for being sustaining corruption, for example by supporting the practises of "Peguismo (pega being slang for job) or cuoteo (with each party enjoying its "cuota" of

power)” (Crabtree, 2005:11). At the same time there has been a policy focus on decentralization and indigenous empowerment aiming to integrate new elements of society and opening spaces for indigenous identity politics.

The recent political shift in Bolivia seems to aim towards an empowerment of a rhetorically anti-neoliberal and anti-globalist movement much in line with Petras’ argument for a leftist government’s policies, underlined by the election of Evo Morales in 2005. In particular, there has been a focus on this movement as it represents a reaction to the concessions made to foreign enterprises by the “neoliberal” government of Sánchez de Lozada (1993-1997). The economic policies of the Sánchez de Lozada government which favoured privatization and the attraction of foreign direct investment into the Bolivian economy symbolize a reductive and destructive force of neoliberalism, while the political decentralization reforms of the Sánchez de Lozada can be seen as an example of neoliberalism as an identity and citizenship project – a ‘cultural turn’, which will be discussed more later in the paper. The citizenship ‘agenda’ of neoliberalist policies in Bolivia thus opened new political spaces for identity politics at the local level. At the same time the organisations at the local level have grown stronger within the past 20 years, partly by mobilisation among indigenous people themselves and partly by the assistance of (domestic and international) NGOs. The notion of space – or “invited spaces” as formulated by Cornwall is important to include here: [...] the primary emphasis seems to be on *relocating* the poor within the prevailing order: bringing them in, finding them a place, lending them opportunities, empowering them, *inviting them to participate*’ (Cornwall, 2002:3). In this connection, *social inclusion* is important as formerly marginalised groups now have possibilities of participating in elections of municipal and national governments in Bolivia. In this connection these groups have, in Cornwall’s terms, been *invited* to participate by way of state reforms seeking to empower marginalised groups.

The election of Evo Morales in 2005 showed that he possessed legitimacy in regards to both social movements (unions), indigenous movements and the part of the urban middle class in Bolivia. In line with Venezuela’s Chavez, Evo Morales has a somewhat ‘populist’ understanding of democracy where forming new constitutions, recommending participation and a focus on nationalism have formed part of the policies. This is far away from the policies of Castañeda’s ‘pragmatic left, and this is one of the core problems of regarding ‘the Pink Tide’ as a uniform development in Latin America.

## **Bolivia's political left turn**

There are several matters which could be highlighted when looking for the backgrounds and reasons for the current in Bolivian policies. In the following some of these will be presented as the authors' choice of which are most important .

Uneven distribution of land has been one of the greater challenges for many Latin American countries in recent time. For historical reasons a large part of the rural population in many Latin American countries is left with little or no access to land. This has led to different measures including redistribution of land by governments across the region. In Bolivia the government has passed the reform INRA (Instituto Nacional de Reforma Agraria). INRA introduced new aspects to the socio-economic purpose of land, especially regarding the indigenous population of Bolivia (Muñoz & Lavadenz 1997: 2). This reform came partly as a response to almost 50 years of diminishing plots for cultivation for small land owners and partly as a response to indigenous social movements' demands.

In 1952 Bolivia experienced a revolution and former oligarchic rulers consisting of mine- and hacienda owners were overthrown. The revolutionary State, headed by MNR (Movimiento Revolucionario Nacional) nationalised the income generating industries - first and foremost the mines. The Bolivian state became very centralised and focused primarily on nationalised industries and big cities. An agrarian reform was passed in 1953, but after this the possibilities for development and progress in the rural areas were left behind by the Bolivian state. No new reforms encouraging economic development were passed (Antezana, 1992), and due to division of land to all children, the plots became smaller and smaller.

The government's economical and political practice of relying only mining- and other industries brought about serious problems, when the prices on Bolivia's most important export-good; tin, dropped significantly on the world market in 1985. The social unrest due to the State's economical collapse made the IMF (and other donors) instigate a structural adjustment programme in Bolivia. The presence of external donors combined with a pressure from the Bolivian population and a political wish for changes from some of the political parties, fostered several reforms<sup>1</sup> in the beginning of the 1990's, among these INRA and a the law on popular participation.

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<sup>1</sup> Among these are a education reform, the agrarian reform (INRA), a law of privatisation, and an alteration of the constitution admitting that Bolivia is a pluricultural and multiethnic society. More than 50% of the population is indigenous.

The rural areas of Bolivia have played a minor role in the state's economical development, due to the above mentioned nationalised mining industry. Once the agrarian reform of 1953 re-distributed land to former workers on the haciendas, these areas, and the rest of rural Bolivia, have played a minor role to the state, apart from the large estates in the Santa Cruz department cultivating soya and cotton. The majority of the rural population is indigenous.<sup>2</sup>

In Bolivia there have been policies of both economical and cultural exclusion of the rural indigenous population. The campesinos (peasants) were seen by city people and rural elites as traditionalist (non-modern) (Cusicanqui, 1990; Rockefeller, 1998), who could not be part of the 'modern' Bolivian State. Many Latin American countries had the monocultural nation-state as model for the modernisation processes during the 1950's and onwards. Only since the beginning of the 1990s the discourse on multiculturalism has gradually influenced the political agenda of many Latin American states (Brysk, 1994; Ströbele-Gregor, 1994).

This change in policies towards indigenous (rural) people came partly as a result of democratization and decentralization reforms which Latin America experienced after the 1980s. Decentralisation has been taking place in about 80% of all developing or transitional countries (ICHRP, 2005). In the majority of the cases this includes transferring responsibilities for health, education, taxation and other issues from the national to local levels. Government institutions at local level have been introduced to create empowerment and social inclusion, and local governments seem to become central to policy formation as a partially replacement for nation states (ibid). In Bolivia, as mentioned above, a string of new reforms were presented in the mid 1990s, including reforms on decentralisation and democratisation, land rights and education. The decentralisation and democratisation reforms have stressed the need for participation.

### **Participation**

In 1994, the Bolivian constitution was altered to acknowledge, that Bolivia is a multiethnic and multi-cultural society. This acknowledgement of the indigenous population is also included in the law on Participación Popular: "The present law acknowledges, promotes and consolidates the process of popular participation, allowing the indigenous population, the peasant population and the

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<sup>2</sup> The groups of indigenous people come to a 71% or 85% of the population, depending on the definition used (Ströbele-Gregor, 1994:106).

neighbourhood associations [in cities], respectively to enter the juridical, political and economical life of the country” (Ley de Participación Popular, artículo 1, own translation). According to the law-text Participación Popular should change former politics of exclusion and marginalisation of the rural areas. What was very important for the new municipalities is the redistribution of the state’s funds to the municipal level. 20% of the state’s income must be redistributed to the municipalities. Of this amount, 15 % can be used for administration and 85 % must be spent on projects in the municipality.

The law on popular participation intended to present solutions to the conflict between ‘the principles of representative democracy and the “corporative” articulation of the interests of functional groups, by giving greater expression to interests defined in territorial rather than functional terms; and attempting to marrying the principles of representative and participatory democracy’ (Booth, 2004:23). This was supposed to happen by having on the one side municipal authorities elected on the basis of registered political parties and also offering authority to Comités de Vigilancia (vigilance committees), which are representing local grass roots community organisations like for example village councils with their tradition of representative and direct democracy. Ideally this was an elaborate reform, but the vigilance committees have not been functioning well, allowing for national political parties to maintain power and being able to determine the local, municipal policies without much attention to the indigenous grass root organisations (Booth, 2004)

A consequence of this lack of local capacity is that “national political parties have maintained much of their power to dictate local arrangements. Despite any challenges, coalition politics and horse-trading of the spoils of office are alive and well as the basis of local as well as national politics in Bolivia” (Booth, 2004:24). Although this is a general trend, there were small (often leftist) parties, which try to help indigenous people being elected to municipal governments. In recent years indigenous people have gained much more power at all levels of official power structures in Bolivia from municipalities to the president’s office with the election of Evo Morales in 2005. This happened with the ‘help’ of small leftist parties already existing. So what we have seen is a combination of leftist parties’ interests and indigenous people’s movements’ interests.

One of the reasons for discussing power structures, reforms and participation in Bolivia has formerly been in order to live up to donor requirements on performing what in international development aid discourse is called ‘good governance’. Because donor polices have played an

important role in Bolivia in the 1900 and beginning of 2000s, a discussion of one of the core concepts for donor policies, good governance, will be briefly presented below.

### **Good governance**

Good governance can be seen in a conditionality perspective, where the notion of good governance is representing an act of ‘disciplining democracy’ (Abrahamsen, 2002). In Bolivia the reforms of popular participation and decentralisation were introduced after strong recommendations from international donors (Booth 2004). Since Bolivia has had an oligarchic party system for many years (Crabtree, 2005), power was concentrated around a small elite. Bolivia inherited a centralist system of rule from the Spanish colonial rule, where the predominance of state structure over civil society prevailed. The capital of La Paz is the centre of all government institutions, and due to Bolivia’s difficult geography, the government and limited civil service have had difficulties in penetrating the state’s territory. This element of rule from the capital city, with very limited efforts to extend government or devolve significant authority to the regions has persisted until recent decades (Booth, 2004:15). As mentioned above, the political system in Bolivia has been elitist and political parties have been driven by patronage (Malloy, 1989). This has created a system of patronage, with formation of coalitions on the basis of post-election horse-trading rather than ideological sympathy or political agreement. (Gamarra & Malloy, 1995).

The practice and culture of the political parties in Bolivia today also originates from the national revolution of 1952. Most political parties in Bolivia today were created during or after the revolution. The ruling party after 1952, MNR<sup>3</sup>, nationalised the country’s major assets: The mines and major industries. Thus the MNR over time created a state, where the ruling political party had sovereign power over the state’s assets (Malloy 1989). The government introduced a ‘redistributive policy’ directing money to the party supporters (Lavaud, 1998, Crabtree, 2005) which was put into practice by using channels through the party and the workers union<sup>4</sup>. A number of jobs were created in the public administration and industries. In the nationalised mines, for example, the number of workers rose from 28.973 in 1952 to 36.558 in 1956 (Lavaud, 1998:46). And in the state admin-

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<sup>3</sup>. MNR: Movimiento Nacional Revolucionario (National Revolutionary Movement). MNR started as a revolutionary movement and transformed into a political party after the revolution.

<sup>4</sup>. The workers union was created by the MNR in the years after the revolution. Later this union transformed into the current COB (Central Obrero Boliviano).



istration a large number of jobs became available to the persons who were loyal to the party in power.

This 'redistribution of national resources' from the oligarchic mine and hacienda owner ruled state to the revolutionary state created a patron-client relation between the revolutionary government leaders and their supporters (Booth, 2004, Crabtree, 2005). The state and its government changed from a revolutionary state to a state governed by political 'patrones' who redistributed the state's assets to their clients by way of jobs and other advantages. The main reason for this to occur was the relatively poor development of the Bolivian industrial and agricultural sector. There was hardly any economic progress in the country aside from the nationalised industries.<sup>5</sup>

This practice created a system, where separation of fiscal and political duties is difficult to accomplish. As a consequence, the ruling political party could secure its followers jobs and advantages. It also meant, that when the government changed from one party to another after an election, the country's administrative personnel changed, since all public employees were replaced by clients of the new government. Extraction of the state's funds and a patron-client system in the civil service has been the result of the processes and relations between state and political parties since 1952. The consequences of this are serious for the possibilities of performing 'good governance' in Bolivia today, from the national to the municipal level. The intended outcome of the popular participation law from the governments' point of view was to implement a new form of governance in the rural areas, i.e. by creating new municipalities

There is good reason to contest the notion of good governance (Rosebury, 2001). The central themes within good governance (democracy, anti-corruption and transparency) are agreed on as significant when introducing good governance (Moore & Robinson, 1994; IMF, 1997; Hout 2002,; Hood & Heald, 2006). Other elements do not seem as fixed - for example privatization and focus on market economy as such. Under neoliberal "hegemony" within international policies (Kohl, 2006), privatization is seen as an important instrument for good governance. In Bolivia a privatization reform was introduced in 1994 under the Sanchez de Lozada government. This was at the same time as the decentralisation and democratisation reforms were introduced, so one could argue that privatisation and good governance reforms go hand in hand in Bolivia.

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<sup>5</sup>. In 1952 the mines represented more than 80% of the states income. Before the revolution 70% of the cultivable land was owned by haciendas. (Mesa et al. 1994:495).

## **Privatization Reforms**

Privatisation reforms have been the reason for severe popular protests in Bolivia. The best known examples of ‘anti-neoliberalism fights’ have been the water war in Cochabamba in 2000. In this case, the government privatized water by granting an international corporation (Bechtel) rights to distribution of water in Cochabamba. This led to extreme increases in prices on water which subsequently led to massive protests in the streets of Cochabamba. The result of these protest were a withdrawal of the agreement with Bechtel.

The lesson from this incident (and others, for example the protests over water privatization in El Alto (La Paz)) has made the government careful about neoliberal reforms of privatization. The Morales government has therefore emphasized other issues when talking about reforms in Bolivia, even though this government to a large extent is continuing agreements with international corporations made by former governments (Haarstad & Andersson, 2010). On the one hand Bolivia needs investment from abroad but on the other hand there are strong local protests against neoliberal reforms. The Morales government has therefore chosen a ‘middle ground’ in its policies and emphasized a cultural turn granting social rights to large groups of the population which have formerly been marginalised. This has been done primarily on the basis of the social (indigenous) movements, which historically have been strong and have played a major role in the Bolivian society. Labour unions were very active in the 1952 revolution, and lately indigenous movements have been active in the changes to contemporary Bolivian society. Indigenous movements can be seen as representative of ‘new social movements’ as opposed to other social movements such as labour unions.

## **New social movements**

“Democracy on a global scale is becoming an increasingly widespread demand, sometimes explicit, but often implicit in the innumerable grievances and resistances expressed against the current global order. The common currency that runs throughout so many struggles and movements for liberation across the world today – at local, regional and global levels – is the desire for democracy. Needless to say, desiring and demanding global democracy do not guarantee its realization, but we should not underestimate the power such demands can have” (Hardt & Negri, 2005:xvi).

This struggle for democracy has been an underlying issue in the past 20 years demonstrations and protests coming from especially the indigenous population in Bolivia. Struggles

for democracy can take various directions: Either working inside the existing parliamentary system or taking to the streets demanding new ways of doing things.

Evo Morales have done both. He has recently stressed his being a representative of the indigenous population and he has worked within the frames of Bolivian parliamentary system by listing as candidate on an existing party's list- the MAS for the elections which gave him a seat in parliament. This was the only way to gain a seat in the parliament. "The right to vote does not necessarily ensure democracy as such. Political parties can monopolize political processes in an un-democratic way. Voting is frequently seen as a capitulation to a centralized system that shows only contempt for local needs and desires" (Stolle- McAllister 2005:6) Electoral promises are often made with no intention of keeping them after the election and parties are corrupted. This has weakened the confidence in the old political parties in Bolivia (Crabtree, 2005: 9).

### **The 'coca issue'**

Cultivation of coca has been a field of conflict in Bolivia for the last 20 years, especially since the American began its 'war on drugs' by cutting down coca plants in Bolivia, among other places. Evo Morales was elected as leader of the coca-leaf farmers before his election to president. As a leader of the union he has stressed class discourse when fighting for coca leaf producers' rights. This fight was mostly directed against the US supported coca plant eradication programs in the Chapare region in Eastern Bolivia.

Traditionally the indigenous people in Bolivia have been growing coca for centuries. Coca has been used for herbal medicine, as a part of rituals (Allen, 1988) and is chewed to avoid altitude sickness and fatigue. Coca has been cultivated mostly in the Yungas Region in Northern Bolivia. After the collapse in tin-prices in the mid-1980s and consequently mass- dismissals in the mining areas, many former miners migrated to the tropical Chapare, and started to grow coca as a cash-crop (Jeppesen, 2004). Coca is fairly easy to grow and easy to sell. The reason for the American government to support the Bolivian government in their coca plant eradication strategy has been their allegation that most of the coca grown in Chapare has been sold to the illegal cocaine industry. Evo Morales, on the other hand, has stressed the cultural importance of coca and its importance for indigenous culture and tradition.

As a union leader his rhetoric has been definitive, but after being elected as president he has softened it some, now declaring "yes to coca, no to cocaine". Being tied to coca-leaf production, the coca peasant union has played on two strings in its organisation and political project. One being the

class based rhetoric of a social movement linking its fight to the class based society and organising within this. The other string has been the cultural one. He has been linking the coca-leaf production to Bolivian culture and traditions and this way arguing for the right to grow coca, despite the fact that Bolivian governments and US administrations have declared the coca-leaf production in Chapare illegal. One can see a development in the coca-leaf farmers union from the rhetoric of the “old” social movements towards the rhetoric of the “new” social movements. Swinging from obtaining rights on a class based focus on division of wealth to focusing on indigenous people and their rights - for example the right to grow coca as indigenous people – in line with the growing of coca in the legal areas of Yungas.

New social movements put emphasis upon “issues of identity, ideology and culture, issues of social integration and social and cultural reproduction rather than upon the material issues around production and distribution that had been seen as the bread and butter of class conflict in capitalist societies” (Mayo, 2005: 62). This can be seen as another element of the ‘cultural turn’ that has been an important part in recent Bolivian policies.

### **Decentralisation and Identity Based Policies**

While some of the more recent reforms in Bolivia (since the mid-1990s) have empowered certain groups of the population (the indigenous people), other groups in Bolivian society have opposed the reforms and the policies following the reforms, especially when it comes to land rights.

Santa Cruz on December 15<sup>th</sup>, 2006: thousands of protesters took to the streets protesting against the decree and laws coming from the Morales government in La Paz. There is an old conflict between highland and lowland Bolivia, but it has increased after the election of Evo Morales. People in Santa Cruz do not feel that he is representing their interest and some groups have been opting for autonomy. The discontent is located partly in the old divergence between highland and lowland, but it is also a protest against the results of the decentralization laws and the INRA land reform, which have deprived elites of both power and land.

Along the line of the DMI’s (Distritos Municipales Indigenas) the law INRA has distributed land according to historical claim of territories granting especially indigenous groups in the Santa Cruz and Beni departments rights to territories. This has empowered indigenous groups in their relation to mestizos and white land owners and has created a great deal of discontent among the non-indigenous population in these departments. Social inclusion of formerly marginalised groups in the State and creation of new forms of citizenship may create stability in some areas (mainly

Andean areas) but on the other hand these processes may create instability in other areas. So the leftist turn or 'pink tide' in Bolivia is contested from many groups within Bolivia – and outside.

Summing up we have claimed in this discussion about recent political developments and the turn to a populist political left (in Castañeda's terms) in Bolivia that this could be termed as a 'cultural turn' granting social rights to especially indigenous groups. The more comprehensive reforms including economic rights are still lacking. Taking Petras' argument that there might not be a political left turn in Latin America but rather a continuation of neoliberal policies (Petras 2006) the case of Bolivia could show these trends. Despite a rather hard rhetoric towards neoliberalism and American policies in the region, the Morales government seem to be continuing with a 'softer' version of neoliberal policies of former governments (Haarstad & Andersson, 2009). The Morales have created many new policies, among these a discussion of a new constitution which reached out to all parts of the Bolivian population. The political spaces that have been opened have primarily focused on identity-based movements and the inclusion of these movements in the political process. Very little has been done to empower labour unions, despite the fact that Morales is a former labour union leader. To include labour unions the policies have to open up for a discussion of economic inclusion for Bolivia's large population with very low incomes. What we have seen in Bolivia has been a focus on the social individual by granting social rights. The next move must be towards an economic inclusion in line with what the Lula government of Brazil has initiated, for example with the 'Bolsa Familias'.

### **Brazil's political left turn under the government of Lula**

There are different views on Brazil's direction under the government of Lula. Some analysts see the Lula government as a pragmatic and successful government on the political left, whereas others find that Lula and the Workers' Party, PT, have undergone a major ideological change (Desposato, 2006: 29; Saad-Filho, 2007: 17) by deciding to "*accept the central tenets of the neoliberal agenda*", as Sue Branford has argued (Branford, 2009: 157). This has left some analysts to question if the Lula government should at all be seen as a left-oriented government.

However, most analysts see the Lula government as a pragmatic or social-democratic left-wing government, though ((Petkoff, 2005; Vilas, 2005; Castañeda, 2006; Panizza, 2006; Boschi and Gaitán, 2008; Lanzaro, 2009). I share this view.

This split in how analysts perceive the political position of the Lula government is often coloured by the political preferences of the analyst in question just as an analyst may have a political motivation when it comes to labelling a certain government left-oriented or not. Francisco Panizza argues that what we are seeing on the political left in Latin America is a struggle over the soul of Latin America (Panizza, 2006; Panizza, 2009). This struggle would be exemplified by the different tendencies of the two types of left governments in Latin America that Castañeda points towards (2006), and which have Brazil as the most powerful amongst the pragmatic left-wing governments and Venezuela as the most powerful of the more radical left-wing governments.

Brazil and Venezuela are often depicted as unofficial rivals for leading Latin America or South America (e.g. Burges, 2007). From this perspective we could draw up two opposing camps, where one (Brazil) pursues a relatively cooperative policy towards the United States and maintains the rules of the neo-liberal game while the other (Venezuela) pursues an anti-US policy while breaking a lot of the rules of the neo-liberal game.

This dualistic schema has some merit. However it misses some important analytical points regarding the reasons for the actual political orientations of different Latin American governments.

It is important to understand why different countries have pursued different paths. In the analysis of the Brazilian case we aim at providing some explanations of the chosen path in Brazil, i.e. the election of the Lula government (2002-2010) and the policies pursued by it. Before we do this, though, we will discuss what makes some analysts question if the government of Lula should be seen as belonging to the left or not.

The chapter starts off with this short introduction focused on the theme of the Lula government's political orientation. It then presents the arguments of those analysts who see the Lula government as one of neo-liberal continuity and who question if it is at all reasonable to see it as a left-wing or centre-left government. Then we briefly discuss why Brazil turned to the left by electing Lula and the PT into power in 2002 and re-electing Lula and the PT in 2006. Finally, we analyze the policies and aims of the Lula government and discuss how these respond to the interests of different actors. The analysis puts particular emphasis on considering the context in which policies are pursued, seeing the Lula government as responding strategically to this context in order to advance its agenda and move towards its aims.

### **Questioning that the Lula government belongs to the left**

James Petras concludes an analysis of the first few years of Lula's government with the argument (Petras, 2006: 5): "*The evidence presented here in outline suggests that Lula fits closer the stereotypical profile of a right-wing neo-liberal politician rather than a "Centre left" President*". Based on this view Petras expresses his surprise that there is a widespread opinion amongst academics and in the media that Lula's government can be seen as the "*embodiment, of leftist interests*".

Analysts who see the Lula government as an example of neo-liberal continuity and absence of significant social reform in a leftist direction emphasize a wide range of arguments for this view. They all emphasize that the Lula government maintained strict budget discipline (Petras, 2006: 3-4; Desposato, 2006: 29). Coggiola (2004: 27) points towards a policy of fiscal austerity measures with cuts in overall government spending at the outset of the government and points out that this policy was associated with a drastic overall cut in social spending outlays at the same time that social spending was being increasingly targeted at the poorest social sectors (ibid: 42). Petras points out that the Lula government contrary to its historical criticisms of privatization under the previous governments itself extended privatization towards areas such as public infrastructure, services and telecommunications. Similarly, its agrarian policy was directed more at supporting the interests of agribusiness than on the agrarian reform programme that actually stagnated according to Petras (2006: 4). Amaral, Kingstone and Krieghaus (2008: 149) point out that the leadership of key ministries as well as the Central Bank were given to a market-friendly economic team and argue that this shows how constrained the government was by globalization and particularly international capital flows. Similarly, Jorge Almeida stresses that the electoral platform of Lula in 2002 was quite different and more moderate when compared to the electoral platforms in earlier elections. A key aspect of this more moderate approach was the PT's alliance formation that included the Brazilian Liberal party (PL) (Almeida, 2002: 11), a party that Coggiola sees as one of the most reactionary parties in Brazilian politics and from whose ranks the candidate for Vice President, José Alencar, came (Coggiola, 2004: 34). In the view of Coggiola (2004: 38) "*...the Lula government conformed from the out-set itself as a grand national front of the bourgeoisie and big capital on a common platform: the agreement with the IMF*", and later (ibid: 39), Lula "*built a coalition with the big banks and with imperialism to assure the so-called governability of the state at the price of the*

*interests of the electoral majority*<sup>6</sup>. With these arguments, the Lula government is presented as basically a traitor of the popular bases of his government.

Kingstone and Power (2008: 4 and 16) sum up the orientation of the Lula government as an orientation where politics as usual prevailed and, contrary to expectations, his government was one of considerable continuity, market reform, maintenance of the social status quo rather than a government of social transformation.

The general argument defended amongst these analysts is that the PT and Lula transformed their politics when compared to the historical orientation of the party that had been much more traditional leftist, while some of the analysts see this as evidence for a government subordinated to imperialism and elite interests.

It is true that the PT and Lula underwent a strong change in the direction of moderation. However it is unconvincing when analysts see the government as responding mainly to the interests of the elites and imperialist interests. We find this argument lacking of nuance and insufficient in accounting for the overall political orientation of the government and in accounting for how the Lula government's strategic approach to a complex and challenging context was successful at carrying out a gradualist reform strategy directed towards national economic development and social progress and towards a strengthening Brazil's international influence. The strategy of the Lula government has been relatively successful in pursuing these aims, and in this analysis we argue that the Lula government's approach can be considered a relatively successful "centre-left" policy pursued in a difficult context. Furthermore, the approach has been successful in terms of producing quite positive results for large sectors of non-elites and it could be argued that the Lula government has in fact been a government of social transformation, although it has not been a government pursuing radical structural change. By pursuing change through continuity the Lula government has been able to avoid the political polarization that can be observed in countries pursuing more radical leftist strategies such as Venezuela and to a lesser extent Bolivia.

In the following part we discuss how and why Lula and the PT were successful in bringing a left-wing party to power.

### **Why did Brazil turn to the Left?**

The Workers Party (PT) with Lula as its leader was formed in 1980 and gradually became hegemonic on the political left in Brazil (Saad-Filho, 2007: 8-12). On the political left in Brazil as

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<sup>6</sup> Author's translation from Portuguese.



well as in Latin America and other places much hope was attached to the Workers' Party as an alternative to the neo-liberal tidal wave that swept the region in the 1980s and 1990s. Stephen Gill put this point succinctly (1993: 12):

*Structural adjustment in Latin America is atomising many state capacities and is generating new social movements and political parties which may in time come to challenge the thrust of neo-liberal orthodoxies, such as the Lula phenomenon in Brazil.*

In 2002, Lula won the presidential election and “*a wave of excitement swept through the country*”. There was a widespread hope that the election of Brazil's first working-class president who had risen from poverty to become president would mean a major shift in Brazilian development and give way to a more just society and far-reaching structural reforms (Branford, 2009: 153). Thus, the election of Lula and the PT can be seen as a victory of hope over fear as Lula himself highlighted in his accession speech as Brazil's president on January 1<sup>st</sup> 2003 (Lula, 2003). It can also be seen as a result of disenchantment with the disappointing development results in the second presidential period of Fernando Henrique Cardoso and his centre-right coalition government.

The election of Lula as a symbol of change in the direction of greater social inclusion can be directly compared to the election of Morales in Bolivia and Chávez in Venezuela.

But, why did Lula and the PT win the elections in 2002, after three failed attempts in the elections of 1989, 1994 and 1998?

Different aspects help explain the stronger electoral support of Lula's candidature in 2002. During his electoral campaign, Lula criticized president Cardoso's coalition government's neo-liberal development strategy for leading to a worsening of poverty indicators and economic inequality and for provoking growing levels of external economic vulnerability and thereby endangering the country's sovereignty (Lula, 2003).

However, Lula's electoral victory should not only be seen as a consequence of frustrated development and hopes for a major break with former development policies and foreign policy stances. In fact, an important element behind his victory was the moderation with which Lula promised to pursue change during his electoral campaign. This moderate posture came out clearly in his *letter to the people* on June 22<sup>nd</sup> 2002 (Lula, 2002) where he promised major changes but

also to respect Brazil's debt obligations as opposed to his stance against paying the foreign debt in earlier elections (Coggiola, 2004: 36). Lula argued that Brazil should avoid the financial crisis that a default would cause, because this would cause great harm to the majority of the Brazilian population (Amaral, Kingstone, and Kriehaus, 2008: 148). Neighbouring Argentina that had been through a severe financial crisis with the economic breakdown in late 2001 and the first part of 2002 exemplified how harmful such a crisis could be for great segments of the population as poverty and unemployment levels skyrocketed as a consequence of the financial crisis.

So, while the victory of Lula and the PT meant a turn to the left, it did not mean a radical departure from former economic policies. In fact, the Lula government has overseen continuity of liberal economic policies. Burges (2009: 207) argues that Lula and his closest advisors sought to win the 2002 election by avoiding a traditional nationalist and leftist rhetoric sought and by seeking to establish a "*coalition of the establishment, nationalist, almost middle-class Left in Brazil and the far more pragmatic masses of essentially non-ideological poor in the informal economy with support from key elite figures*". In short, Lula and the PT sought to create a broad alliance between different social groups and classes as well as forming a multi-party coalition. Interestingly, although many analysts see the Lula government as a government of continuity and not social transformation, the electoral results from the 2006 election show that Lula and the PT-led coalitions victory was mainly based on the strong support from the poorest social sectors while a significant majority of the highest income group favoured Geraldo Alckmin, the main opposition candidate (Marsiglia, 2010). As Burges points out, the poor tend to favour economic stability and see inflation in highly negative terms (Burges, 2009: 201). The Brazilian weekly magazine *Veja* in an analysis of the 2006 election argued that Brazil had been split in two politically, with the rich parts of the country in the South East voting for Alckmin and the poorer North East voting for Lula (*Veja*, Nov. 1, 2006). A similar pattern could be observed in the 2010 elections where Dilma Rousseff of the PT won the presidency (*Brazil Focus*, October 30'th-November 5'th: 3). Although this could be seen as pointing towards political polarization, this hardly seems to be the case in Brazil as the Lula government has enjoyed high popularity ratings in the population. This popularity should be seen as a result of the relative development success of Brazil and the relatively minor negative impact from the recent international financial crisis.

In the following section, we seek to characterize the Lula government actual policies and we discuss how to interpret its policy orientation and to what extent the Lula government can be seen as part of the "pink tide" in Latin America.

### **Actors, Policies and Aims: Characterizing the Lula government's strategies**

we will claim that the Lula government has pursued three main aims in its development policy and in its foreign policy. These aims are: national economic development with a social orientation, an increase in international power and influence for Brazil, and, finally, a de-concentration of global power structures. These three aims are pursued by way of both development oriented policies and foreign policies. Therefore, the following analysis of the Brazilian government's policies and characteristics in terms of political orientation will emphasize both types of policies. This is in line with Raúl Bernal-Meza's neo-structuralist theoretical argument that there is a close link between these two types of policies in underdeveloped countries (Bernal-Meza, 2005: 66).

Let us now look at the policies pursued by the Lula government. Sean W. Burges argues that Lula has maintained the "*Centre-Right economic policy of his predecessor*" (Burges, 2009: 198). Furthermore, he sustains that neo-liberalism was not a disaster for Brazil and that a broad consensus in favor of liberal reform has emerged in Brazil, although this general orientation will have to be pursued in a way that takes into consideration Brazil's particular situation and the challenges it faces (ibid: 196). This argument seems reasonable as the Lula government has maintained a liberal orientation. In a recent study undertaken by Amaury de Souza on the views of the foreign policy elites in Brazil<sup>7</sup>, Souza shows that there is a high and growing support to policies of economic openness. Whereas 67 % of respondents in a former study saw economic openness as generally good in 2001, the figure was 88 % in 2008 (Souza, 2008: 66). So, the Lula government has not returned to the protectionist policies of the past. However, there liberal orientation has been coupled with a more strategically oriented and active industrial policy than during the predecessors in the neo-liberal 1990s. According to Marcelo Paiva de Abreu (Abreu, 2002), there had been a growing trend towards support for industrial policies in the period leading up to the presidential elections in 2002. In the position papers developed by the two main industrial interest organizations in Brazil in the context of the electoral competition in 2002, both organizations expressed support for a higher degree of state intervention in the economy in order to promote economic stabilization and development (Fiesp, 2002; CNI, 2002). Burges argues (2009: 198) that "*it almost appears as if a*

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<sup>7</sup> The concept of the foreign policy elite refers to Brazilian elites from business and politics, social movements, NGOs, interest groups and leading intellectuals who partake in the debates regarding Brazil's foreign policy orientation.

*strange new coalition of interests emerged in the Brazilian polity at the end of the Cardoso era, one linking inflation hating informal poor with a new, export-oriented agricultural and industrial elite who require the international credibility that comes with macroeconomic stability to pursue expansion of their businesses*". It is clear that the Lula government has sought to combine active industrial policies, export orientation, economic stabilization and a social orientation favoring the poor or non-elites. This has been done in an effort to promote productive development, job creation, improved state finances and broad improvements in living standards.

In Souza's early study of the Brazilian foreign policy elites, he pointed out that these could be divided in two main groupings. In one group the main emphasis was to promote foreign confidence in Brazil, while the other camp believed that Brazil should focus more on reducing internal social asymmetries, prioritize more active development policies and pursue a more active strategy in terms of the international insertion of Brazil characterized by the formation of alliances with countries that had similar interests to those of Brazil in order to work against Brazil's subordination to the agendas of dominant powers. This approach was seen as a way to strengthen national autonomy and to contribute to a successful national development project (Souza, 2002: 22-23). Arguably, the Lula government exemplifies this last camp, while the Cardoso government largely exemplifies the first camp, although the Cardoso government did move in the direction of the last camp in the last years following Brazil's devaluation in 1999. Amado Luiz Cervo points out (2003) that the Brazilian government was taking what he calls a "logistical" orientation characterized by a combination of liberalism and state activism in the economic area and sovereign affirmation in the international political area.

If we compare the policies pursued by the Lula government with James Petras' 14 point list of what he believes constitutes leftist policies we will find that the Lula government only qualifies in more or less three of these and arguably could be seen to qualify partially in three or four others. Thus, the Lula government has been successful in reducing social inequalities, raising living standards and raising minimum wages. However, the government does not really live up to a number of Petras' criteria for leftist policies such as "*Budget priorities favouring greater social expenditures and public investments in jobs, rather than allocating subsidies both to capitalist producers and to foreign debt payments*", "*Popular participation and power in decision-making, not least central planning, as opposed to de facto rule by businesses, international bankers (IMF) and political elite*", "*The selection of key cabinet ministers in consultation with mass grassroots movements (representing poor peasants, agricultural labourers and urban workers) instead of those*

*representing simply local and foreign businesses*”, “*Reversing privatization*” etc. In other words, if we accept Petras’ definition of leftism then the Lula government can hardly be seen as belonging to the political left. However, as Benjamin Arditti argues (Arditti, 2008: 59), parts of the political left in Latin America has phased out the language of class warfare, national liberation etc. and has adopted a more market friendly outlook. In Arditti’s view (ibid: 63), “*There is no such thing as a unitary left and left politics is largely context dependent*” and the left seeks to promote its aims taking a strategic approach to the outside world. It is exactly from this perspective that we argue that Brazil has turned to the left under the Lula government, and it has done so pursuing a number of policies such as liberal trade and stabilization policies that some see as right-wing policies. It is interesting to note, though, that in pursuing its policies, the PT-led alliance of Lula had particularly strong election results in 2006 as well as in 2010 in the poorest states and in the poorest social groups. With regard to the 2006 presidential elections, Paul Singer has argued that the sub-proletariat (those who earn less than two minimum wages) is conservative and progressive at the same time. It is not for social conflicts that threaten the order, but it favours the state’s income redistribution policies (Marsiglia, 2010). A similar point is made by Burges (2009: 207) who describes the poor in the informal economy as essentially non-ideological but for economic stability and social equity.

The Lula government can be described in somewhat similar terms, namely as highly pragmatic and results-oriented. If we look at the policies pursued by the government of Lula it seems fair to argue that these have been relatively successful in moving Brazil in the direction of the central aims of the government. This success, not the least with regard to broad improvements in living standards of the Brazilians and in terms of Brazil’s economic stabilization probably explains the electoral success of the PT and its coalition.

In the following, we exemplify the policies pursued by the Lula government in three key areas, namely production oriented policies, policies with a social orientation and foreign policies, and we discuss the results of these policies. We end the analysis by commenting on the electoral success of the PT and its coalition and discussing to what extent the government’s policy can be seen as an example of leftist policy orientation.

The Lula government has been successful in its stabilization policy and in its aim of promoting a socially oriented economic growth path. In the period from December 2003 to December 2008, the

public net debt was thus reduced from a ratio of 52.4 % of GDP to 36.0% (BCB, 2009: 81). This result was achieved by living up to the law of fiscal responsibility from 1999 (Castro, 2009: 258-261) and at the same time assuring successful economic growth figures and a growing tax revenue. Economic growth averaged around 5 % between 2004 and 2008, while it was low in 2003 and slightly negative in 2009 (-0.1 %) due to the international economic crisis (BCB, 2010: 16). Stabilization was strongly achieved with the help of a strong export performance and falling relative external indebtedness. Thus, Brazil's export income rose from approx. 60 billion US \$ in 2002 to 197.9 billion US \$ in 2008 (BCB, 2003; BCB, 2009: 104) and the ratio between the foreign net debt and exports fell to 60 % in 2006 after having reached a record 360 % in 1999 (SECEX/MDIC, 2007: 16) when Brazil was pressed to devalue its currency and when it introduced the law of fiscal responsibility, both policies aiming at contributing to a successful stabilization of the economy.

Although many analysts believed that the stabilization policy would be inconsistent with bringing down poverty and economic inequality, reality shows us that this was not the case (Castro, 2009: 262-264). Thus, poverty fell from a 26.7 % share of the population in 2002 to 19.3 % in 2006 (Neri, 2009: 236), while the very high level of inequality was reduced as the lower income groups experienced much higher income levels than the higher income groups (ibid: 230). Similarly, the middle classes were expanded significantly. In April 2008 52 % were categorized as belonging to the middle class against 44 % in April 2004 (ibid: 232). At the same time, unemployment was reduced significantly with the help of job growth. In the period 2004-2007 around 10 million new jobs were thus created, mostly of them good jobs in the formal sector of the economy (ibid: 255), and even now Brazil has been experiencing dynamic job growth in 2010. In the first nine months of the year more than 2.2 million jobs were created and unemployment fell to 6.2 % in September (Fleischer, October 16-22, 2010) against 11 % in January 2005. Brazil's strong development figures have been helped along by good export prices for Brazilian commodities and some analysts worry about de-industrialization. However, although primary products constitute a growing share in overall exports, the industrial sector has done reasonably well since 2004 except for in the crisis year of 2009. The growth in the industrial sector thus averaged 5.1 % in the 2004-2008 period (BCB, 2010) and growth in the sector is back again in 2010. So, surely development results seem quite strong for the country as a whole and in particular for the non-elites who should be seen as the main constituents of a leftist government. Without doubt this explains the government's electoral success in 2006 and 2010.

These results are the outcome of a dynamic global context coupled with the government's own policies, we would argue. Let us look at some of the key policies. We start in the area of active state policies aimed at promoting economic activity. In this area, the Lula government has developed new strategies that show a willingness to promote development actively and strategically as well as to promote cooperation between the state and the private business sector, a policy that would be seen as outside the scope of leftism by James Petras. In 2004, the government announced a new industrial policy, PITCE, that combined industrial policy with technology and foreign trade policies. In the document describing the industrial policy strategy, it was argued that Brazil should in the short term focus particularly at reducing external constraints to Brazil's development, while it should focus on the development of key activities and technologies as well as on improved international competitiveness in the longer run. Here we see a willingness to go against passive market-oriented liberal policies with their focus on "horizontal" policies and move towards active market creating policies with strategic "vertical" policies aimed at four economic sectors deemed to be particularly important for development (Ghosh, Havlik, Ribeiro and Urban, 2009: 10; Christensen, 2010). This policy was further elaborated into more detail in 2008 when the government came with its new industrial policy, PDP that emphasized 25 key economic sectors and divided them up in three categories, sectors that are globally leading, sectors that are of strategic importance to the economy and sectors where competitiveness should be strengthened. PDP is short for policy of productive development, and productive development has clearly been a core aim for the Lula government (Christensen, 2010). For the government what has been important has mainly been to produce results in the area and to a lesser extent to do this according to some ideological leftist agenda. In other words, the government has pursued a pragmatic results-oriented strategy that would not create political polarization but instead would assure national development in which the private sector had a central role in assuring development assisted by the state.

This collaborative relationship between the Lula government and private business is evident in many areas. One area related to the government's program for growth acceleration, PAC. This program was presented during the election campaign in 2006 and particularly emphasizes the need for private investments in the logistical sector – especially in terms of transport infrastructure (Castro, 2009). The public development bank, BNDES, has contributed to this policy as well as to its internationalization at a South American level with financing to private entrepreneurs (CNI, 2007: 9-11), a policy that goes against Petras' leftist prescription but contributes to Brazilian business success and job creation. Similarly, the BNDES has been very active in financing the ship

building sector (Business Monitor Online, June 30th, 2010). This is a sector where Brazil was quite strong in the 1970s but lost ground in the 1980s and 1990s. After seeing employment in this sector being drastically reduced – to less than 2000 jobs in the 1990s – the sector is now booming and more than 40.000 new jobs have been created (Verdin, 2010). There are multiple examples of this type of active state promotion of private business investments, the main driver of Brazilian growth, and cooperative relations between the Brazilian state and the private sector. This approach surely differs from the state-business relationship in a country like Venezuela where the relationship is largely one of confrontation, a policy that is arguably more in line with Petras' prescriptions.

Job creation can be seen as the main social policy of the Lula government. Since job creation is also in the interest of the private sector given that job creation reflects a good business and investment climate, this policy can be seen as being in the general national interest. However, social progress has also been pursued with economic transfers to the poor and through a policy of increasing the real value of the minimum income. The most well-known policy instrument is called *Bolsa Familia*. Through this program more than 40 million Brazilians in a population of less than 200 million receive cash transfers aimed at assuring the poorest a minimal level of welfare on the condition that families send their children to school (Burges, 2009: 210-211). The minimum wage has been increased gradually throughout the Lula government increasing more than 30 % in the first 5 years (Christensen, 2010: 92).

The last example of the policies pursued by the Lula government to be discussed is the foreign policy of the government. Analysts disagree on how to evaluate and characterize the foreign policy. Some see it as anti-Americanist while others see it as in alignment with the United States. Some see it as highly ideological and reflecting the leftist orientation of the government, whereas others see it as balanced and pragmatic etc. According to Cristina Soreanu Pecequilo (2008: 136-137), the foreign policy combines South-South policies with North-South cooperation in a balanced way. Vigevani and Cepaluni (2007: 1313) argue that Brazil under the Lula government has changed its strategy towards a strategy of “autonomy through diversification” which they define as “*adherence to international norms and principles by means of South-South alliances*”. Without going into a detailed discussion of the debate on Brazilian foreign policy, we will limit ourselves to pointing out that, contrary to the 1990s when Brazil was focusing its foreign policy at cooperation with the North and with its partners in Mercosur, the Lula government has been particularly active in



forming alliances with other developing countries, particularly with regard to economic issue areas that are being negotiated multilaterally in international institutions such as the WTO. At the same time Brazil has sought closer relations and more collaboration with many countries in the South, but with a special emphasis on its relationships to emerging powers (Christensen, 2010). These South-South relations aim at contributing to Brazil's economic development and they are also used to promote Brazil's bargaining capacity and international influence.

Summing up, we find that the Lula government has pursued a pragmatic policy aimed at national development with a social orientation, an orientation that can be described as leftist. It is noteworthy that it has pursued its aims pragmatically and always with a view at dealing with economic development constraints and building political alliances that could bring the PT to power and thus bring it in a position from which it could implement its own agenda. As a consequence of the successful results, the PT and its alliance partners have maintained power since 2003 winning three consecutive elections. Particularly in the last two of these elections, the poorest social groups have voted massively in favor of the PT candidates thereby showing the government has been successful in addressing the concerns and interests of the poorest sectors of society. It therefore seems reasonable to argue that the PT and the Lula government are part of the "pink tide" in Latin America, pursuing their aims through a combination of liberal economic policies and orthodox stabilization policies that are quite market oriented. At the same time, these policies are combined with active industrial policies, state-private cooperation and a social agenda that aims at including the poorest sectors in the market economy. The Lula government thus represents a pragmatic left working within the liberal capitalist system and pursuing a relatively consensual political path when compared to those left-wing groups and governments that pursue more confrontational political paths as in the cases of Bolivia and Venezuela. It is important to note, however, that the Brazilian path must be understood as a response to Brazil's development characteristics as a relatively successful modernizer, whereas Bolivia and Venezuela are strongly dominated by primary production with energy being the key sector. In such a situation, nationalization and more radical leftist policies is more likely to develop than in a case of the more diversified and relatively successful Brazilian economy.

## **Conclusion**

Commentators of Lula's and Morales' governments have been criticizing that both Lula and Morales seem to have accepted the continuance of neoliberal policies at some point. The question is, then, whether the governments of Morales and, especially Lula, can be seen as leftist governments and as representatives of the Latin American 'Pink Tide'. Our aim has in this paper been to contest the notion of the 'Pink Tide', discuss the positions of especially Castañedas and Petras and evaluate the policies of the countries and their governments from a more critical point of view. If we address the developments in Bolivia and Brazil from Petras' point of view, the conclusion is that Brazil is not implementing 'true' leftist policies, whereas Bolivia is taking some of the criterias that Petras lists into consideration. The Morales government has to some extent been reducing social inequalities. The government has to a large extent been promoting popular participation and power in decision-making. The selection of key cabinet members has been in consultation with grass root movements – and to the dismay of former power holders. Bolivia's government has to some extent been reversing privatization in the manner that the government especially in the hydro businesses has been able to negotiate better contracts for the State and thereby better revenues to the State. Brazil is 'only' living up to three of Petras' conditions: reducing social inequalities, raising living standards and raising minimum wages. Again it is obvious that Bolivia has had a different strategy in recent political developments than Brazil, emphasizing a 'cultural turn' strengthening identity politics for the indigenous population to change former policies of political exclusion. One could argue that Bolivia's policies have been both pragmatic and populist at the same time while Brazil has pursued its aims of primarily reducing poverty pragmatically and thereby achieved massive support from the poorest social groups of Brazil.

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