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SciELO Social Sciences - Brasil

RePEc - Research Papers in Economics

SSRN - Social Sciences Research Network

EconLit - Journal of Economic Literature

IBSS - International Bibliography of the Social Sciences

PAIS International - CSA Public Affairs Information Service

CLASE - Citas Latinoamericanas en Ciencias Sociales y Humanidades

Latindex - Sistema regional de información en línea

HLAS - Handbook of Latin American Studies

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FOREWORD

SPECIAL ISSUE: A NEW TURN TO THE LEFT IN LATIN AMERICA?

Since 2018 Latin America has experienced a resurgence of left-wing movements. Currently with the recent victory of Yamandú Orsi in Uruguay, ten countries (Brazil, Bolivia, Chile, Colombia, Guatemala, Honduras, Nicaragua, Mexico, Uruguay, Venezuela) in the region have elected what could be arguably referred to as left wing governments. If we added the government of Alberto Fernández from 2019 to 2023 in Argentina, and the brief government of Pedro Castillo in Peru, the number would rise to twelve. This is the second ‘Pink Tide’ that Latin America has experienced since the beginning of the 2000s. In many ways, a weaker and less cohesive movement than the previous one.

The causes of the change in the political course of the region respond to a complex set of national and international factors. On the political side these include, among others, the discontent with the *modus operandi* of traditional politics that has led to their delegitimization, the loss of confidence in institutions, and the failure to tackle corruption. The lack of solid improvement in social conditions have also contributed, in no small manner, to the switch in government regimes. Latin American countries exhibit high and persistent levels of poverty (and in some countries extreme poverty); unacceptable levels in inequality in income, wealth, and in levels and access to education, which limits and frustrates expectations of social mobility and improved economic well-being. These social vulnerabilities worsened during the Pandemic.

Macroeconomic factors such as the downward trend in the long-term economic growth rate, the stagnation of productivity, the lack of productive transformation, which is accompanied by the creation of low-quality jobs are also part of

the explanation. Several of these macroeconomic trends have been associated to policy decisions, in particular, the persistence of austerity measures, in some cases even by leftist or center governments.

The current leftist governments face common challenges and do not envisage revolutionary changes in the economic and social structure of society, and even the reformist agenda tends to be moderate. They are also far away from being a coherent whole. They have marked differences and exhibit national singularities in the formation of their governments, in the forms and ways in governing (which includes autocratic forms on the one hand and ways of governing based on firmer commitments to democratic processes on the other), and in their political and economic objectives. Moreover, there is no political and ideological convergence among the leaders of this new left. Some previous alliances have been strained, in particular with the intensification of the crisis in Nicaragua and Venezuela.

The political bases of several of the new governments are not rooted in the traditional parties. Rather their political legitimacy is founded on fragile coalitions, which weakens their power and limits the scope of their political projects. A common denominator to almost all the new leftist governments is the contradictory combination between a high social sensitivity including an explicit recognition of indigenous and indigenous peoples' rights with fiscal conservatism (voluntary or inherited from the past) and generally embodied in fiscal rules that limit the scope for action, and restrict the space for economic policy.

This new turn to the left has been marked by significant setbacks and defeats, including the inability of the Chilean government to replace the Pinochet constitution in 2021-2022, the deposition of Peru's left-wing president Castillo in 2022, and the change in political orientation in Ecuador (2021) and Paraguay (2023) towards right wing governments. More recently in 2023 an ultra-market libertarian, Javier Milei, was elected president of Argentina.

The extent to which this new turn to the left, with all its national specificities and accompanying restrictions and contradictions, will represent a historical milestone and lead to a tectonic shift in the way of doing politics and economics, or whether it will merely reinforce the prevailing development model is uncertain.

This special issue of *Cuadernos de Economía* provides a country-based analysis of this New Turn towards the left in Latin America. It consists of 11 articles focusing on different dimensions of this political phenomenon. These articles allow an in-depth understanding of (i) the potential causes and consequences of the current left-wing governments (national and region wide levels); (ii) the differences and similarities between the new left-wing government experiences in different countries focusing on ideology, political support, forms of governing, economic and social objectives, and idiosyncratic features, among others; and (iii) the contradictions, challenges and obstacles that the new left-wing governments face to imple-

ment their economic, political, and social objectives and how these governments have responded.

Fander Falconí (*Latin American challenges and the transition to post-development*) explains how in exercising its power, the current Latin American left-wing governments have placed emphasis on recovering the role of the State, prioritized economic growth, activated redistributive policies, strengthened labour and social rights, and made significant investments in public education and health infrastructure. At the international level, they have demanded respect for economic sovereignty and sought to deepen Latin American integration. The article argues that only a programmatic and political revamping of the left can confront the challenges of the 21st century. In Latin America and the Caribbean, only a political movement that proposes concrete alternatives to developmentalism and extractivism, that limits the scale of productive activity in socially and culturally valuable sites, and unhesitatingly adopts an agenda of social participation, inclusion, fundamental freedoms and the Rights of Nature and women, has the capacity to consolidate social and political change.

Leonardo Vera (*Towards a progressive economic development agenda for countries endowed with natural resources: Lessons from the rise and demise of the Bolivarian Revolution*) identifies some of the new economic challenges faced by left-wing forces in Latin America, especially in countries endowed with natural resources. It also proposes set of progressive policy responses to prevent the regional Left from repeating the missteps of the policy agenda followed by the so-called Bolivarian Revolution in Venezuela. Moreover, it highlights the need to build an alternative based on what we call “progressive democratic development.” The main message of the article is that the democratic left must overcome the belief in the misleading dichotomy that society is organized either by the power of the state or by the market. The paper asserts that instead an important role must be given to civil society and presents several ideas to achieve this objective. Finally. The paper explores new formulas to manage mining and oil wealth, provide a social protection system to the growing informal sector, and to manage macroeconomic policy in a socially responsible manner.

Manuel Valencia Delgado and Juan José López Rogel (*Challenges to the left in Central America: A comparative political economy analysis based on a Structuralist-Keynesian approach*) use a Structuralist-Keynesian framework, to conduct a concise comparative political economy analysis of the growth regimes in five Central American (CA) countries. Applying the Sraffian supermultiplier Decomposition, they assess external and policy constraints, particularly within the context of “progressive governments.” Their study contributes by offering a Growth Model Analysis perspective on Central American countries nations, emphasizing the significance of consumption financed by remittances and exports in growth

dynamics. Integrating external and policy considerations, they provide a nuanced understanding of the constraints hindering the transition toward a more inclusive and stable growth regime for central American economies.

Fabián Amico (*Conflicting Claims over Income Distribution and Financial Dollarisation in Argentina*) focusses on the complex interaction between the distributional conflict, the different roles of the exchange rate and the persistent capital outflows in Argentina using long-run and political economy based. It traces the interaction of these factors to the cycle of Peronist governments (2003-2015) and posits that its complexity became more pronounced subsequently with the unsustainable increase in external debt and the attempts to restore neoliberal economic and social policies.

Luiz Carlos Bresser-Pereira (*Why left and right-wing governments fail in Latin America. With a critique of Gabriel Palma*) contends that since 2019, a new wave of left-wing governments has emerged in Latin America, but there is no reason to believe it will be successful. Since 1980, no governments either on the left or on the right have been economically successful. Quasi-stagnation – growing less than the other developing countries and less than the rich countries, falling behind – has been the rule. The article sustains that Gabriel Palma's recent paper presenting data and discussing this problem does not offer a solution and ignores other Latin American contributions on the subject including New Developmentalism. The article explains that New Developmentalism provides an explanation of why countries stagnate and how they can resume sustainable growth.

Ariel Bernardo Ibañez-Choque (*Will Bolivia be able to remain as an emblematic example of democratic socialism?*) argues that the left-wing turn and governance in Bolivia is emblematic because of its achievements in economic growth and an unprecedented reduction of poverty and inequality, but that it was interrupted by the coup of 2019. Nevertheless, in 2020 a second progressive political current has emerged following a broad social movement to recover democracy. Within this context, the research presented aims to critically reflect on the progressive experience in Bolivia and its new challenges. Using political economy categories and a heterodox framework, this article argues that maintaining a progressive approach to government requires overcoming the ongoing internal political crisis and the emerging balance of payments constraint of Bolivia.

Miguel Torres (*The Development Dilemma in Contemporary Chile: A Historical-Structural Analysis*) investigates the main aspects characterizing the development process in contemporary Chile through a structural-historical analysis. It identifies the current difficulties facing the country, framing them within a structural and cyclical context. It presents Chile's development predicament as a misalignment between economic and social dynamics and the political spheres of action. It typifies Chile's development problem with an analysis of the polit-

ical evolution over the last twenty years; the recent economic situation; a historical interpretation of social relations in Chile based on ad-hoc historiographical sources; and a set of stylized facts that describe the main trends in its development process over the past fifty years.

Jeannette Sánchez (*Progressivism in Ecuador: Socioeconomic Policies for “Buen Vivir” 2007-2017*) takes stock of progressivism in Ecuador, during the government of Rafael Correa. It assesses whether the policies its achieved will affect the long-term socioeconomic of the country. Three theoretical approaches sustain the analysis (the neo-structuralism of the Economic Commission for Latin America and the Caribbean (ECLAC) and the theory welfare state, and that of the social economy). At a methodological level the paper reviews the most important socio-economic policies in terms of their coherence with the overall political project and evaluates their results. The Correa government sought to promote an inclusive, supportive and environmentally sustainable development model. The research finds that the progress achieved in socio economic objectives was insufficient to bring about an inclusive and sustainable productive transformation, which requires long-term covenants among economic and social sectors and actors.

Noemí Levy (*Economic policy of the first government of the 4T. What's comes after?*) contends that neoliberal governments in Mexico led to a significant decline in economic growth and well-being. From the time they took power they faced popular opposition. It was not until 2018 that the balance of power shifted, when Manuel López Obrador, an opponent of neoliberalism assumed the presidency of the country. Unlike other Latin American governments, the Mexican strategy was sought to include the popular sectors in the domestic market, without destabilizing the economy, while maintaining the balances of the external and fiscal sectors. This paper argues that, although the economic and social policy has been effective, it requires adjustments to achieve its objectives. It is essential to accelerate growth through reindustrialization, strengthening national industry, and foreign investment is needed to transfer technology while preserving financial stability, accompanied by redistributive policies. Eventually, tax reform will be crucial to ensure the continuity of equitable growth.

Germán Bidegain, Martín Freigedo and Cristina Zurbriggen (*The stability of change: State and public policies during leftist administrations in Uruguay, 2005-2020*) examine the 15-year trajectory of Uruguay's leftist administrations, focusing on the influence of the *Frente Amplio* (FA) on public policy and state configuration. It scrutinizes the challenges of and progress in state strengthening and policy shaping through three thematic blocks. The conclusion reflects on the enduring impacts of the transformative phase, marked by heightened state influence on public policy, economics, and social affairs. It showcases the feasibility of pursuing a redistributive agenda while upholding stability and resilience in the 21st-century Uruguayan state apparatus.

Fernando Lorenzo (*Economic Policy and Structural Reforms in Uruguayan Left-wing Administrations*) analyzes the experience of 15 years of government of Uruguay's left-wing coalition the *Frente Amplio*, drawing lessons about the key factors that explain why it was possible to advance towards such a deep process of transformation of public policies. The presentation combines political arguments with considerations related to the specific, economic, social, and institutional conditions within which this experience took place. The narrative aims to illustrate how policymakers' strategies have reconciled macroeconomic stability with the implementation of structural reforms in multiple fields of the economy and society.

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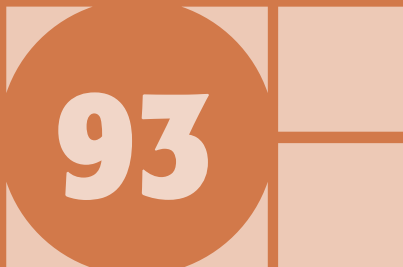
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