

# **TRANSITION TO MARKET ECONOMY OR NEW STATE-SOCIETY RELATIONS IN LATIN AMERICA**

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This paper has drawn on the report "From the adjustment policies to the new relations between the State and Society" elaborated by the author with Malva Espinosa for the Independent Population and Quality of Life Commission, Paris.

## **PRESENTATION**

This article argues that it is not possible to characterize the current transformations as a "transition to market economy". It tries to place the discussion about structural adjustment policies and their effects in Latin America in a broader analytical frame. This means to emphasize how the structural, political and cultural transformations of the last decades have affected the forms of collective action and configure new challenges for social and political actors to ensure stable conditions of governability and development.

Based on other works we conceptualize this process as the change of socio-political matrix that redefines the relations between the State, the representation system and the social actors. This process accounts for a transition much broader than the passage from one kind of political regime to another, or from one economic model to another, configuring a net of new relations in the political, economic, cultural and social sphere.

## **STRUCTURAL ADJUSTMENTS: PROGRESSES AND LIMITS**

What is happening in recent years in Latin America is not the transition to a market economy as neo-liberals would like, but a complex change in the mode of development due to the process of globalization, the crisis of previous model and the need of reinsertion of national economies in the worldwide economic system. We are not witnessing the emergence of what has been called a "market society", nor even a coherent new mode of development, but rather a situation of rupture and tentative reorientations.

This rupture has been partially marked by structural adjustment policies

essayed in various Latin American countries from the mid-eighties (Chile, Mexico, Colombia, Argentina, Bolivia and Peru, among others). These adjustments were mainly oriented to control inflation, to reduce public expenses, to eliminate tariffs and to privatize public enterprises and services. But in fact they were accompanied by a long term vision that have had important effects in the re-definition of the State's role and in the disarticulation of the way in which social demands and the intervention of social actors in the modification of their living conditions are processed<sup>1</sup>.

It is possible right away to differentiate what can be considered the "objective necessity" of the adjustments, on one side, from long-term socio-economic proposals that tended to preside them, turning a momentary policy into an ideological and political model, generically called neo-liberalism, on the other side.

The "objective necessity" consisted in adequating public spending to the capabilities of national economy and to the new productive and economic context. This one was generated both by the technological transformations and the globalization or transnationalization of the market.

The so-called "neo-liberal structural adjustments" in turn, consisted of: a) the transfer of economic initiative to the private sector that increases in autonomy and decisional power over the growth orientation; b) the change of the State's protectionist policies towards the entrepreneur sectors as well as towards salaried people, leaving an important proportion of the latter in a vulnerable situation for the satisfaction of its basic needs and massifying the sectors excluded of the market; c) the expansion of market mechanisms, considered as the only legitimate ones, towards a great variety of fields of social life; d) the weakening of the State in its integrative, distributive and regulative functions, and its reduction, regardless of its initial strengthening in the definition of macro-economic policies, understood as a positive frame for the development of private sector.

The adjustment made under neo-liberal orientation has uncovered two dimensions of contradicting effects. On one side, the efficacy of the measures confronting the crisis and in some cases achieving stability and growth<sup>2</sup>. On the other, the lack of equally efficacious solutions to palliate the social effects generated and to ensure the productive, social, environmental and political sustainability of development.

In this sense, we can affirm that there is an accumulated experience that allows to critically view the voids and disarticulations that structural adjustment has

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1 One of the most complete studies is to be found in W. Smith, C. Acuña and Eduardo Gamarra, eds. *Latin American political economy in the age of neo-liberal reform*; and *Democracy, markets and structural reform in Latin American* (Transaction Publishers, 1994)

2 Not in all countries have the adjustment measures brought quick growth indexes. In the Bolivian case for instance, the macro-economic indexes have been stabilized but the economic reconversion and the increase of imports has shown a much lower performance than other economies under adjustment.

left behind in the social and political areas, having the capacity of the social actors been extremely limited. It is enough to look at the weakening of historical actors such as unions, and the virtual disappearance of the so-called new social movements that enjoyed visibility during the sixties and that were supposedly the carriers of the emergent general demands relative to Human Rights, environment, women and gender relationships, generational categories, diversity and ethnic rights, regionalization, etc<sup>3</sup>.

The perception of inevitability of the adjustment for stabilization and growth, have been dominant in the Latin American and international debate. It appears as if this had hidden the negative effects upon the population. In this way, the current challenge is to make a "social adjustment" to the economic adjustment already done, re-establishing the macro-social and environmental balance. This should be useful to those countries that sooner or later will go through similar processes. More profoundly, it deals with rethinking the new relationships between democracy, integration and social equity and development, marked until now by simplistic views and mechanicist determinisms.

There is an increasing consensus among the Latin American political class, as well as among the technical cadres and no less the entrepreneurs, on the necessity of having done (or doing it now if it still hasn't been done) the structural adjustment, given the conditions in which world economy develops with open and competitive markets. It can also be affirmed that this is a base from which the countries of the region are able to confront the upcoming tasks of development. It can be said too that there is consensus in the negative evaluation of the social dimension (increasing poverty, lack of equity and equality, high social costs, national distintegration), political dimension (loss of the State's action capacity, disarticulation of the already precarious presentation systems), and cultural dimension (disarticulation of identities, way of life and everyday interaction). In other words, if the separation of economy and politics was a necessary step, the adequate regulation of economy by politics and the re-articulation between them has not yet happened and is still dramatically pending.

Indeed there is no consensus equivalent to the former on how to palliate the social costs of the adjustment, or how to do it in such a way that the social isn't divorced from the necessity of economic reform. Thus the strategies against poverty or, more generally speaking, the strategies of development with equity to correct the perverse effects of exclusion and deterioration of the living conditions of broad layers of the population, face unresolved key decisions for the future of Latin American societies.

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3 M. A. Garretón, *Social movements and process of democratization. A conceptual framework* (FLACSO, Working Paper, movements in Latin America (Westview Press, 1992)

Almost a decade after the start of structural adjustment in Chile made under Pinochet's dictatorship and after several years in the countries that incorporated to this process (Bolivia, Mexico, Colombia among others) the diagnoses on the social situation inform of the incapacity of the neo-liberal formula to confront poverty and in general to assist the most vulnerable population vis-à-vis market mechanisms in the satisfaction of their basic needs.

The creators of this formula assured that the growth of economy would automatically generate the necessary resources to rise the living level of the population. The idea of subsidiary State, that prevailed during the first phase of the adjustment, had as a corollary the assistential policies that during the acutest moments of the adjustment were social control mechanisms (for example, the Minimum Employment Programs to palliate the high unemployment indexes) facing the more marginal sectors. Therefore in cases such as the Chilean, authoritarianism introduced substantive changes in the State's institutionality to carry the social policies on<sup>4</sup>.

Assistentialism also generated a cultural change in the vision from the State and society of the poor. These transformed from the "subjects" of social policies (with mechanisms for processing their demands and in some cases with participation mechanisms) into the "beneficiaries" of focalized policies.

Analyses of compared social policies in various Latin American countries show that public social spending in the Region suffered a radical drop during the adjustment. Particularly in health and education between 1980 and 1987, which dropped from 14.9% of public spending to 13.69%, some countries as for instance Mexico, showing a reduction from 16.42% to 9.79%<sup>5</sup>. It is true, on the other hand that during the first years of the nineties several countries (Chile, Argentina, Bolivia, México, Uruguay Venezuela) reverted the tendency of the eighties and reduced the indicators of poverty, specially thanks to growth, decreasing inflation, and rapid increasing of employment and wages, in some cases minimum wages. But this improvement is only an step in the recuperation of the losses of the past decade, and inequality (except Uruguay) and the percentage of poor households affected are higher than there was at the end of the seventies<sup>6</sup>.

4 A critical view on social institutionality associated to the neo-liberal formula in Chile, underlined that the privatization of social services (education, health, prevision) in addition to the assistential philosophy, generated stable and permanent conditions of dualization of society between those who could access the market mechanisms and those who necessarily had to be "assisted" by the State. See Pilar Vergara, *Market economy, social welfare and structural reform in Latin America* (in Smith, Acuña and Gamarra, eds. op. cit.)

5 See Mario dos Santos *Estrategias de gobernabilidad en la crisis* (Comparative inform on the RLA 90/011 Project, PNUD-UNESCO-CLACSO, June 1994). The countries included in the study were: Argentina, Bolivia, Chile, Costa Rica, Ecuador and Uruguay.

6 During the period 1990-1993 Chile, Uruguay, Argentina, Costa Rica and Brasil formed the group of countries with the higher social expenditures, reaching more than 10 points of Internal Product. But the increasing of per capita social expenditure did not mean its progressivity. In fact, social security that was very

For the region at large, compensatory policies have been imposing as the privileged policy of the governments, preventing a re-structuration of social policy in an integrated way.

Thus, criticism of the State inefficiency of the Welfare States gave way to the focalization on the so-called vulnerable groups, as is demonstrated for example in the proliferation of Emergency Funds stimulated by international cooperation<sup>7</sup>. The current tendency in the countries of the continent is to give to focalized policies a character of stable policies that gradually replace the traditional State social institutionality. This hides the need of an integral reform of the State to allow a better combination of the emergent necessities (accumulated poverty and vulnerable groups) with a long-term view in which the so-called “hard” goals of social policies are warranted (for example a better income distribution, health, education, social security, housing). Such goals aren’t generally the main objective of Emergency Funds.

So an important challenge in this period, that some authors call “post neo-liberalism”, is to achieve a recuperation of the efficacy and legitimacy of the State in redistributive policies of a structural character. This would mean the assignment of resources for social expenditure via the traditional institutionality (for example the Education, Health, Labour, Housing Ministries) which should be modernized, technified, decentralized and flexibilized, and at the same time coordinate the new derived institutionality (the Funds for example) that presents certain advantages vis-à-vis the traditional structures.

The new focalized entities have a greater visibility before the target groups; they have greater flexibility in the procedures; have a better reach to intermediate organisms and non governmental organisms and can generate new participation mechanisms among the so-called beneficiaries. At the same time, the Funds policy can carry along the dangers of creating new clients, duplicating State efforts or simply, given the lesser controls they are subject to, propitiate open or disguised corruption cases<sup>8</sup>.

The coordination of structural policies with focalized ones is still far from reaching a more effective crystallization, given the resistances that entrepreneur sectors and the political Right manifest about the theme of State reform and about the

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important in this growth of public expenditure proved to be regressive. With some exception, only public health and basic education proved to focalize towards the poorer. See CEPAL, *Panorama social de América Latina*. (November 1994)

7 The study *Estrategias de gobernabilidad...* op. cit. underlines that since 1987 the Emergency Funds turned into an instrument that has been replacing the traditional statal institutionality. In this way were created: the Emergency Social Fund in Bolivia (1987); The Fund for Solidarity and Social Investment in Chile (1990); Ecuador had 14 special funds between 1978 and 1989; the Social Investment Funds in Guatemala, Honduras and Nicaragua; the National Solidarity Program in Mexico; the Social Compensation Program in Peru and many other countries.

8 M. Dos Santos, art. cit.

danger of increasing public spending, and the resistance to accept greater tax charges. This creates the paradox of demanding social responsibilities from the State without adequate financing means which redounds in a criticism of its weight and inefficiency<sup>9</sup>.

Thus, the central problem to be discussed nowadays is neither the necessity of an adjustment nor the need of separating economics from politics, nor the creation of more free or autonomous markets. All this have been done or will be done in the next future. The real question is how to avoid or correct the negative effects<sup>10</sup> and how to establish a new relation between economy, State and society, that allow to generate a social and political control on the economy without affecting its dynamism and relative autonomy.

This means that the problems derived from past or future adjustments along with the general question of transition to new economic model of development cannot be faced without re-thinking them in terms of the new Latin American context or “problematique” of the end of the century.

## THE NEW LATIN AMERICAN PROBLEMATIQUE

The idea of development in Latin American was always associated to the idea of social and national integration. Therefore, the State as moment of unity played a central role, both in its functions as resource assigner (through redistributive social policies) as well as in its function as articulator of social demands. This had two consequences. On one hand, the subordination of the social to the political, expressed in a strengthening of the mobilizing dimension of political actors vis-à-vis their representative dimension. On the other, the strengthening of collective action in the processing of social demands, as long as it had an organizational basis and was politically oriented. Remember for instance the policy of promotion of social organizations during the sixties in Chile, or the strong positions enjoyed by Unionism in Argentina, Mexico, Brazil and populist States in general, in the negotiation of integration mechanisms.

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9 The Chilean case, in the democratic moment (1990–1994), is illustrative of positions that at least reveal a preoccupation for the long-term. To revert the assistentialist wave that prevailed under the authoritarian regime, actions have been taken that pretend to create better equity conditions, and that necessarily run through a combination of structural policies and focalized policies on emergent group. Thus, social policy has been oriented to achieving an important increase in public spending, and on another hand, to the creation of specific State agency as the Solidarity and Social Investment Fund, the National Women’s Secretariat, the National Youth Institute and other local and communal development entities, in addition to a Ministry mainly dedicated to the theme of poverty as the Ministry of Planning and Cooperation.

10 Regarding this, a comprehensive critical view underlines that the adjustment formula applied contained orientations that had direct incidence in the negative factors and that there could have been or still can be an adjustment “with a human face” that considers the human dimensions. See Giovanni Andrea Cronia, Richard Jolly and Frances Stewart, comp., *Adjustment with a human face* (UNICEF, 1987)

Today, this landscape is virtually modified and the Latin American versions of Welfare States (certainly incomplete and inefficacious) haven't been replaced by modern State forms that permit solving the challenges of democratic deepening in the political, of increasing social and economic integration, much less the war against poverty and exclusion first increased by the crisis and then by the adjustment<sup>11</sup>.

The governments, or in more general terms, the democracies of the region must face two themes not sufficiently discussed, the consensus around them being therefore weak, not to say non-existent. Firstly, which should be the role of the State in its relationship with society and how to face its reform or modernization where the vision of size has dominated over the questions of function?<sup>12</sup> Second, what kind of modernization is associated to the what we call the emergent matrix, debate in which a pragmatic and restricted idea of "growth" has dominated over the vision of a coherent development model and over an alternative and creative paradigm of modernity?

This forces to reformulate the end of the century Latin American "problematic" in terms of four processes, interrelated but relatively autonomous as to their dynamics: the democratic construction, the redefinition of the development and international insertion pattern, the social integration, and the redefinition of the modernity model<sup>13</sup>.

The first of them is the construction of political democracy. The transitions from military dictatorships or authoritarian regimes to democratic regimes were the fundamental political processes in the eighties. They dealt with establishing a basic nucleus of democratic institutions to solve the problems proper to all political regimes: by whom and how a society is governed; the relations between the people and the State; and the channeling of conflicts and social demands. All of that in replacement of properly dictatorial mechanisms and institutions.

In general, what is central to these processes has already been done in the sense of formally ending authoritarian or military regimes, and even though a new wave of authoritarian regimes or military dictatorships doesn't seem generally pro-

11 The analyses made of the effects of adjustment in the majority of countries where it has been done, show that they generated an increase in social inequalities linked to the drop of medium and minimum wages. This translated into an increase of poverty, reverting the tendency of the three post-war decades. The urban poor are today more numerous than the rural and the worsening of living conditions in the cities is greater than in the countryside. See Alvaro Díaz, *Tendencias de la reestructuración económica y social en Latinoamérica* (1993. Paper presented at the Conference "Rethinking development theories", Institute of Latin American Studies, University of North Carolina, USA).

12 See Manuel Antonio Garretón and Malva Espinosa *¿Reforma del Estado o cambios en la matriz sociopolítica?*, Perfiles Latinoamericanos, No 1, 1992, FLACSO-Mexico.

13 In the description of these four processes I draw on my article *Democratización, desarrollo, modernidad. ¿Nuevas dimensiones del análisis social?* (In M. A. Garretón and O. Mella, eds. "Dimensiones actiales de la Sociología" Bravo y Allende eds. Santiago, 1995).

bable, all transitions originated incomplete democracies with an important presence of institutional and actoral authoritarian enclaves and unresolved ethical stigmas (the violation of Human Rights under the dictatorship). Also in some cases they led to partial regressions. In others to unstable formulas in which a democratic regime does not consolidate or drags successive political crises.

But however important the remaining problems of transition and consolidation are, the main challenges of democracy in the region can be better defined today in terms of the deepening, relevance and quality of the democratic regimes, which superposes in many cases to the mentioned transition and consolidation aspects still pending.

Democratic deepening refers to the extension of some mechanisms, and above all of the ethical principles of the democratic regime, to other dimensions of social life.

Relevance refers to that whatever a democratic regime must resolve (government, citizenship and institutionalization of conflicts and demands) be resolved through the regime and not outside of it. We speak of the irrelevance of democracy when it formally exists as a regime but de facto ("real") powers from inside or out of society predominate<sup>14</sup>.

The quality of democracy is related to the phenomenon of citizenship expansion, to which we will refer further on. This is, to the problems of participation, representation and citizen satisfaction with the processes decision-making at local, regional and centralized levels.

It is in the regime's deepening, relevance and quality that the democratic destiny of Latin American societies is at stake. In the end, these phenomena will be the ones to define the stability of the regimes and the possibilities of new waves of authoritarianism.

The second process is social democratization, which does not confuse with political democracy and which in our continent was the founding ethical principle of the latter.

Three different matters are at stake here. On one side, the problem of exclusion and social cohesion. On another, the phenomenon of expansion of citizenship. Finally, the theme of participation.

In relation to the problems of exclusion and cohesion or social integration, they tend today to be redefined in terms of the first. In fact, exclusion/integration, fragmentation/cohesion, have constituted problems not only important but the foundation of the nationalities, identities, and stateness principles of Latin American societies. Either in the body of ideas of the colonization or of the moder-

14 This is partly described by O'Donnell when referring to "delegative democracy". See G. O'Donnell *Delegative democracy?*, Kellogg Institute Working Paper, N# 172, 1992.



nization and development processes in this century, the ethos of integration was always contradicted by the practice of exclusion<sup>15</sup>. What seems new today is that this exclusion and fragmentation of society ceases to express itself in terms of class or a determined social category that generates actors in conflict for their integration, as was the characteristic of industrialization or modernization and agrarian reform. The line of exclusion penetrates all social categories and sectors that generated identities and collective actions (entrepreneurs, workers, rural, urban, women, ethnic groups) and divides all of them between “insiders” and “outsiders”. In this way, the excluded, that in some cases reach more than half the population, emerge as an internally fragmented mass, without referential ideologies or organizational resources to allow them to become actors confronted in conflict with other actors. They simply seem to be superfluous. The central problem is whether the current development models can resist the integration of these sectors or if they are condemned to the permanent elitization and subordinate incorporation of small groups in each of these social categories. All at a time when the revolutionary ideologies or pressures that some how forced more inclusive developments have disappeared.

On another side, social democratization today acquires a different character from the one Mannheim called “fundamental democratization” and that was also described by Germani for certain countries through what he called the passage from restricted democracy to extended or massive democracy. Today social democratization deals with the phenomenon of expansion of citizenship through the transformation of the concept of polis. If we understand citizenship as the recognition of rights confronting a power, power today is no longer exclusively referred to a territorial polis or only one dimension of it. The globalization of massive communications, the gender relationships, the accumulation of knowledge, the contamination of environment, the security of everyday life specially in the cities, the transparency of politics against corruption, the conflict of generation, social identities at different levels and self-determination, to cite only some dimensions that have been called “emergent issues”<sup>16</sup>, all redefine what can be mentioned as “quality of life”. But specially they define new forms of power and therefore fields of citizenship no longer reducible to Marshall’s trilogy. People want to be citizens not only by having civil, socio-economic or political rights.

Social democratization is also associated to the theme of participation. In part, this theme sends back to the problem of local democracy and the reformulation of the role of politics. But what we want to underline here is that participation was classically defined, in social terms, in our societies as incorporation, integration, inclusion. In other words, participation was conceived, socially, as “access to”, and,

15 F. Weffort, *A America Latina errada*. (Sao Paulo CEDEC, 1990).

16 CEPAL, *Panorama social de América Latin*. Noviembre 1994.

politically, as mass mobilization. Today, in social terms the egalitarian or integrative ethos cannot be identified with access, because it deals with a demand that defines equality of opportunity in terms of the quality with diversified contents of the different goods and services. There is no field where this is more evident as in education. At the same time, equity defined in terms of equal quality but with diverse content according to the demand, challenges both market and self-regulation policies in diverse areas of society, and makes the work of the State and public policies more complex. Politically, participation is redefined nowadays more in terms of representation, thus questioning the traditional forms of social organization and politics based on mobilization.

In relation to the third process, the development and international insertion process, we are before a demolishing myth: Latin American societies, particularly some countries, would have resolved through the implantation of an open market economy the ancient problem of its economic model, substituting in this way the statist and closed economy that supposedly prevailed during great part of this century. In the euphoria of the change of models towards the market, competitiveness and open economy, the adjustment processes have played a significant role. Independently from the political conditions under which those adjustments were done, we have indicated that it is evident they partially resolved a short-term economic problem and also contributed in relation to a longer-term matter, which is the necessary greater separation of the economy from politics. But in general, those adjustments tended to confuse with a development model of longer reach and, with practically no exceptions, meant an increase of poverty and above all social inequalities. The myth consists in believing that a development model can be reduced to an accumulation model and that the insertion of a country can be reduced to a question of markets or economic exchange. In this sense, CEPAL has aptly posed the depth of the problem in referring to the issues of productive transformation, equity, sustainability and cultural identity<sup>17</sup>.

The fourth process we need to refer to is what we could call the dispute around the modernity model. We will understand as modernity the way in which a society constitutes its subjects. Modernity is the affirmation of subjects, individual or collective, builders of their history. The particular form of Latin American modernity around the national popular matrix is in crisis, and facing it the simple copy of the modernity model identified to the specific modernization processes of developed countries arises as proposal, with a special emphasis on the North American model. Neo-liberalism and the so-called “new authoritarianisms”, basically military, identified their historical project with “modernity”. The transitions of

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17 CEPAL, *Equidad y Transformación productiva. Un enfoque integrado*. Santiago, 1992.

the last years rectified its political dimension giving it a democratic seal. At a moment when modernity identified solely to its rationalist-instrumental dimension is in crisis all over the world, in Latin America it seems being just discovered, resembling kids with new toys. But, only few people have access to the toys.

Opposing this, also primitively and one-sidedly, is the vision of a Latin American modernity identified with a social root that is racial mixture (*mestizaje*), and with a particular subject which is the Catholic Church<sup>18</sup>. The constitutive moment of this identity would in some way be the initial evangelization of the continent, with its current equivalent in the pontificate of John Paul II. If the positive face of the church showed when it placed in the center of socio-political and economic preoccupations “the preferential option for the poor” and in some countries the issue of Human Rights against dictatorships, the most obscure face seems to show precisely in the cultural field, where its opposition to the modernity model considered materialistic brings it to oppose the necessary processes of secularization, approaching old integrisms and new fundamentalisms.

Both extremes define modernity and its alternative once and for all, either from the externality of the subject or from a transcendent essentiality. Both visions are a-historical and therefore cannot account for the syncretism, hybridization or tearings of the Latin American forms of everyday interaction that combine, sometimes confusedly sometimes creatively, the ration-scientific source, the expressive-communicative source, and collective historical memory<sup>19</sup>.

As I have pointed out in other works, globalization today means passing from a basically geo-political world to a basically geo-economic and above all geo-cultural one. Today, space is and power are less defined in terms of territory or in military terms. The market doesn't arrive to become the space to fully replace them, nor does the possession of the production means determine power exclusively. All these elements count and are important in the same degree that we are assisting to a diversification of social dimensions. But in this diversification, space is more and more communication space are models of creativity, innovation, knowledge. If this is so, geo-cultural space in the XXIst century will be dominated by whoever proposes a model of creativity, or modernity, that combines at the same time scientific-technological rationality, expressive-communicative rationality and historical memory. And those who can't manage to combine these three elements will lose.

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18 The work of Pedro Morandé is expressive of this tendency. The best known of them is *Cultura y Modernización en América latina* (Cuadernos del Instituto de Sociología. Universidad Católica de Chile. Santiago, 1984).

19 N. García Canclini, *Culturas híbridas. Estrategias para entrar y salir de la modernidad*. (Grijalbo, México 1989). M. A. Garretón, *La faz sumergida del iceberg. Estudios sobre transformación cultural*. (CESOC, Santiago, 1994).

## THE NEW RELATIONS BETWEEN THE STATE AND SOCIETY

If we want to account for these four processes from a more general perspective through a concept, we would say that we are in situations of disarticulation and recomposition situations of the Latin American socio-political matrix<sup>20</sup>. We have said that this is the relation between the State, the representation system and the socio-economic basis of social actors, institutionally mediated by the political regime. The fundamental idea is that we would be passing from a classical, political-ly or State centered, national popular or whatever called matrix, characterized by the fusion of its components, into another form of constitution of society and its subjects and actors. In our opinion, the positive sings of economic growth or political maturity in some places, as well as the spectacularity of the negative sings of the continent's current situation, expressed in the profound social decompositions as well as in the social explosions and the phenomena of political violence or de-politization according to the case, all of it has basically to do with this disarticulation and change of socio-political matrix.

This transformation can follow diverse alternative possibilities, such as permanent decomposition, the simple recomposition (rather inviable) of the classical matrix, the superposition in diverse dimensions of society of classical and emergent forms, and the emergence of a matrix characterized by the triple strengthening, autonomy and complementarity between its components mediated by the democratic political regime.

It isn't clear which one of these hypotheses of possibility will prevail, and the truth is that the current landscape in the matter is contradictory. In turn, the re-articulation of the socio-political matrix in terms of the hypothesis of autonomy, strengthening and complementarity of its components, implies four dimensions irreducible to one another<sup>21</sup>.

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20 I have developed the concept socio-political matrix from the beginning of the eighties, with the metaphor of "backbone of society". Formulations follow such as "matrix constituent of social actors" in *Dictadura y Represión* (Ediciones FLACSO, Santiago, 1984), and "socio-political matrix", among others in: *Reconstruir la Política* (Editorial Andante, Santiago, 1987). *Política, Cultura y sociedad en la Transición Democrática* (Nueva Sociedad N° 114, Caracas, July–August 1991), *Transformaciones socio-políticas en América Latina* (in M. A. Garretón ed., "Parties and political transformation in latin America", Ediciones FLACSO, Santiago, 1993), and in M. A. Garretón and Malva Espinosa *¿Reforma del Estado o cambios en la matriz socio-política?* (Perfiles Latinoamericanos N° 1, FLACSO Mexico, 1992). The concept has also been used later in research shared with Marcelo Cavarozzi, even if we give to it different meanings, as a contribution to the understanding of the more profound historical tendencies of change in Latin America.

21 In the description of the four dimensions of the change of socio-political matrix in the hypothesis of the strengthening of its components, I draw on my article *Redefinición de gobernabilidad y cambio político*. (In *Síntesis, Revista de Ciencias Sociales Iberoamericanas* No 22, Madrid, Julio-Ciciembre 1994. (Mimeo, Santiago, Septiembre 1994).

The first is the reform of the State. The reaffirmation and strengthening of the “stateness” principle implies the reform of the State, and not only its modernization, reduction or aggregation. The State has diverse functions to which diverse transformation principles correspond. The reform or transformation of the State must as well, be placed in the alluded perspective of building a socio-political matrix characterized by the strengthening, autonomy and complementarity of its components.

The State reform cannot be limited to a dogmatic issue of size and extension: the principles and functions that make the size of the State a relative variable must be considered. It is necessary to walk away from the tradition that solved problems adding new departments and agencies to the State without altering them, as well as from the neo-liberal argument that the magical solution to all problems lies in reducing the State’s apparatus. This could mean that in certain areas, such as justice or redistribution, beyond the necessary reforms of the existing structures, an increase of human, institutional, administrative and bureaucratic resources should be considered. This is, an increase in the size of the State apparatus. Inversely, one should think of the reduction of this apparatus in certain economic functions of the State and above all in some of its military functions. In general terms, regarding size, the functions relative to wealth redistribution and integration should follow a pattern opposed to the one of coercitive functions.

To reinforce the State principle or “stateness”, it is necessary to make a clear distinction between what constitutes State policy and what constitutes government policy. The first is to be found mainly in consensus, while the second follows the majority principle. New problems, such as those related to Human Rights, environment and particularly with the exclusion produced by poverty, should be included in a national State policy.

Reform of the State doesn’t mean uniformity of transformation in all areas of the State’s action. In some of them, like justice, a profound reform that affects norms and personnel is needed. In others, the reform is mainly directed to modernization, to a lighter bureaucracy, to de-centralization and re-training of State employees. Finally, there are some new matters that the State will have to treat with executive capacity sometimes, and other times only with regulating capacity. This will require new structures (environment, innovation) or new regulations (communication, information technology), or even a re-structuration of existing agencies with new responsibilities (culture, education), maybe more related with regulation, orientation and evaluation than with administration.

We have already pointed out that the terms in which the access of individuals as well as of society to the State is understood, have changed. Regarding the State’s services, even for the most marginal sectors it doesn’t only deal with coverage or the

access to services: the issue today is the quality of the service or good. This means that quality has become a condition of equity and that we can no longer separate these two aspects. This observation doesn't only concern housing and health, but also and specially education and justice.

Regarding the State's decisions, always leaning on the principles of autonomy of the State and "stateness", the institutional participation of individuals and society at the central and decentralized levels forces to introduce principles of direct democracy for some matters and, in other cases, to reform the State's structure in a way that allows the presence of non-corporative representativity in commissions or national councils in various fields of the State's action.

The second dimension is representativity. The strengthening of the representation system has at least two aspects. One has to do with de-centralization and the strengthening of democratic local and regional spaces and collective authorities. The other aspect, to which we want to refer to in extent, alludes to the parties and the political class.

In the old socio-political matrix, the triple function of a party system – representation, project and recruiting of leading cadres or political elite– was fused in "catch all" or "vanguardist" parties. The parties oscillated between ideologism and their lack of identity, between irrelevance and excessive interference in society, between absorption or destruction of the other and transaction without project.

But beyond the crisis of old party forms, the very idea of party is in crisis all over as the concept of representation, as we will see, tends to be redefined. It is in this adverse context that strong party systems must be built.

A strong party system is the necessary counterpart of a strong State. That means inclusiveness of the spectrum, internal democracy, negotiation and concerted action, capacity to form large coalitions and to establish channels with society to ensure that the new themes, conflicts and social cleavages get to be expressed. It is in all this that the representativity of the party system consists.

In turn, the possibility of forming majoritarian government coalitions in multiparty systems implies at the same time institutional changes in the government system. This defies the existing presidential system, outrageously strong in Latin American countries, and suggests the need of introducing certain elements of the parliamentary system. Not only from the point of view of responsibility as has been widely sustained, but also from the one of the constitution of majorities and reinforcement of the parties<sup>22</sup>.

The third dimension refers to the autonomy and reinforcement of civil socie-

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22 S. Haggard & R. Kaufman, *Democratic institutions, economic policy and performance in Latin America*. (En C. Bradford, ed., *Redefining the State in latin America*, OECD, Paris 1994); J. Linz & A. Valenzuela, eds. *The failure of presidential democracy. Latin America*. (Johns hoptins, 1994).

ty and social actors. This has two dimensions. On one side, the separation of economy and politics. In this matter today the risks are no longer the politicism of order days, but economicism and the myth of self-regulation that reproduces the power relations of the market.

On another side, the strengthening of social actors. The reinforcement of the principles of “stateness” and “representativity” means a transformation in politics, and requires at the same time that civil society –the social actors that are autonomous in relation to the state and the party system– grow in strength and density. The growth, diversification and strengthening of social actors implies an increase in the participation levels, which shouldn’t be limited to a symbolic dimension but should also be directed to the effective solution of problems, which again poses the issue of the de-centralization of the State’s power.

Nowadays we seem to assist to the general weakening of collective action and social movements.

The classical socio-political matrix was characterized by a type of collective action centered on political objectives and thus on the State, as well as by a type of a social movement founded on principles of development, modernization, nationalism, populism and social integration<sup>23</sup>. The expression of such action was paradigmatically constituted by the worker’s movement, to which other movements allied at least in ideological terms. The military regimes and various authoritarian regimes, as well as the economic crisis of recent decades, finally ended with this form of action.

Now that the classical matrix is disarticulated and the transitions that unified the social movements in the democratic struggle have ended their rising cycle, the unifying principle of social action has disappeared. The principles and orientations of the action (liberties, equalities, identities, national independence, self-realization of expansion of the subjectivity, social belonging and interactions) and the actor if there are, diversify and often enter in contradiction with one another. In fact, all principles seem to have diversified, sometimes even in mutual contradiction, and are now expressed through totally different actors. On another hand, social mobilization and organization seem to be replaced by public opinion, measured in polles closely related to the media, sporadic group pressures and individual claims. All that is blended with the remains of the old matrix, given to social action when it exists a very ambivalent meaning as it is showed in the Chiapas movement in Mexico since 1994.

But the constitution of social actors faces a problem even more serious than the diversification of the action and struggle principles and unifying themes. It is

23 A. Touraine, *La parole et le sang. Politique et société en Amérique Latine* (Editions Odille Jacob, Paris, 1989).

social exclusion. We have already indicated that all the social categories are currently experimenting the fracture between insiders and excluded, as well as the conflict among the included in relation to the models of modernity. The first defines not a conflict, but an exclusion. The second defines a conflict where the subordinate actors are very weak and in a strong risk of exclusion at any time. In these situations, there are no actors organized upon a regular basis. What we find instead are sporadic manifestations and a fragmented and defensive action.

The problem now is to rethink the configuration of actors<sup>24</sup>. No social and political actor is capable of constituting a general field of action or articulating the various principles of action that emerge in the modernization and social democratization processes. From there stems the paradox of State action. One can't expect the State to be a unifying agent for the life of society and the diversity of its actors, but the State's intervention is vital to generate spaces and institutions in which the actors can autonomously act. If the State and in some cases the political parties don't assume that task, the absence or weakening of actors and the representation crisis can last indefinitely.

The fourth dimension in the recomposition of the socio-political matrix refers to the strengthening of the democratic regime and politics.

We have indicated above that the democratic issue no longer seems to present itself as part of the authoritarianism/democracy cycle that characterized great part of this century in Latin America, but as part of the change of the epoch. On another side, democracy is no longer asked for what it cannot bear as a regime and corresponds to other spheres of society. This is, it is accepted as what it is, a particular dimension of society and not as a totality or global form of organization of society. But precisely in terms of regime more is demanded from it. Today, democracies are demanded for their representative dimension, but at a moment in which this very idea is questioned by the deep transformations in the nature of what should be represented in the political sphere.

All of that indicates it is not enough with the installation and reproduction of traditional institutions, however strictly indispensable this is. The enormous difficulty in our countries for institutional invention is highly notorious in this matter. This is, to imagine and create new institutions to face the two great problems that will threaten democracies in the future: the irrelevance of institutions before the national and transnational *de facto* ("real") powers and the incapacity to account for the

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24 On this theme of the new social configurations one example should be enough. The main forms of employment in this economic re-structuration privilege the precarious forms of employment (subcontracts, temporality, part time work, "maquila", volume production, work at home and others) that create working populations that can't be assisted by the traditional union forms. Not only because of the dispersion and heterogeneity, but also because of cultural changes in these new workers who don't feel represented by that type of classical organization.



agenda of social demands because of the exclusion of vast sectors of society. In other words, institutional creativity must be applied both to solve the problems of how and who governs society, and above all to face the most deficient aspect of democratic tradition, specially in our countries the content of the “good government”, that implies but goes beyond the concept of “accountability”.

We have insisted in a concept of democracy restricted to its character of political regime, this is to say of institutional mediation between the State and society to solve only the problems of government, citizenship and channeling of conflicts and social demands. This allows to precise the democratic problem and avoid demanding from a political regime what no regime can solve. But it is necessary to remember now that a regime isn't only a set of institutional mechanisms, though it cannot exist without them, but is founded upon profound social agreements on determined ethical principles. It has been said that in many western democracies this agreement was made around the principle of liberty but that in the Latin America case the ethos of democracy would be more egalitarian than libertarian, from where stems the historical institutional, representational or liberal deficit of diverse Latin American regimes, alongside with the strength of populisms and extra-institutional mobilizations. It is true that the authoritarian experiences have strengthened the libertarian ethos, and that the structural transformations associated to a determined vision or model of modernity have eroded the egalitarian, solidararian or integrative ethos of Latin American democracies. But it isn't less true that there will be no viable democracies if they don't mix these two ethical principles and if they are not incarnated in representative and efficacious institutions.

In the classical matrix, the central element that fused the components was politics. But politics with a mobilizing character with a weakness of the institutional and representational system. In the current situation of decomposition and recomposition, politics apparently loses the centrality of social life. This is reinforced by the fact that globalization from “above”, and the revindication of particularities and identities from “below”, seem to generate uncontrollable forces that dominate the scene and blow to pieces the concept of national community as the privileged locus of collective action and politics. The globalizing, ideological, statist, confrontational and mobilizing character seems to give way to the opposing characteristics, which would make the expression of the true social conflicts in official politics impossible. The distance between politics and society would be in this way deepened, leaving the first locked up in a cupular game close to corruption, and the second to the mercy of either the natural forces of the market or the symbolic forces of particularisms.

If the idea of society or national community as its natural place is to be preserved, the re-dimensioning of politics should not mean the loss of its impor-

tance, but the restitution of its basic role in the articulation of diverse processes. In fact, today one cannot think on political projects that encircle in only one the aforementioned four processes, but every political project must include each one of these processes. Not to fix their contents, which tend to be autonomous from politics and are partially solved in civil society, but to ensure in each one of them the role of actors and subjects and to articulate them with one another. In contrast to precisely what politics were in past decades, the creation of institutions, the notion of representation and the construction of alliances and coalitions take a crucial importance in Latin American politics.

## CONCLUSIONS

Three main conclusions can be derived from what we have said.

First, the classic model of development in Latin America during this century based on the intervention of the State was very successful in economic development and social integration during long periods and ambivalent concerning political democracy. On the other side, there is no simplistic or easy relation between the introduction of market mechanisms that try to break with the past subordination of the economy vis-à-vis the State and the deepening of political democracy. In the case considered the most successful, that is Chile, the structural adjustment and the emergence of a new model was established under a very harsh dictatorship and producing a high level of dissarticulation of society and increasing inequality and poverty. Contrarily to the widespread ideology, economic liberalism, democracy and development are processes that have not followed a cumulative and linear relation but a very contradictory one in Latin America.

Second, what is changing is not only the nature of modern society but also the predominant way of modernization and development based in the role of the State and mobilizations of social actors. It seems that predominant factors will be the globalization process and international market forces that lead to a separation of the economy from politics. The structural adjustments contributed in part to this rupture between economy and politics, but if these adjustments are not accompanied by a reinforcement of links between State, social actors and the economy, there will be not only economic stagnation in the long run but increasing disintegration of society.

Third, the emerging development model in which the international forces of the market play a central role, has destructed the material, political and organizational basis for social actors and will tend to permanently weaken them. The crucial question today is the reconstruction of a political system that allow the strengthening at the same time of the State and of the autonomous capacity of collective actors for

defining the kind or type of modernity that they want. This means the construction of a new socio-political matrix. The question today is not the transition to a market economy but the reconstruction of society that allows in each case the survival of the Nation-State system.