BOOK REVIEW ESSAY

Progressive Reforms and the Art of the Possible

James E. Mahon Jr.
Williams College, US
jmahon@williams.edu

This essay reviews the following works:


I believe it says something about our times that sympathetic accounts of the Left now quote Max Weber’s line about politics as “a strong and slow boring of hard boards.”1 Calling politics “the art of the possible” signals a turn away from utopias and formulas toward a humble meliorism. Of course, it also begs big questions, such as what, in the moment, one can or cannot achieve, and what ultimately is worth doing. These works answer with examples—of building public works, vindicating the dignity of long-demeaned populations, increasing demand for labor, funding social assistance programs, or facilitating the participation of people habitually ignored by the powers that be. Reprising themes from classic works by Albert O. Hirschman and William Ascher, these books are all about what progressives, in Latin America and beyond, have come to regard as both desirable and possible.

Richard Sandbrook’s Reinventing the Left in the Global South is an ambitious book, inspired by local activism and progressive movements in Latin America and Asia, and setting these in a comprehensive history of the modern Left. Its main theoretical roots lie in Polanyi: Sandbrook sees the contemporary movements as organic societal responses to utopian (neoliberal) market-building efforts.2 The comprehensiveness of

1 “Politics as a Vocation,” in From Max Weber: Essays in Sociology, edited by H. H. Gerth and C. Wright Mills, 128; quoted in Sandbrook, Reinventing the Left in the Global South, 231.
**Reinventing the Left** is not an unalloyed virtue, as the author weighs in somewhat repetitively on a long catalogue of events and movements in recent political history. But this quality, as well as its refreshing lack of dogmatism, also recommends it as a text for undergraduate classes on the Left. For the more advanced reader, the book ought to bring back memories of graduate-school or party-platform controversies, like an old shoe from the back of the closet.

Like an old shoe, the book is comfortable, worn, a bit sprawling, and not entirely without holes. Sandbrook argues that there is no alternative to the market (despite its corrosive effect on traditional solidarities), although its afflictions can be soothed by a generous and universalistic welfare state. In developing countries, noncontributory social assistance, a Polyanian reaction against the ravages of neoliberalism (39), is a good start; and local movements such as participatory budgeting represent “harbinger of a new solidarity” (242–244). Sandbrook also agrees that in order to mount fair and humane responses to the market, one requires an effective state (90–91, 120–22). While little of this excites controversy, it is not clear how much we gain by trying to derive it from Polanyi (139, 231). And the long, seemingly obligatory indictment of neoliberalism for a host of ills, featuring before and after statistics (72–80), ignores the effects of the hyperinflation that made stabilization popular, especially among the urban informal sector. It also obscures the extent to which the book already incorporates the neoliberal critique of statism. Still, this incorporation relates to the book’s greatest virtue, which is to have united liberalism with a spirit of egalitarian concern for the victims of great economic forces, and an appreciation for their pragmatic innovations in response.

A fine companion to Sandbrook’s work, Jeffrey Rubin and Vivienne Bennett’s *Enduring Reform* describes many of the same local movements, and in much greater detail. It includes chapters on the indigenous movement in San Cristóbal, participatory budgeting in Porto Alegre, recuperated factories in greater Buenos Aires, migrant hometown associations (HTAs) and public investment in Zacatecas, and Afro-Reggae in Rio de Janeiro. So far, so familiar. But the book also adds a new analytical dimension, asking how, in each case, these projects have been received by local business, what this tells us about the future of such reforms, and what it all means for the health of democracy. It also draws nicely on oral histories. The editors conclude that “the ways in which businesses respond to progressive reforms do not result primarily from economic interest; instead, a range of cultural and interpretive factors shape how businesses evaluate their interests and the actions they take” (3). They posit an “unspoken and evolving exchange” in which “progressive activists accept democracy as well as market structures, and businesses begin to ‘recognize’ the basic rights and humanity of all citizens,” suggesting that such exchanges “may provide a key path to the deepening of democracy in the twenty-first century” (3).

The book opens with contextual overview chapters by Ann Helwege (on larger economic and social trends) and Wendy Wolford (on the evolution of social movements and protest tactics). Helwege observes that, by and large, business did not prosper during Latin American dictatorships or during the hyperinflations associated with the debt crisis and its aftermath. Democratic Left regimes have maintained property rights and kept inflation (and income taxes) low, so that in the period between 2004 and 2013, “business confidence rose to its highest point in decades” (28, 37, 39, 46). Wolford, for her part, succinctly captures the ideological tenor of contemporary progressivism (and of Sandbrook) when she observes, “social movements are actively constructing a political landscape through the ‘posts’ of post-neoliberal, postrevolutionary, or postmodern thought, “each of which signifies the failure of yet another grand narrative” (55). She sees four key aspects to this context: electoral democracy; discontentedness with neoliberalism; ideological eclecticism with the eclipse of historical materialism; and a new tactical repertoire of interruption and protest (58–61). In sum, this is a world in which business is unafraid of supporting democratic institutions and norms, while popular sectors mobilize via new networks, ready to collaborate with the state when convenient while facing an audience that includes international institutions (65–66).

Of the five chapters on particular movements, only one is not centered on a city. This is the account of migrant hometown associations (HTAs) and public works in Zacatecas, by Heather Williams and Fernando Robledo Martínez. They remark upon the importance of everyday sociability in the voluntary efforts that keep HTAs funded and alive; the genuine sense of empowerment among migrants; the political aspirations of HTA leaders; and the way in which the migrants, especially those who have succeeded in business, constitute a force for transparency against crony capitalism in Mexico (184–189). Unsurprisingly, the migrants’ suspicious attitude toward the local bourgeoisie served them less well when the HTAs shifted from funding public works (aided by matching grant programs pioneered by the Zacatecas state government) to helping start businesses to create jobs in their home villages. Local businesspeople wanted to pitch in and they had plenty of ideas, but in the words of one, the migrant leaders were “indisposed to accept advice” (193).
Among the accounts of city-based movements, the one with the greatest historical sweep refers to the urban indigenous movement in San Cristóbal—before, after, and beyond the Zapatistas. Jan Rus and Gaspar Morquecho Escamilla describe the remarkable demographic and political transformation of a place where, as late as the 1960s, indigenous people still risked jail if found in the city at night. Agrarian poverty and confessional strife forced Protestants to flee highland villages in the 1970s. Meanwhile, increasing literacy and access to broadcast media raised awareness of the greater world (and their rights as Mexicans) among indigenous people. As migration to the city’s outskirts continued, migrants came into conflict with the ladino city and many became more radicalized (85–93). The Zapatista uprising tilted the balance of power in favor of indigenous activists while it destabilized public order for several years. However, by 2002 the city was booming—mainly on account of tourism, development funds from Mexico City and international organizations, and an increasing flow of family remittances (94–102). As more indigenous leaders also won political office, the ladino and indigenous cities gradually reached a modus vivendi. In this, San Cristóbal exemplifies a democratic “exchange” in which the economic elite extends an often grudging human recognition to subaltern groups in response to their organized resistance (102, 104).

The other three city-based movements will also be familiar to readers of LARR. In Porto Alegre, Rubin and Sergio Gregorio Baierle note that opposition to participatory budgeting was nearly uniform among the bourgeoisie, even those individuals ostensibly sensitive to the plight of their poor neighbors (114). Apart from obvious considerations of power and interest (the rich could be outvoted in the meetings and the city government had raised their property taxes to fund many of the projects under discussion), the authors find inherited cultural biases at work. None of their bourgeois informants who participated in budget meetings had a negative personal experience, and indeed none failed to get spending directed toward themselves. But they considered the process undemocratic because it sidelined the city council; and most interestingly, they felt as if they had not been “invited” to participate (127–129). In the story of Afro-Reggae in Rio, Rubin describes a paradox in local businesspeople’s appreciation of its achievements. Here is a group of young people from a poor favela, Vigario Geral, working in entrepreneurial and nonconfrontational ways to win grants and scholarships, tour nationally and internationally, and break down barriers between residents and police across the city’s marginal neighborhoods. Yet as the authors observe, the group’s success in advancing itself using business methods also left common misconceptions and comfortable assumptions intact. Rather than waking up to the complexity of life in the favelas, or embracing a more active role for government there, local businesspeople came to view Afro-Reggae as an exceptional enterprise. For them the favela remains unremittingly bad and the possibility of its improvement via public policy, nonexistent (216–222).

The chapter on recuperated firms in Buenos Aires, by Carlos Forment, differs in several ways from the rest of the volume. Although it generalizes inaccurately about a few dates and economic trends during the neoliberal period (c. 1989–2001), Forment’s account makes acute observations on events that challenged traditional capitalism more frontally than any others described in the book. The factory recuperation movement also echoes Karl Polanyi’s “double movement”: workers occupied their workplaces not in adherence to a larger plan, but simply because their jobs were the foundation of their dignity and social capital, locating them in the larger world (159). Interestingly, the recuperations provoked a divided response among Argentine business. The Right, big business, and traditional media all responded negatively, citing property rights and the legal problem of employees taking ownership of an abandoned asset without permission. But among enterprises that have actually dealt with recovered firms, Forment reports judgments phrased “in strikingly positive terms,” as the firms have become preferred customers (165–168). Suppliers who defied their peers when they first sold to the worker-managed companies now talk about these relationships in a social idiom, emphasizing reciprocity (169–171). Here, perhaps, is an example that contradicts the book’s argument about the dominant influence of culture on the reactions of business: these suppliers did not immediately overcome their preconceptions about how factory managers ought to look and talk, but after they reaped economic rewards, they changed their minds. However, the ongoing legal struggles of recuperated firms under Mauricio Macri and María Eugenia Vidal suggest that this kind of appreciation might not suffice to keep these businesses alive.

Evo’s Bolivia, by Linda Farthing and the late Benjamin Kohl, also rhymes with Sandbrook’s work, as it considers what has (and has not) proven possible under a government born of social movements and continually interacting with them. It is also a perceptive and detailed introduction to recent Bolivian politics, with an extensive bibliography. It features chronological narratives within thematic chapters, punctuated by occasional excerpts (usually several paragraphs long) from interviews with important political figures and ordinary Bolivians. The book has the best qualities of engaged scholarship, yet it speaks in the voice
of long and deep experience. Farthing and Kohl did not move to Bolivia on account of the Cochabamba water wars or the election of Morales, and their long familiarity enables them to contextualize these events effortlessly, without diminishing their historical significance. They also recognize the mixed legacy of the “neoliberal” period, which included advances such as the 1994 Law of Popular Participation (10, 132). Some of the best parts of the book involve clear-eyed descriptions of the challenges and contradictions of the Movimiento al Socialismo (MAS) agenda: the concentration of economic power in lowland agriculture as a legacy of the limits of the 1952 Revolution (116–122); the historically understandable but unfortunate tendency to equate economic development with national control of natural-resource production and its revenue (12, 149); the political quicksand of the ecological controversies (52–54); and the ongoing tendency toward verticalism and “Evo knows best” within the MAS coalition. On the last, the authors remark, “the incongruence between concentrated decision making and vocal demands for popular participation propels the MAS toward co-opting social movements whenever possible” (154).

Ultimately, this book equals the thematic reach of Sandbrook’s, yet its engagement with theory is more firmly and unobtrusively anchored in narratives, with insights that apply far beyond their subject. “El Alto is the hemisphere’s most indigenous, most radical, and, ironically, most neoliberal city,” the authors note; “in municipal elections, El Alto’s voters fluctuate between rightist and leftist parties, generally favoring the populist candidate who offers the most in the way of public works and assistance” (32). Like Sandbrook, too, Farthing and Kohl sound Polanyi-esque when they contrast the government’s resource-developmentalist agenda with its professed credo of Vivir Bien (161). As in Ecuador, here we have a Left government, hungry for revenue to fund spending on its poor urban supporters, pressing ahead with natural resource exploitation—which brings protests from even poorer rural communities. This suggests two points: first, when leaders collide with the limits of the possible, it brings demoralization and distrust among erstwhile supporters and encouragement among opponents; and second, the most important limits to the possible often emerge from a movement’s internal contradictions.

We find a different diagnosis in Kirsten Sehnbruch and Peter Siavelis’s edited volume, Democratic Chile. The book is a detailed, thematically rich summary of two decades in Chile under the governments of the Concertación (1990–2010), with six chapters on political development and six on economic and social policy. Its contrast with Farthing and Kohl arises in part from the differences in the countries’ politics, but mostly from the book’s central argument, which is that the coalition failed to test the limits of the possible. Having entered politics during a fraught transition, the Concertación converted the Augusto Pinochet constitution’s “authoritarian enclaves”—Manuel Antonio Garretón’s term for the redoubts of military prerogative—into what the editors call “transitional enclaves.” (The term is awkwardly ambiguous—the enclaves were not themselves transitional.) These were self-imposed limits on action, initially justifiable in the interest of governability, which then (justifiably or not) became part of the coalition’s operating code. The proposition obviously turns on how one defines the transition period—whether it ended with Patricio Aylwin’s presidency (1990–1994) or only with the abolition of the important “authoritarian enclaves” in 2005. It is also difficult to prove.

The substantive chapters complicate the argument. Claudio Fuentes’s piece on constitutional reforms clarifies what was odd about Chile in the 1990s: the return to democracy saw no open debate about the authoritarian provisions in the constitution (69–70). Even when the Concertación took up important amendments under Ricardo Lagos (2000–2005)—helped by a new willingness on the Right to compete on equal terms—the government narrowed the reform to a few subjects (84, 86–88). Yet Fuentes also observes the lack of social pressure for deeper reforms (78). Likewise, in her chapter on human rights, Cath Collins says the coalition “mistook early constraints for a permanent narrowing of horizons” (143), but she then offers good reasons for the narrowing. Most important, “politicists of all stripes but particularly in the Center-Left Concertación had little to gain and much to lose by pursuing a politically unrewarding or even actively unpopular issue” (151). Here the Concertación’s risk aversion sounds more like the ordinary behavior of elected politicians.

The chapters on the Right, by Patricio Navia and Ricardo Godoy, and on the military, by Gregory Weeks, both endorse the “transitional enclaves” idea (68, 103). But for the Right, deference to the military and neoliberalism arose from ideological commitment, not a misplaced pragmatism. And in fact, as Weeks suggests, the Right probably enjoyed more freedom than did the Concertación to curb the military or deviate from economic orthodoxy. The Left had never touched the armed forces’ economic prerogatives, and the 2005 reductions of the military’s constitutional powers owed more to the arrest, humiliation, and passing of Pinochet than to the Left’s initiative (103–104, 108–112). Then the Sebastián Piñera government
(2010–2014) outdid the Concertación in pursuing human rights violators and reducing the military’s grip on copper revenues. The book urges us to conclude that inaction by the Concertación proves its leaders’ lack of audacity.

Turning from constitutional questions to policy issues, the common indictment of the Concertación has been that its leaders accepted too much of the neoliberal recipe they inherited. In his chapter on fiscal policy, Ramón López agrees, alleging that after the tax increase of 1990 the coalition resisted the calls to amend a regressive system. It did not even try to tax private mining operations at the same rate applied to the public mining company (210–211). Likewise on the spending side: by 2005–2007, Chile spent less (as a percentage of GDP) on education and health than the Latin American average (213). Still, in his chapter on economic policy, Óscar Landerretche Moreno concedes that “the achievement of relative stability when compared to the rest of the world is a clear Keynesian success” (183). He faults the coalition not only for its timidity on redistribution but also, and mainly, for its lack of attention to structural change, away from natural resources, in order to increase growth. Landerretche blames this, in part, for the student protests of 2011 (194).

Several chapters on social policy issues affirm a similar view. The discussion of poverty policy (by Silvia Borzutsky, Claudia Sanhueza Riveros, and Kirsten Sehnbruch) shows that while the Concertación years saw a large drop in absolute poverty, most of this was due to economic growth. Because of measurement problems, it was also probably exaggerated (228–233). Like López, the authors note a crippling shortage of fiscal revenue (222), adding that the coalition’s confidence in its ongoing poverty-fighting success made it less inclined to push for more (226). Regarding other social policies, Dante Contreras and Kirsten Sehnbruch see the coalition as bound by two assumptions: first, that Chile could not afford universalistic social transfers; and second, that the formality and stability of employment would both increase with GDP per capita. The first was accurate in 1990, becoming part of a transition-molded mind-set; but the second turned out to be wrong, as Sehnbruch demonstrates in detail in her chapter on the labor market (247, 273–277). Perhaps the best evidence that the coalition’s caution was excessive is the fact that its conservative successor expanded social benefits in 2011 (257–259).

We can find other complications of the “transitional enclaves” argument in the chapters on gender issues, by Liesl Haas and Merike Blofield, and education policy, by Gregory Elacqua and Pablo González Soto. Haas and Blofield observe that the logic of governability during the transition “empowered precisely those political and economic actors most opposed to gender equality” (120), especially the Catholic Church and the Christian Democratic Party (PDC). But if so, this says less about the dynamics of transition than about a peculiar legacy of Chilean history—a powerful center party with a distinctive social-conservative ideology (122–124, 130). On education, the neoliberal reforms of the dictatorship left a system that was expensive and starkly unequal. It was also not easy to change: Pinochet embalmed it in the constitution and after 1990, the electoral Right strenuously defended it (282–283, 299). Despite this, the chapter depicts reforms seemingly at odds with “transitional enclaves”: the Estatuto Docente of 1991, which the authors call “the most rigid piece of law that legislation ever enacted in the country” (285); or the Subvención Escolar Preferencial of 2007, which they describe as “perhaps the most aggressive educational policy to reduce achievement gaps every launched by any country in the world” (291).

Can we therefore dismiss the “transitional enclaves” argument as 20/20 hindsight? Not entirely. In Chapter 2, Siavelis points to particular habits that outlasted their political purpose: ministerial power sharing (later denigrated as the “cuoteo”); elite-dominated selection of legislative candidates; consultation with the opposition even when its votes were unneeded; and the “untouchable” status of the economic model. Taking the book as a whole, the evidence seems mixed. The strongest case can be made for the cuoteo, informal consultations with the Right, and to a lesser extent, the untouchability of the model (see also Fairfield, discussed below). As for legislative candidate selection, this is impossible to separate from the presence of a binomial system in a country with six main parties (25, 35). Should the Left have pushed harder and earlier to change the electoral system? Maybe, but the chapters also testify to the absence of public pressure for speedier constitutional reform, or for vindications of human rights. On the economic model, Siavelis himself acknowledges that major changes would have threatened the unity of the Concertación, and the binomial system would have rendered disunity very costly in legislative elections (38–39). This was an institutional constraint, therefore, and only at one remove a dispositional one. As these examples suggest, ex post attributions of inappropriate risk aversion are like deriving a residual. After controlling for institutional and political constraints, we have to entertain the possibility that the actions in question were reasonable and prudent—or in this case, after the generational trauma of 1973, at least understandable.
Tasha Fairfield’s *Private Wealth and Public Revenue* also considers the practical limits on the Concertación in Chile, but the book is both broader and deeper. It compares the politics of progressive tax reform in Chile (1990–2013) with processes in Argentina and Bolivia over roughly the same period. Progressive tax reform matters a great deal in Latin America because of the region’s persistent inequality, because most of its states are underfunded (despite notable revenue increases over the past generation), and because consumption taxes are already heavy and increasingly unpopular. But it is also nearly impossible because its targets, rich households and big firms, have a variety of weapons. Fairfield places these into two categories, structural power and instrumental power. The first arises from political leaders’ fear of disinvestment, while the second includes all the resources and relationships that may be brought to bear on government decisions, from narrowing the agenda to persuading legislators. The two kinds of power also interact, as when businesspeople enjoy enough access to threaten presidents with capital flight in a private meeting (27–53). While structural power varies across time (usually greater in recessions), sector, and country, Fairfield finds that most of the variation in tax policy outcomes had to do with differences in instrumental power. These stemmed mainly from the business community’s degree of organization and its links with partisan allies in the legislature. Chilean business enjoyed a lot of both, Bolivia’s a bit less of each, and Argentina’s very little of either. As a result, she concludes, Argentina’s government managed to increase direct taxes on firms and individuals, while reformers in the other two countries had less success (though Bolivia hiked hydrocarbon taxes).

Fairfield artfully deploys her extensive set of elite interviews—446 of them with 358 informants (22)—to achieve two important purposes. First, she is able to perceive many gaps between what reformers wanted and what they dared to propose. If this had been based on only ten or fifty interviews, the point would have been interesting but speculative. But the fact that these accounts are both numerous and consistent gives us evidence of a kind of agenda-narrowing instrumental power at work, especially in Chile. Second, she generously salts her chapters with apt, short-paragraph reflections from leaders and other principals. What might have been dry narratives about the politics of tax reform come alive as the reader sees the process from the reformers’ point of view. This, in turn, bears practical fruit in her detailed and useful catalog of strategies for progressive reform (53–62).

Apart from this thoughtful guide for reformers, the book contributes to several literatures. It persuasively contradicts or amends many widely used political-economy models—from median voters to fiscal contracts to prospect theory—with regard to why tax reforms happen. It contains a host of perceptive observations about politics in the three countries, especially valuable with regard to Chile. In addition, nonspecialists can find important and widely applicable insights about power.

At the end of the book, reflecting on “the art of the possible,” Fairfield concludes that “what is possible is contextual, conditional, and contingent” (288). Nevertheless, her extraordinary work proves that it is knowable all the same—with enough effort, sensitivity, and intelligence.

Despite its slightly grandiose title, Mauricio Font’s *The State and the Private Sector in Latin America* is a practical book, centered on a practitioner’s guide to public-private partnerships (PPPs). Yet its title presages an early narrative thread, in which Font tells a history of development debates and strategies in post–World War II Latin America. A series of country narratives follows, contextualizing the rise and performance of PPPs, beginning with the early experiences of Mexico, Argentina, Brazil, and Chile. Like the book’s subtitle, this section gives the impression that PPPs represent the happy supersession of decades of ideological conflict. The rest of the book discusses particular PPPs in practice, including the expansion of rail networks in central Brazil during the commodity boom and other subnational PPPs in Brazil (above all in São Paulo State), as well as a detailed look at the checked history of the Transantiago public transit project in Chile.

Font offers several strands of practical advice. Most importantly, he takes Peter Evans’s idea of “embedded autonomy” as a guide to policy. That is, to succeed at crafting effective PPPs, states have to set goals with a clear sense of the public interest—autonomously—but they also have to know the private sector and enjoy its trust (181). Some problems are predictable: divided responsibility creates perverse incentives, for example, as when the construction and maintenance of a railroad are separated from the operation of the trains (125–126). And while federalism is sometimes an opportunity for experimentation, it is more often an obstacle, whenever the plans of one level of government are thwarted by another (149).

Operationally, the problem most distinctive to PPPs involves risk sharing. Font describes partnerships that failed because the private-sector partners went bankrupt and had to be bailed out at great cost, as in the early toll road concessions in Mexico (32). The risks for private agents are substantial: he cites a World Bank report to the effect that infrastructure concessions in Latin America are “highly risky as investment projects,” with profitability coming only after about ten years (177). But errors in the opposite direction—in which the private sector profits too much, at public expense—are less prominent in this book (of course, they
are harder to identify). Yet Font does observe that although governments turn to PPPs when needs outrun funds, the savings achieved “can readily disappear when all factors are taken into account” (182). Hence another conclusion: “state strength—the ability to design and implement projects and develop institutional capabilities—may be in the last analysis the key condition” for successful PPPs (20). States have to be capable of calculating “all factors” up front, of finding qualified project managers and supervising them, and of resisting bribes. If these conditions do not obtain, the end result could be a half-built highway or, at the other extreme (as the Odebrecht cases remind us), the licensed looting of public funds.

Why do governments choose PPPs? One answer appears, in different forms, in nearly all the case studies: they need to build infrastructure and they lack the revenue or credit to pay for it. The first wave of PPP adoption followed the “near collapse” of infrastructure investment in the 1980s (9), as countries faced long backlogs of projects to address unmet needs. Fiscal constraints “drove policymakers to challenge conventional wisdom and start inviting the private sector into the provision of infrastructure through concessions and partnerships” (4). Meanwhile, some governments (e.g., Chile after 1990) challenged the conventional wisdom out of a belief that private agents manage these projects better than public ones do. And another wave of PPPs arose in the 2000s, as the commodity boom increased the need for railroad, highway, and port investments faster than it expanded government revenue. In the newly soy-rich Brazilian midwest, it was in fact a private agent (via Ferronorte) that first responded to the exploding demand for rail capacity, and it did so profitably (115–120). Hence, PPPs look desirable when circumstances unite the need for public works, the scarcity of revenue to pay for them, and the desire for cost-effective management. Where states are strong enough to price risk, award contracts transparently, and supervise effectively, PPPs can constitute an art of the possible in lean times.

At the heart of Pablo Pinto’s Partisan Investment in the Global Economy is a surprising empirical claim: governments of the Left like foreign direct investment (FDI), and the feeling is mutual. (It recalls the old line from Joan Robinson, “the misery of being exploited by capitalists is nothing compared to the misery of not being exploited at all.”) Through sharp argumentation and solid empirical evidence, Pinto effectively shifts the burden of proof with regard to how progressives ought to regard foreign direct investment.

Pinto focuses on the flip side of rich countries’ often-commented experience of declining employment in manufacturing. Standard models of international trade (e.g., Stolper-Samuelson) predict that relative income gains accrue mainly to the abundant factors of production in a country, and losses to the scarce factors. (An opening to trade raises the relative prices of the things each country exports by increasing demand for them; production of these exports will reflect the relative factor abundance in the country; so the process thus delivers more of the gains to the owners of these factors.) In rich countries, capital is abundant and labor scarce, so an opening to trade hurts workers in the rust belts while blue-chip profits rise (2.3). In the same trade, then, the relatively abundant labor in poorer countries should win. Moreover—and this part is not clearly stated in the book—the global embrace of free trade has decisively reshaped FDI in manufacturing and services. Multinational corporations (MNCs) no longer jump over tariff barriers to assemble finished goods for isolated markets. Instead, they produce goods in an international division of labor. Even if this “trade” is in-house (and at nonmarket prices), the argument goes, their supply chains will tend to follow factor endowments as in the standard trade model. Therefore, in labor-abundant countries, FDI should increase demand for labor, which buoys up wages. And which political parties appreciate this outcome the most? Mostly the ones on the Left. (Right parties, Pinto says, tend to oppose FDI because it competes for labor with local businesses.)

There are a couple of important premises here, some of them unstated. First, the magnitude of the gain from trade in a labor-abundant country depends on what is traded. Mining and hydrocarbon operations of large MNCs tend to be capital intensive wherever they are located. Second, the trade model says that local labor wins when a country’s trading partner is more capital-abundant and labor-scarce than it is. If the country is Mexico and its partner is Vietnam, however, Mexican labor probably loses. Finally, and most usefully, Pinto recognizes that many benefits to labor flow through the state via taxing and spending (the “macropolicy effect”), and not just through labor demand (the “factor market effect.” 33).

Here is where he nicely connects with an older literature on the obsolescing bargain, pioneered by Raymond Vernon. Pinto models a tradeoff between the two effects or channels, by which sectors that promise more employment per invested dollar produce one policy response (try to attract FDI, reducing taxes and regulations), while investments with less employment but higher (oligopoly or location-specific) rents support an obsolescing-bargain response. As Pinto points out, one weakness of the bargaining model

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is that if investors expected to be nationalized once their capital was sunk, they would not invest in the first place (83). He answers this for the labor-abundant case, in an ingenious way: insofar as FDI brings benefits mainly through the employment channel, partisan Left governments will suffer if it flees; therefore, the fact of the Left being in power constitutes an *ex ante* guarantee against peremptory confiscation in the future, thus encouraging the investment today (29–30 and Chapter 3). This is why FDI likes the Left.

So, was the older generation of Left politicians in Latin America really mistaken about the interests of the workers they professed to care about? Here Pinto is less helpful. First of all, the reputation of MNCs in the old days came from bad-actor natural-resource companies or from consumer products companies that bought out local owners, stayed dependent on imported inputs, and failed to expand employment very much. Second, Pinto’s argument (and his rather repetitive critique of the Evans triple alliance model) depends on FDI being a substitute for local capital, and not a complement to it. Although this is frequently asserted, and some evidence is scattered in footnotes (e.g., 209 n. 3), it is not always the case (and Pinto admits that it varies across industries, 104). Finally, there is the unmentioned connection between FDI and privatization. The trade-based model starts from a fixed employment level, from which point it makes sense that pro-labor politicians would encourage FDI. But when a privatized firm sheds thousands of workers after its sale to a foreign owner, or as part of a process of making it attractive to foreign buyers, FDI coincides with bad news for labor. The Left did not regard this as mere coincidence.

Still, although the book’s empirical tests mainly involve OECD countries, due to data limitations, the narrative chapters on Argentina and South Korea line up well with the argument. On Argentina, in particular, Pinto reminds us that in 1953, Juan Domingo Perón welcomed foreign investment in industry, while the military government that overthrew him in 1955 restricted it (174–176). And Argentina is a hard case for Pinto’s model, because Peronists are pro-labor and nationalistic but often not classified as Left (172).

For this reviewer, the most interesting implication is one that Pinto offers somewhat in passing, as a way to think about different kinds of Left governments (33–34, 163). Where tradable-producing assets are more heavily weighted toward less labor-intensive natural resources, governments will aim to maximize fiscal revenues by taxing rents or nationalizing the operations. But where investment tends to flow to more competitive and labor-intensive sectors, they will instead try to woo FDI with attractive conditions and political stability (250–251). To put it crudely, big hydrocarbon operations deliver rents but few jobs, so Ecuador and Bolivia raise taxes or nationalize them; automobile assembly and food processing provide more jobs, but at competitive profit margins, so Brazil works on improving its “business climate.” Thus different kinds of Left governments are distinguished by how they approach international capitalism—but this, in turn, depends on the factor endowments and opportunities they face.

These considerations—what another age would have called “objective material conditions”—inform what the Left comes to regard as possible and desirable. But as these books testify, they are not the whole story. Progressive action today is provoked by neoliberalism and facilitated by democracy. It is inventive in local arenas and incrementalist in national ones. It has renounced utopia. Having made peace with bureaucracy in the pursuit of universalism, it needs strong, stable, well-funded states. Embracing business, it responds pragmatically to fiscal constraints, stagnant wages, and decaying neighborhoods. Bloody-mindedness again belongs, almost wholly, to its enemies. Wolford is right to suggest that this has a lot to do with ideas. And it is not only that our Left is more awake to oppressions based on gender, race, and sexuality. On economic terrain, progressives once saw globalization as a spur to revolution, not a reason to worry, as many do today, that it would be futile. In the books reviewed here, we see a Left that is, for the most part, postrevolutionary—cautious, technocratic, and imbued with Weber’s “ethic of responsibility.” This Left has reconciled itself to boring those hard boards, for the moment at least, because it has seen what happens when they burn.

**Author Information**

James E. Mahon Jr. teaches political science and political economy at Williams College. He specializes in the political economy of taxation and public finance in Latin America.