

Voting for the Left or Governing on the Left?

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Introduction

“A leftward shift.” That is the answer scholars and policy experts are most likely to give when asked to summarize recent political developments in Latin America. Of the fourteen elections held in the region between 2005 and 2007, nine of them resulted in the eventual victory of a candidate associated with a left-leaning political party or movement.² This movement got its footing in Venezuela with the 1998 election of Hugo Chavez, gathered strength with the elections of Luiz Inacio Lula da Silva in Brazil in 2002, Néstor Kirchner in Argentina in 2003, and Tabaré Vázquez in Uruguay in 2004, and reached full speed with the election of this most recent leftist coterie (which includes such diverse figures as Bolivia’s Evo Morales and Michelle Bachelet in Chile, among others).

Support for Left-wing electoral forces has been associated with disenchantment with neoliberal market reforms, as well as endemic problems of corruption, inequality, and poverty.³ What has occurred though is not a tsunami, but rather a gathering storm. We argue that the electoral growth of the Left has been far more sustained than what recent headlines suggest; it is a direct response to electoral incentives in a region that is enjoying a broad and extended

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² Left candidates emerged victorious in Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Haiti, Nicaragua, Haiti, and Venezuela; narrowly lost elections in Costa Rica, Mexico, and Peru; yet lost decisively in Colombia and Honduras.

³ See Castañeda and Navia (2007), Cleary (2006), Corrales (2007), and Mainwaring (2006), among others.

democratic experience for the first time. In recent years, economic conditions have also had a vital influence on the region's politics. Thanks to a global commodity boom, left-wing presidents—irrespective of their parties' prior stance on neoliberal market reform—are less constrained by capital scarcity in pursuing their preferred domestic policies.

This edited volume is part of a larger debate in political science that seeks to explain this recent upsurge in the electoral fortunes of Latin America's Left.⁴ In large measure, this debate has centered on classifying the various strands of leftist politics present in the region. As Levitsky and Roberts argue in the introduction, although all leftist governments claim to be committed to redistribution and more equitable growth, their actual performance in office demonstrates significant variation. While some have been more inclined to break with neoliberal policies, others have largely adhered to pro-market policies. Castañeda (2006) was among the first to argue that the new Latin American Left can be disaggregated into two groups. One is modern, reform-oriented, and seeks integration with the global community. The other type of left, borne out of Latin American populism, is nationalist, unrepentant, and narrow-minded. Whereas the former has come to grips with its past shortcomings and the changing international environs and transformed itself accordingly, the latter has not strayed far from its roots.⁵ Kaufman (this volume) takes a different approach in classifying left movements by using clear indicators based on macroeconomic policies to distinguish between these two diverse brands of left governance. He demonstrates that there is no significant difference between the social democratic left and their radical counterparts in terms of maintaining primary fiscal surpluses.

⁴ See, for example, Castañeda (2006); Corrales (2007); Roberts (2007); and a special issue of the *Journal of Democracy* (2007) devoted to this issue.

⁵ Castañeda believes Brazil, Chile and Uruguay are prime examples of the "reformed" left, while Argentina, Bolivia and Venezuela are beacons of the "populist" left. See Roberts (2007) for an alternative classification based on three categories: the renovated leftist or post-Marxist social democracies, the populist movements, and the left born of social movements.

Where they diverge, he claims, is in their overall approach to management of the macro-economy.

In this chapter, we do not wade into the debates over the categorization of left movements. Our definition of the “Left” applies to both strands, as defined by Castañeda. We take, as a starting point, the definition offered by Levitsky and Roberts in the introduction to this volume: “the Left refers to political actors who seek to employ public authority to protect individuals and groups from market insecurities, reduce social and economic inequalities, and strengthen the voice of underprivileged groups in public affairs. In other words, Left parties seek greater equality, both socioeconomic and political.” This definition of the “Left” is based on overarching redistributive goals irrespective of the case-specific strategies pursued—may they be cash-transfer social programs in the case of the “social democratic” Left or land reform in the case of the “populist” Left. What strengthens our confidence in this simple definition is that in any given electoral contest, there is usually only one type of viable Left available to the electorate; thus collapsing both sub-categories is useful for understanding cross-national patterns.

Unlike previous contributions to this debate, we separate and unpack two related, though analytically distinct, phenomena: the common roots of electoral support for a diverse set of left-wing presidential candidates, and the governing ideology of ruling presidents (reflected by their policy behavior in office). The first puzzle concerns voting behavior: why do citizens vote for left-wing presidential candidates? This question is particularly relevant given that Arnold and Samuels (this volume) demonstrate that the electoral success of leftist parties after 1998 has not been accompanied by a discernible leftward-shift in terms of citizens’ ideological self-placement. This “demand” side equation explains the vote share of all left-wing presidential candidates rather than just those candidates who were electorally victorious. Focusing on the latter, we

argue, fundamentally misspecifies the strength of the Left because, in some cases, a minority of voters elected a left-wing president (e.g. Daniel Ortega was elected by 38% of Nicaraguan voters in 2007). In other cases, a left-wing candidate was prominent on the campaign trail even if eventually defeated on Election Day (e.g. Andres Manuel Lopez Obrador was defeated by the thinnest of margins in the 2006 Mexican presidential elections), thereby demonstrating public support for Leftist candidates even if not ultimately represented by the victor.

The second question concerns how presidents govern: why are Latin American presidents increasingly governing on the Left?⁶ This “supply” side equation uses the ideology of the incumbent president as an indicator of how far to the left (or to the right) a given president actually governs while in office.⁷ Again, this question is important as there are some populist parties that govern “on the left” even though they have previously adopted more pro-market policies, or vice versa (e.g. Argentine Peronism was pro-market under president Menem yet is usually classified as “anti-market” under presidents Duhalde and Kirchner).⁸

Because the literature on voting behavior and policymaking usually points to different explanations for mass and elite behavior, we believe that separating both questions can contribute to a more nuanced understanding of the Leftist wave. That is, this distinction allows us to demonstrate what factors affect citizen preferences for Left parties versus what determines, once a president is actually elected into office, whether he or she actually governs on the Left. In order to test hypotheses explaining the two phenomena, we consider the 1985-2007 period,

⁶ This second question is particularly pertinent considering the literature on “switching,” or how presidents elected on anti-market electoral platforms have subsequently adopted neoliberal policies in the 1990s. See Stokes (2001).

⁷ Of course, this formulation assumes that the coding of Latin American political parties by experts and coordinated by Coppedge (1997) and various extensions (such as Huber, Stephens and Mustillo 2005; Murillo and Martinez-Gallardo 2007; and Wiesehomeier and Benoit 2007) are based on actual policy rather than discourse. We have double-checked the coding for the main parties (winners and challenger) in that regard.

⁸ Additionally, there are some Left parties with a consistent ideological core and strongly rooted leftist roots, while others still are products of nascent political organizations with virtually no electoral tradition.

which constitutes the most extensive democratic experience in the region, thereby providing a unique opportunity to assess both the voting behavior of citizens and the conditions that affect the policy choices of democratically elected leaders (Mainwaring and Perez-Linan 2005). Our findings demonstrate that while electoral incentives are more important in accounting for voting behavior, external constraints are crucial in understanding the policy choices of presidents.

The paper is organized as follows. We begin with a brief review of the literature on the Latin American Left, taking pains to specify what hypotheses pertain to which dependent variable. Next, we provide detail on the operationalization of our key variables and basic controls as well as our modeling strategy. We then present the results of our models and review the key findings. Finally, we conclude with some implications for our understanding of Latin American new democracies.

I. Explaining the Latin American Left-wing wave

In this section we discuss the burgeoning literature that has emerged as a result of the recent electoral victories of leftist presidential candidates. This literature conflates whether voters choose left-wing politicians or governments choose left-wing policies, as we summarize below. Therefore, while revising their implications, we will suggest indicators to assess the explanatory value of existing hypotheses in accounting for the rise of the Left in Latin America. In so doing, we distinguish between hypotheses related to the electoral support for the Left (mass behavior) and those associated with governing on the Left (elite behavior).

a) Voting for the Left

First, some scholars perceive the Left's ascendance as a healthy sign of democratic institutionalization. The current democratic experience in Latin America is the broadest and the longest in the region's history. The institutionalization of democracy has initiated a process by which the "Left" was reintegrated into political society. Beginning in the 1960s, Leftist movements challenged the authority of the state and often took up arms against state authorities. In almost all of these cases, armed insurgencies ushered in repressive, right-wing military governments that crushed the left-wing guerillas. By the 1990s, the revolutionary Left had virtually become a non-entity in the region. But, as Castañeda (1993, 2006) argues, the end of the Cold War meant that the "Left" was no longer a bad word. The demise of communism removed the geopolitical stigma attached to leftist politics as the machinations of bipolar conflict came to a close. With the Soviet Union in the rearview mirror and in exchange for incorporation into the political system, the Left moderated its ideological views and took up partisan politics.⁹ Similarly, the conservative Right—in exchange for Leftist moderation—lifted its prior objections to democratic governance (Hagopian 1996). As the potential of communist revolution decreased, the conservative elites felt more secure in accepting inclusive democratic politics.

Hence, this hypothesis argues that left-wing parties have accepted the rules of competitive elections and, for the most part, have been accepted by other mainstream political actors. The effect of democratic contestation, though, grows with democratic practice as voters' perception of the risks of voting for the Left gradually decline over time. Thus, as a country gains more experience with democracy, it is more likely that the Left will increase its base of electoral support.

⁹ See Samuels (2004) on the moderation of the PT in Brazil; and Roberts (1998) for arguments about left-wing movements in Peru and Chile.

Hypothesis 1a: As a country gains more experience with democracy, Left candidates will receive a larger percentage of the popular vote share.

A related but distinct consequence of representative democracy is the fact that democratic alternation allows voters to exercise their right to elect new politicians if they are dissatisfied with the performance of the incumbent. Hence, it is plausible that the emergence of left-wing leaders is simply the natural by-product of a rotation in power following the incumbency of right wing leaders. Given that a majority of incumbents in the 1990s espoused conservative ideologies, it is more likely the Left will receive a larger percentage of the popular vote share in the 2000s as a simple result of democratic alteration. In a given election year, if the incumbent is a right-wing president, we would expect there to be a greater probability that the next president will be more left-wing. Thus, we need to test the proposition that left-wing victories could simply be the result of “throwing the rascals out.”

Hypothesis 2a: Due to the mechanics of alternating power, if the prior incumbent president was right-wing, Left candidates will receive a larger percentage of the popular vote share in the next election.

Given the popular discontent vis-à-vis economic conditions and the importance of pocketbook concerns and retrospective voting in the region, partisan alternation in power may be more likely if and when the incumbent is not performing in accordance with expectations. Lora and Olivera (2005), for instance, find that Latin American voters respond negatively to poor economic performance, especially regarding high inflation. Similarly, Stokes (2001) argues that

growth affected retrospective voting, which was more demanding on populist candidates-turned-neoliberal presidents during the 1990s. Panizza (2005) argues that it is economic downturns—such as growth slow-downs or inflationary pressures—rather than resentment toward specific policies that has contributed to growing support for the Left in the region. Hence, given that it is largely conservative governments during the 1990s that were associated with the region's poor growth record, we might expect retrospective voters to punish right-wing incumbents only when they presided over a growth slowdown or unacceptably high levels of inflation. Conversely, if the incumbent president is from a left-wing party, poor economic performance would not obviously favor a left-wing successor.

Hypothesis 3a: The failure of prior economic policies reflected in poor economic growth or high inflation will increase the vote share of Left presidential candidates only when a right-wing incumbent can be blamed.

Many authors have associated the recent electoral success of the Left with the long-term economic inequality that has characterized the region (Castañeda and Navia 2007, Fishlow 2007, Debs and Helmke 2008). However, scholars differ in their views on the relationship between inequality and electoral outcomes. On the one hand, Castañeda (2006) has argued that irrespective of the success or failure of neoliberal economic reforms, Latin America's income inequality “meant that it would have to be governed from the left of center.” In a nutshell, higher inequality will create a demand for redistribution; parties that govern from the left are likely to support such that redistribution, suggesting that more unequal countries are more likely to foster electorally viable left-wing options.

On the other hand, Debs and Helmke (2008) argue that there is an inverted U-shaped relationship between inequality and the election of a leftist president in Latin America. Using a formal model inspired by Acemoglu and Robinson (2006), the authors argue that at lower levels of inequality, the left is more likely to be elected because the rich have fewer incentives to bribe voters to prevent the election of a left-wing candidate (which would imply redistribution to the poor through taxation). At high levels of inequality, on the other hand, the rich seek to avoid redistribution and bribe poor voters, decreasing the likelihood that a left candidate is elected. Therefore, we test two distinct hypotheses assessing whether the relationship between inequality and electoral support for left-wing candidates is either linear or curvilinear.

Hypothesis 4a: As the level of income inequality increases in a society, Left candidates will receive a larger percentage of the popular vote share.

Hypothesis 5a: At low to medium levels of inequality, Left candidates will receive a larger percentage of the popular vote share. At high levels of inequality, Left candidates will receive a decreasing percentage of the vote share.

Economic conditions aside, other authors emphasize the importance of party system institutionalization (or lack thereof) in explaining the emergence of left-wing and especially outsider/anti-market candidates.¹⁰ As Roberts and Wibbels (1999: 575) have noted, the weak institutionalization of party systems in Latin America has given rise to “a pervasive sense that

¹⁰ Mainwaring and Scully (1995) define party system institutionalization as having three basic components: 1) stability in inter-party competition (low electoral volatility); 2) existence of parties that have stable roots in society; and 3) party organizations with stable rules and structures).

political representation has become de-structured or unhinged, creating a volatile situation in which political identities and organizational loyalties are recomposed from one election to the next.” The vacuum created by the absence of stable party institutions gives particular incentives to political leaders espousing a more radical, leftist agenda of socioeconomic and political change (Roberts 2007). Following Roberts and Wibbels (1999), we test whether higher levels of electoral volatility are associated with more extreme partisan swings and that this, in part, can explain the emergence of personalistic or radical leftist presidents.

Hypothesis 6a: Under conditions of high electoral volatility (as a proxy for low party institutionalization), Left candidates will receive a larger percentage of the popular vote share.

b) Governing on the Left

The next set of hypotheses focus on the incentives and constraints of policymakers to govern on the Left. The first argument is similar to the alternation in power hypothesis, since a democratic context generates incentives both for differentiation from prior incumbents and for learning from past experience. In explaining the rightward shift of populist parties with prior anti-market tendencies during the 1990s, Burgess and Levitsky (2003) emphasize the role of policy differentiation from prior incumbents. For example, following the center-right administration of Belaúnde Terry, the populist APRA had fewer incentives to attempt neoliberal policies than the populist Peronists who followed the failure of a heterodox macroeconomic strategy. Applying the same logic to explain the leftward shift of presidents would imply that a prior right-wing incumbent increases the chances of a ruling president governing of the Left.

Hypothesis 1b: Due to the incentives of policy differentiation, presidents that assume office following right-wing incumbents are more likely to govern on the left.

During the neoliberal wave of the 1990s, it was common for scholars to argue that the financial pressures created by the Debt Crisis of the 1980s, in the context of declining commodity prices, created fiscal realities that constrained presidents to govern on the right. Stallings (1992) emphasizes that international market conditions, including interest rates and terms of trade, shaped domestic economic policies in the region during that period. Wibbels (2006) also shows how international constraints affect public sector social policies in the region, whereas Edwards (1995) looks at the effect of conditionality under the Baker and Brady Plans for debt restructuring to explain the regional shift toward neoliberal policies. Turning this argument on its head, we should expect that, as capital became more abundant with the commodity boom of the 2000s, governments were less compelled to follow the policies preferred by international financial institutions and financial markets.

From a macroeconomic view, Latin America experienced a turning point around 2003, when the region experienced a growth upsurge thanks in part to a sharp increase in commodity prices. As Fishlow (2006) argues, this reversal of fortune has considerably loosened the economic constraints of the past that confined economic policymaking to the conservative end of the spectrum. Thanks to newfound growth and soaring commodity prices, the continent no longer has to rely on external financing to cover external trade deficits. For the first time, domestic savings exceed investment and foreign exchange reserves are increasing. Thus, Latin American governments are, for the moment, largely free of fiscal constraints. Now that

presidents have thrown off the shackles of the Washington Consensus, the argument goes, they are free to govern more freely on the Left.¹¹

Hypothesis 2b: As the value of exports increases—providing hard currency and improving fiscal accounts—the freedom to support redistributive policies also increases. Thus, growing economic independence from financial markets will increase the likelihood that the president will govern on the Left.

Stallings (1992) argues that markets are not the only mechanism exerting external pressures on domestic economic policies, pointing to both linkage and leverage. Whereas the current account captures the pressures of markets, we should also assess the direct impact of leverage from international markets and multilateral credit institutions. That is, even as a current account surplus offers presidents the flexibility to pursue leftist or independent economic strategies, there are a number of other economic constraints on policy-making that could come into play. A country's debt service payments (as a proportion of their economy) could impact its freedom to act autonomously vis-à-vis the international financial institutions (IFIs) and major creditors. Similarly, a country's fiscal deficit could act as a constraint on expansionary social and economic policies typically favored by left-wing presidents. Of course, the policy conditionality of the international financial institutions can also be considered an important constraint on domestic behavior. Because the IFIs were the main source of credit following the Debt Crisis, they played a leading role in providing financing to Latin American countries while

¹¹ This echoes arguments laid out in this volume by Kaufman as well as Levitsky and Roberts. The latter suggest that the post-2002 export boom has provided Left governments with new resources and policy latitude with which they are able to exercise sufficient latitude to pursue expansionary economic policies.

promoting economic reforms in the 1980s and 1990s that placed considerable constraints on economic policy options. The extent to which countries are engaged in an IMF program, then, can have an important impact on the executive's freedom to maneuver. Therefore, we test for the effect of each of these external constraints on domestic policymaking.

Hypothesis 3b: As a country's debt service increases (thanks to the legacy of accumulated debt stock incurred by predecessors), the likelihood of a president governing on the left decreases.

Hypothesis 4b: Fiscal deficits are an important constraint on the executive's policymaking autonomy. As deficits increase, the likelihood of a president governing on the left decreases.

Hypothesis 5b: Dependence on IMF lending resources can limit a country's economic policy options due to policy conditionality. If a country is engaged in an IMF program, the likelihood of a president governing on the left decreases.

Constraints on governing need not be economic. They can also be political in nature. If a left-wing incumbent is faced with a right-wing opposition in the legislature, then that opposition can act as a veto point—hindering the president's ability to implement his preferred public policies (Tsebelis 2002, Cox and McCubbins 2001). Thus, governing on the left could be constrained in one of two ways. First, executives could attempt to push their redistributive agenda through the legislature and invite gridlock or a watering down of priorities when the

opposition inevitably opposes the move. Alternatively, the executive could anticipate the legislative opposition and refrain from even introducing redistributive policies because they are likely to be shot down and weaken his/her position.

Hypothesis 6b: If the primary opposition force in the legislature is associated with a right or center-right party (or parties), the likelihood of a president governing on the left decreases.

II. Our empirical strategy

This section presents our modeling strategy and the indicators used to measure the variables for testing our hypotheses. Our dataset includes 18 Latin American countries for the period between 1985 and 2007—that is, the complete democratic period in the region. Each observation corresponds to one presidential election in year j and country i . We have a total of 90 observations across 18 countries, ranging from two to six per country (see Table 1 in the Appendix).

In order to explore our first question concerning mass voting behavior—why citizens vote for left-wing presidential candidates—we construct a dependent variable that aggregates all votes for left-wing presidential candidates in each election year and each country. Again, we follow this procedure to ensure we take into account the full measure of popular support for leftist candidates. Thus, our dependent variable considers left-wing presidents who were elected with a minority of votes (Nicaragua’s Ortega in 2006) as well as those runners-up who narrowly missed victory (Lopez Obrador in Mexico’s 2006 elections). The ideology of the candidates was calculated using a 5-point scale, where 1 is the left-most score and 5 is the right-most score.

Thus, **Left vote share** is the total presidential vote share obtained by all presidential candidates from the left (1) and center-left (2) in year j and country i , and 0 otherwise.¹² Figure 1 presents the distribution over time of our first dependent variable.

Figure 1: Presidential left vote share, by year.¹³

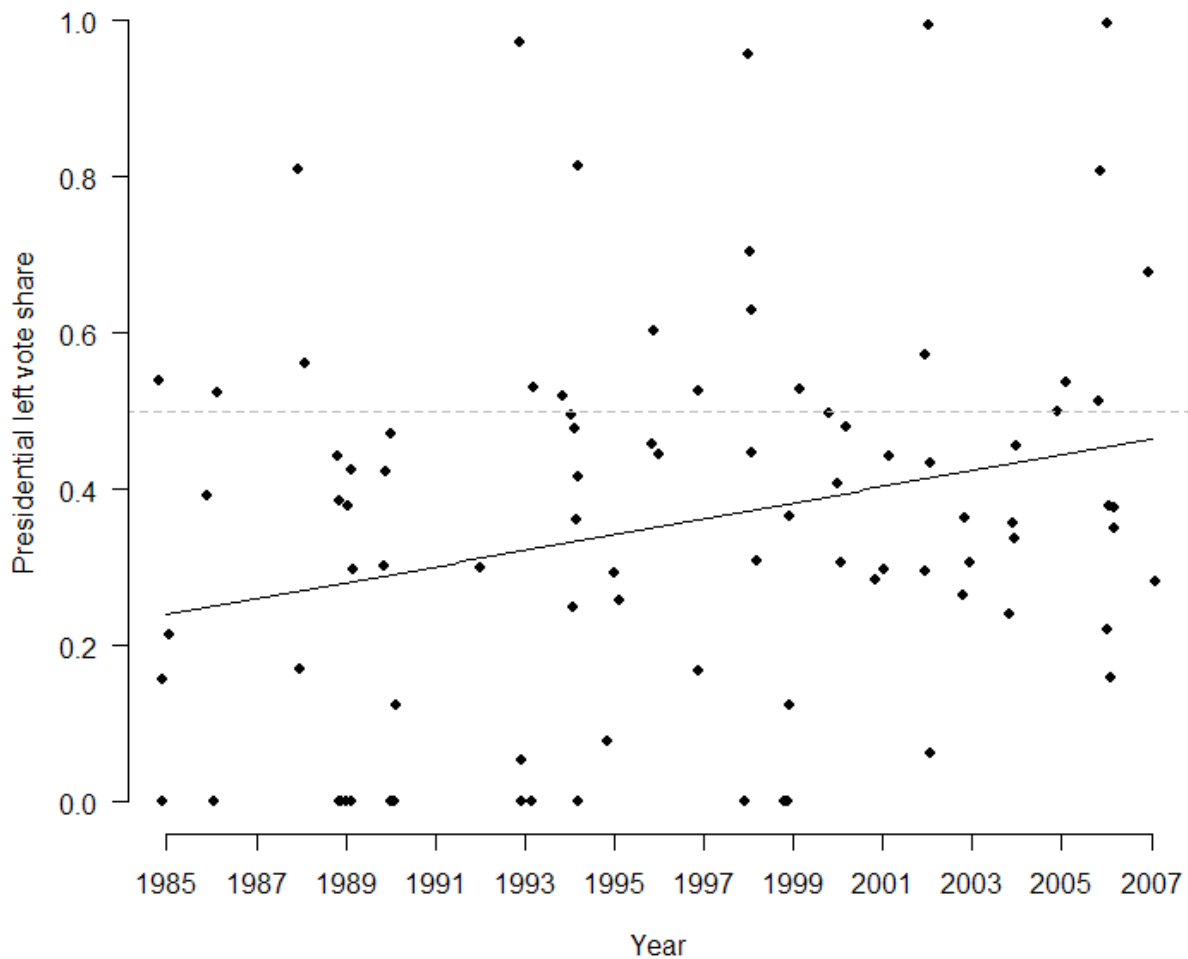


Figure 1 shows that there is an increase in the presidential **Left vote share** over time.

Yet it is also clear that the popularity of the left is not a post-2000 phenomenon; there is no large

¹² Only parties that obtained more than 5% of the vote were included. See Appendix for more details.

¹³ Data was jittered to make each observation more distinct.

discontinuity between the pre-2000 and post-2000 periods. The plot also shows a large dispersion in the distribution of the data. With 90 observations, the mean is 0.35 for the 1985-2007 period and the standard deviation is 0.25. The dependent variable takes values that range from 0 (i.e. left candidates earned no votes) to 0.997 (i.e. left-wing candidates earned nearly all the votes).¹⁴ In testing the hypotheses described above to explain variation in the vote for left-wing presidential candidates, we consider several independent variables.

We test the hypothesis about democratic consolidation using a variable called **Age of democracy**, which is constructed by summing the years since democratic rule was re-established in each country. We expect this variable to be positively correlated with our dependent variable because, as democratic experience increases, it should erode the fear of an authoritarian return in reaction to a left-wing administration (Hypothesis 1a).

To test hypothesis 2a, which stipulates that electoral support for left-wing candidates is a result of rotation in power following right-wing incumbents, we create the variable **Right incumbent**. This variable is an indicator variable that takes the value 1 when the ideology of the incumbent president is 4 (center-right) or 5 (right), and 0 otherwise.

To test the hypotheses about retrospective voting (hypothesis 3a), we measure economic performance using both **Inflation** lagged one year and **GDP growth** lagged one presidential period.¹⁵ We expect voters to punish incumbents for poor economic growth or escalating inflation, but this retrospective voting will benefit left-wing candidates only when the incumbent to be blamed is a right-wing president. Therefore, we create an interaction term between the

¹⁴ The highest value for left vote share corresponds to Brazil's 1998 election, when all the candidates that ran—Cardoso, Lula, and Ciro Gomez—were center-left or left-wing. Also the 2002 and 2006 Brazilian elections presented only left-wing candidates.

¹⁵ Inflation is lagged one year because the literature informs us that citizens feel the effects of inflation almost instantaneously. Growth, on the other hand, can have a much longer lag time with respect to its effects on most voters. Therefore, we lag growth by one presidential period.

economic variables and **Right incumbent**. We expect **Inflation lagged* Right incumbent** to have a positive effect on electoral support for left-wing presidential candidates and **Growth lagged one period* Right incumbent** to have a negative effect.

We also must take into account the competing arguments that have been made regarding the role of income inequality. We include the Gini coefficient that measures **Income inequality** on the right-hand side of our equation to test the linear hypothesis that high levels of inequality lead to greater redistribution (hypothesis 4a). But inequality also enters as a squared term (**Income inequality²**) to test for the U-shaped effect that Debs and Helmke (2008) stipulate (hypothesis 5a).

To measure the effect of party system institutionalization (hypothesis 6a) we use a variable called **Electoral volatility**, which calculates the aggregate vote shift from one presidential election to another in a single country using the Pedersen Index (Pedersen 1983).¹⁶ We expect Electoral volatility to have a positive effect on electoral support for the left.¹⁷

Finally, we include a lag of the previous left-wing vote to control for temporal autocorrelation and to inform us of the baseline level from which Left support is deviating. As past performance should affect the electoral possibilities of the Left, we expect **Left vote share lagged** to be positively correlated with our dependent variable. We estimate the model using

¹⁶ The Pedersen Index takes values from 0 to 1. Zero indicates absolute stability of the vote—no parties lose or gains more votes than in the previous election. A value of one indicates that all votes accrued to new parties. Only parties getting more than 5% of the vote were included in the calculations of the Index. Mainwaring, España, and Gervasoni (2008) proposed new measures to capture volatility, since the Pedersen Index cannot distinguish between vote transfers among established parties and transfers to new contenders. Although promising the data for this new measure of volatility (which the authors graciously shared with us) was not available for presidential elections.

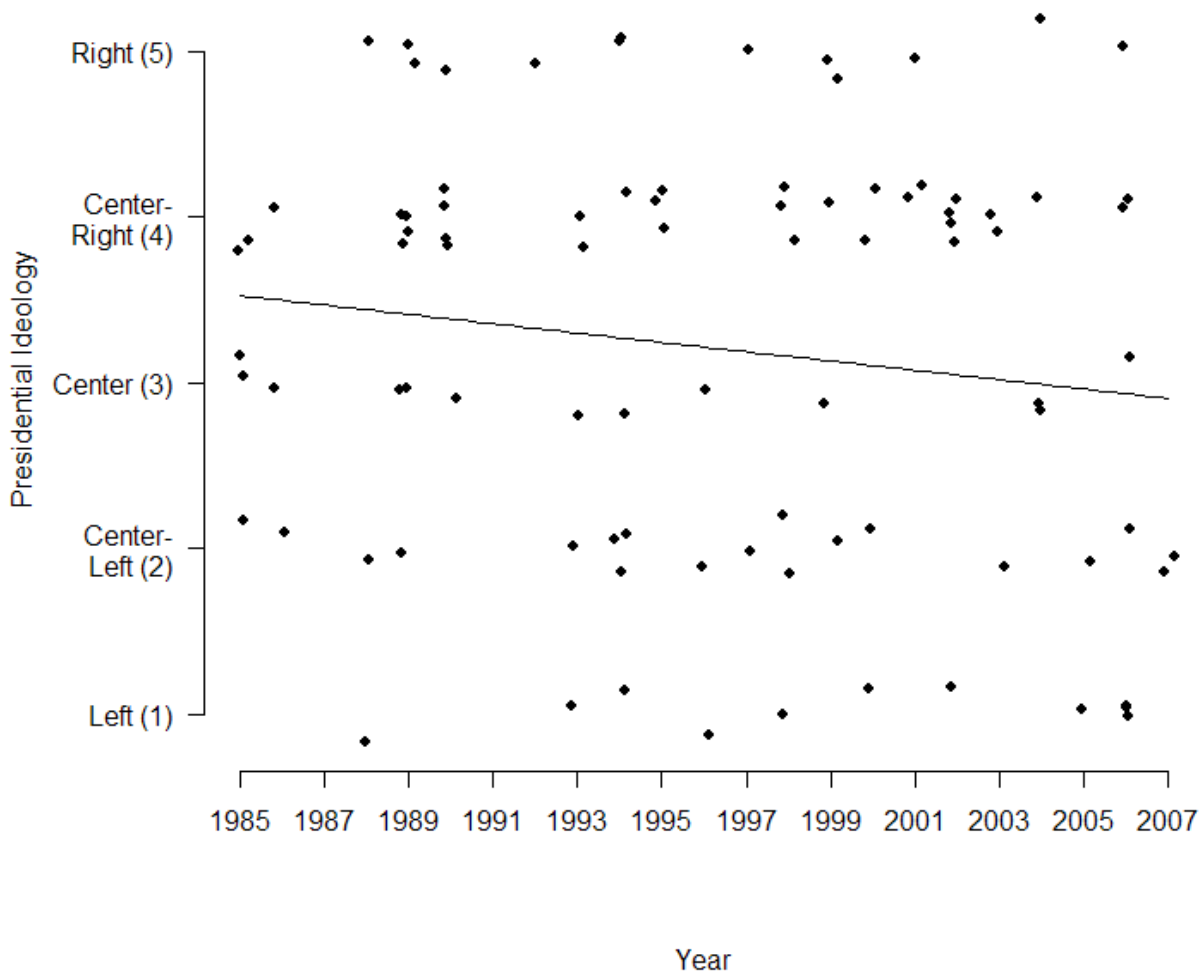
¹⁷ Because party system crises under right-wing incumbents could provide a unique opportunity for left-wing presidential candidates to emerge, we also test for volatility by creating an interaction term between Electoral volatility and Right incumbent.

OLS regression and robust standard errors to control for clustering within countries (i.e. the possibility that observations within a country are not independent).¹⁸

Our second dependent variable focuses not on electoral support, but on the governing ideology of Latin American presidents. We construct the indicator for this dependent variable based on the ideology of the elected president (**Presidential ideology**). It is important to note that this subjective coding captures the governing ideology of the president, and not his/her campaign platform, personal ideological preferences, or party's past history. We have taken every precaution (including consulting with country experts) to make sure that this coding squares with a subjective assessment of actual policies pursued while in office. Ideology was calculated according to the same 5-point scale explained above. A score of 1 corresponds to a left president, 2 to center-left, 3 to center, 4 to center-right, and 5 corresponds to a right-wing president.

Figure 2 shows the evolution of this variable over time: as years elapse, the number of presidents who govern on the left (lower ideological score) increases. This confirms the popular perceptions of the trend line in the region's governance. It also shows that at the beginning of the period presidents were less extreme (on both ends of the spectrum) than near the end. For the first few years of our dataset, there are no observations at 1 (left) or 5 (right). In spite of these trends, there is significant variation on the ideology of governing presidents throughout the entire 1985-2007 period (see Tables 2 and 3 in the Appendix for details on the frequency distribution of the dependent variable).

¹⁸ Some of our observations have zero votes for the left in a given year, which makes the distribution of the dependent variable to be non-normal. To account for this zero inflation of the data, we tried a modified version of the zero inflated negative binomial (zinb) but this model produced equivalent results so, therefore we present the OLS alternatives.

Figure 2: Presidential ideology, by year¹⁹

To better explain the variation in our dependent variable on governing ideology, we turn to our second set of hypotheses. To test hypothesis 1b regarding policy differentiation, we measure the ideology of the prior incumbent (**Incumbent ideology**), using the same 5-point scale. We expect that the more right-wing his/her predecessor, the more left-wing a newly elected president will choose to govern due to the principles of policy differentiation.

¹⁹ Data was jittered to make each observation more distinct.

To test for the effect of economic independence from financial markets on the likelihood that the elected president will govern on the Left (hypothesis 2b), we use the variable **Current account**. This variable measures the current account balance as a proportion of Gross Domestic Product (GDP) and is expected to have a negative effect on **Presidential ideology**; the larger the current account surplus, the greater likelihood we will witness a president who governs on the left.²⁰

To assess the effect of economic constraints on the executive's freedom to govern on the left we use three variables. First, we use **Debt service** (as a proportion of Gross National Income) to assess how external financial constraints lower the degrees of freedom of the president to pursue his preferred public policy. We expect debt service to have a positive effect on ideology as higher scores indicate movement toward the right (hypothesis 3b): the larger a country's debt service, the more likely that its president will have to govern on the right.

Second, we use **Fiscal deficit** (as a proportion of GDP) to measure the domestic financial constraints on the president's desire to pursue expansionary social and economic policies. We expect that the larger the fiscal surplus, the more freedom a president will possess to pursue expansionary policies favored by the Left (hypothesis 4b).

Third, as a measure of IMF leverage over a country, we use a variable **Signed IMF arrangement** that captures the international constraints faced by a president during a given term (hypothesis 5b). For every year in which the country signs a new IMF arrangement, this variable takes a value of 1. We then average over presidential terms to get a rough assessment of IMF

²⁰ Current account balance is the sum of net trade (exports minus imports) in goods, services, and income plus net current transfers (World Development Indicators 2008).

leverage during a particular presidency.²¹ Our rationale for this operationalization is that countries typically have to show good faith up front if the IMF is to enter into an agreement with it; once the first tranche of an IMF loan has been delivered, however, the effects of policy conditionality tend to drop off.

To capture political constraints, we measure the effect of having a **Right opposition** in the legislature with an indicator variable that takes the value 1 when the main opposition party in the Legislature is 4 (center-right) or 5 (right), and 0 otherwise. We expect that having a **Right opposition** should constrain left-wing presidents because it pre-empts left-wing policy proposals that would be defeated in the legislature (hypothesis 6b).

Finally, we include four control variables. First, **GDP growth** and **Inflation**—both lagged one year—are included to control for prior economic performance. We also control for **GDP per capita**, which is a measure of the overall wealth of the country. We include **Age of democracy** to control for the effect of a possible time trend, as there is a secular increase in the dependent variable and in the price of commodities over time. Since the dependent variable takes on five ordered values (1 to 5), we use an ordered probit model for the estimation with robust standard errors to control for clustering within countries.²² Summary statistics for all of the variables are presented in Table 4 in the Appendix.

The following table summarizes our expectations about the direction of the effects of all our variables, separating those that correspond to theories of “voting left” from those that refer to “governing left”.

²¹ For instance, assume a presidential term in country X is five years. If the country signs an IMF agreement in year 3 of a presidency, our variable would have a value of .2 (1/5).

²² The ordered probit model takes into account the ordinal nature of our dependent variable without treating the difference between categories as equivalent (e.g. the difference between left and center-left cannot be treated as equivalent to the difference between center and center-right, as OLS implies)

Table 1: Expected direction of hypothesized effects

Variable	Expected Sign	
	Voting Left	Governing Left
Age of democracy	(+)	
Right-wing Incumbent	(+)	
Inflation * Right-wing Incumbent	(+)	
Growth * Right-wing Incumbent	(-)	
Income inequality	(+)	
Income inequality ²	(-)	
Volatility	(+)	
Incumbent ideology		(-)
Current account surplus		(-)
Debt service		(+)
Fiscal deficit		(+)
Signed IMF arrangement		(+)
Right-wing opposition		(+)

III. Results

Table 3 below presents the results of a series of OLS regressions where the outcome variable is the total vote share of left presidential candidates. Column 1 reports the results from a model with no interactions. Column 2 adds the **Inequality²** variable to Model 1. Column 3 reproduces Model 1 again and incorporates the interaction terms between **Inflation lagged** and **Right incumbent** and **Growth lagged one period** and **Right incumbent**. Finally, Column 4 incorporates both measures of inequality (the linear and the quadratic) and the interaction terms.

Our first hypothesis on the impact of democratic consolidation finds some support as the coefficient on the **Age of democracy** variable is positive in all four models (albeit not statistically significant), indicating that more democratic experience increases the probability that the left will receive a larger percentage of the vote.

Our second hypothesis about the effect of democratic rotation is tested in Model 1 and Model 2 (Table 3). The coefficient on the **Right incumbent** variable is positive, but it is not statistically significant.²³ This effect suggests some support for democratic alternation in power as an explanation for the vote for the Left.

We find stronger support for our third hypothesis testing the effect of retrospective voting based on sociotropic hypotheses of economic performance (hypothesis 3a). The coefficient on the interaction term between **Inflation lagged** and **Right incumbent** was positive and significant indicating that higher levels of inflation under right-wing administrations increase the probability that the left will receive a larger percentage of votes. By contrast, the coefficient on the interaction variable between **Growth lagged** and **Right incumbent** has an unexpected negative sign (although non-significant).²⁴

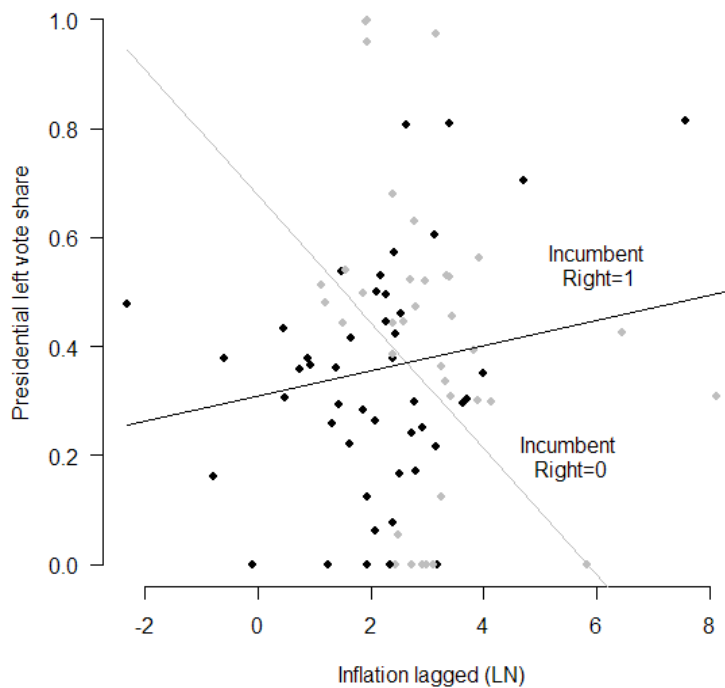
Figure 3 shows the effects of **Inflation lagged** on left vote share, according to the ideology of the incumbent. The darker line represents the effect of **Inflation lagged** on the vote share of left presidential candidates when there is a right-wing incumbent president (4 or 5 in our scale), whereas the lighter line shows the effect of **Inflation lagged** when the incumbent president is left, center-left or centrist (1, 2 or 3). Darker dots correspond to observations with right incumbents and lighter dots correspond to non-right incumbents. As the positive slope of the darker line in Figure 3 shows, there is strong evidence that prior inflation when the incumbent is a right-wing president has a positive effect on left vote share. A 1 percent increase in inflation leads to a 2.3 percentage point increase in Left presidential vote share when the

²³ We also tried an alternative measure by replacing the Right incumbent (4 and 5 in our scale) variable with Center-right incumbent (3, 4 and 5) and the results were similar. The coefficient on the Center-right incumbent variable was still positive (and the magnitude increase from 4 to 8 percent) but not statistically significant.

²⁴ We also ran all of our models lagging growth by one year, as opposed to one presidential period. Our results were very similar. Thus, we decided to report our findings with growth lagged one period because of our assumptions about the potential non-immediate impact of growth on voting behavior.

incumbent is right-wing.²⁵ In contrast, the negative slope of the lighter line in Figure 3 shows the negative effect of **Inflation lagged** on left vote share when the incumbent is left, center-left or centrist. An increase of one percent in inflation when a center, center-left or left incumbent is in power decreases the vote share for the left by 11.6 percentage points (significant at 1% level). That is, voters react stronger to left-wing administrations with high inflation than to right-wing administrations with similar performance. This finding confirms Remmer's (2002) argument about left-wing constituencies' preference for low inflation—as inflation has a large, negative impact on the poor.

Figure 3: The effect of inflation on presidential left vote share²⁶



²⁵ We also conducted our analysis replacing the Right incumbent (4 or 5 on our scale) variable with a Center right incumbent variable (3, 4 and 5). The results were similar.

²⁶ The figure was drawn using coefficients from the regression results in Column 4 of Table 3.

The differential effects of growth and inflation echoes Debs and Helmke's (2008) argument that Latin American voters punish right-wing incumbents for high inflation but do not reward them for high growth. Roberts and Wibbels (1999) also find that short-term inflation, rather than economic growth, affects support for incumbent presidents. Lora and Olivera (2005) find strong evidence that the Latin American electorate is highly sensitive to inflation (as opposed to other economic outcomes). Like us, they do not find that the electorate punishes the president for growth declines. This suggests that lower and middle-class consumers feel the immediate pinch of higher prices brought on by inflation, while the effects of anemic growth are less immediate and certainly less direct.

We do not find statistical support for either hypothesis on income inequality. We find only weak support for the linear relationship between inequality and left vote share (hypothesis 4a), and no support for the U shaped relationship hypothesized by Helmke and Debs (2008) (hypothesis 5a). The sign of the coefficient on the **Income inequality** variable is not consistent across models and it is not statistically significant. The coefficient on the **Income inequality²** variable is also not statistically significant and has an unexpected positive sign. Finally, we find no support for hypothesis 6a that relates the growing left wing vote in Latin America with weak party system institutionalization. The coefficient on the volatility variable has an unexpected negative sign, suggesting that higher levels of volatility are associated with fewer votes for the left.²⁷

²⁷ Since the effect of volatility could depend of the ideology of the incumbent party (i.e. party system crises under right-wing incumbents could provide an opportunity for left-wing presidential candidates to succeed), we also test the effect of Electoral volatility*Right incumbent on left vote share. We find no support for this hypothesis either.

Table 3: Explaining Presidential left Vote Share

	Model 1	Model 2	Model 3	Model 4
Left vote share lagged	0.678 [4.02]***	0.676 [3.98]***	0.665 [5.10]***	0.66 [5.13]***
Age of democracy	0.002 [0.89]	0.002 [0.87]	0.002 [1.21]	0.002 [1.19]
Volatility	-0.264 [1.78]*	-0.279 [1.90]*	-0.055 [0.43]	-0.087 [0.65]
Right incumbent	0.042 [0.69]	0.045 [0.72]	-0.411 [2.16]**	-0.426 [2.53]**
Inflation lagged (ln)	0 [0.02]	-0.002 [0.09]	-0.103 [3.28]***	-0.116 [4.47]***
Growth lagged one period	-0.009 [0.64]	-0.008 [0.58]	-0.03 [1.59]	-0.029 [1.53]
Income inequality	0.004 [0.54]	-0.021 [0.27]	-0.001 [0.20]	-0.085 [1.16]
Income inequality ²		0 [0.31]		0.001 [1.09]
Inflation lagged (ln) * Right Inc.			0.128 [2.93]***	0.139 [3.73]***
Growth lagged*Right inc.			0.031 [1.40]	0.03 [1.32]
Constant	-0.034 [0.07]	0.596 [0.32]	0.563 [1.63]	2.707 [1.55]
Observations	68	68	68	68
R-squared	0.54	0.54	0.62	0.63

Robust t statistics in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

We now turn to the results on presidential ideology. Table 4 presents the results of a series of ordered probit regressions where the outcome variable is **Presidential Ideology** (where 1 is left and 5 is right). Column 1 reports the baseline model. Column 2 adds the economic constraints to the baseline model. Column 3 reproduces Model 1 again and incorporates the political variables. Finally, Column 4 includes both the economic and political variables. In analyzing the hypotheses about the incentives of presidents to govern on the Left, we find no

support for the idea that presidents react by differentiating themselves from their predecessors.²⁸ The coefficient on the ideology of the **Incumbent ideology** has an unexpected positive sign (higher values of the dependent variable indicate a movement to the right) and is not significant. Regarding our control variables, we do not find significant effects for either lagged **Growth** or **Inflation** suggesting that presidential ideology was not a reaction to prior economic performance.²⁹

We do find strong evidence in support of hypothesis 2b on the effect of high commodity prices on the ideology of incumbent presidents. The effect of **Current account** on the ideology of the president is negative (indicating a movement to the left) and significant across all models. That is, the effect of current account on governing ideology remains significant even when controlling for a variety of economic and political factors. We calculate the marginal effect of this variable to assess its impact on the probability of having a left-wing president.³⁰ While the probability of having a left-wing president (1 on the scale)—holding all independent variables at their means—is only 0.027, it changes substantially depending on the current account balance.³¹ At its lowest level—when the current account deficit reaches 30% of GDP as in 1990

²⁸ There is always concern that there is measurement error in our dependent variable since it rests on subjective coding. As a robustness check, we ran all statistical models in this section on two alternate dependent variables. The first was the Fraser Institute's "Economic Freedom of the World" measure. This is a composite index that uses 42 different measures to rank countries around the world based on policies that encourage economic freedom. The component measures fall into five categories such as the size of government, legal structure and security of property rights. The second measure is the Heritage Foundation's annual Index of Economic Freedom, which ranks 162 countries across 10 freedoms such as trade freedom, business freedom, investment freedom, and property rights. Using both of these alternate measures, our results are broadly consistent with those reported here (although, in some cases, significance levels are lower). One shortcoming of both of these datasets is limited data coverage. Prior to 2000, the Fraser index only collected data in five-year intervals. The Heritage Index, though annual, only dates back to 1995. Because we lose many observations due to missing values, we acknowledge there are problems with using these alternate measures. Results are available from authors.

²⁹ Our results on growth contrast with Corrales (2007) argument that the negative shock of the 1999-2002 recessions was decisive in promoting the Leftward trend of presidents in the region.

³⁰ Marginal effects were calculated using coefficients from the regression results in Column 4 of Table 4.

³¹ The low probability is produced by the small number of cases (11) with a left president (1 on our scale).

Nicaragua—the probability of a left-wing president declines to 0.000007. By contrast, at its highest level—when the current account surplus reaches almost 15% of GDP as in 2006 Venezuela—the probability grows to 0.39.³²

When we take into account the impact of external financial constraints (hypotheses 3b, 4b, and 5b), only IMF leverage has a strong impact. The **Fiscal deficit** variable has the right sign, but is statistically insignificant. **Debt service** as a proportion of GNP has an unexpected negative sign. That is, the higher the debt service, the more likely the president is to govern on the Left. This suggests that policymaking reacts to the consequences of accumulated debt rather than being constrained by it. We find strong support for the hypothesis that when a country enters into a new IMF agreement, the ruling president is more likely to govern on the right. The variable (**Signed IMF arrangement**) is statistically significant and robust across our models. Whereas debt service and fiscal deficit do not seem to matter much for governing ideology, there is clearly an association between IMF leverage and right-of-center presidents.

Finally, our results do not support hypothesis 6b about institutional constraints (**Right opposition**) on presidential powers to pursue their preferred policies. Our results show that if the main legislative opposition is from the right or center-right, the president is more likely to govern on the Left—that is, to have a lower score on our ideology ranking. This effect suggests polarization between the president and the legislature—probably explaining some of the conflicts between both branches of government.

³² The same effect can be observed for center-left presidents (2 on our scale). The probability of having a center-left president, holding all independent variables at their mean, is 0.22. The probability declines to 0.001 when the current account deficit hits the level of Nicaragua in 1990 but grows to 0.44 when the current account surplus reaches that of Venezuela in 2006.

Table 4: Explaining presidential ideology

	Model 1	Model 2	Model 3	Model 4
Current account	-0.048 [2.33]**	-0.077 [2.79]***	-0.069 [2.77]***	-0.091 [2.94]***
Growth lagged	-0.024 [1.06]	-0.024 [0.77]	0.004 [0.12]	-0.011 [0.24]
Inflation lagged (ln)	-0.071 [1.17]	-0.066 [0.95]	0.01 [0.15]	-0.01 [0.16]
GDP per capita (ln)	-0.458 [1.12]	-0.765 [1.48]	-0.205 [0.52]	-0.724 [1.52]
Debt service		-0.143 [2.85]***		-0.095 [2.17]**
Fiscal deficit		1.047 [0.63]		4.683 [0.68]
Signed IMF arrangement		1.273 [2.96]***		1.285 [2.84]***
Age of democracy			-0.02 [1.93]*	-0.009 [0.86]
Incumbent ideology			0.262 [1.42]	0.273 [1.51]
Right opposition			-0.848 [2.64]***	-0.48 [1.47]
Observations	89	78	82	72
Pseudo R-square	0.051	0.144	0.136	0.190

Robust z statistics in brackets

* significant at 10%; ** significant at 5%; *** significant at 1%

In sum, our findings suggest that electoral rotation in power between right (and even center-right) incumbents and their left-wing successors offers the strongest explanatory power for the vote share of left-wing presidential candidates during the longest sustained democratic period in Latin America. In particular, the effect of retrospective voting—or “throwing the rascals out”—is strongly supported by our results on the evaluation of economic performance using inflation as an outcome. Because our dependent variable includes both victorious and defeated candidates, we believe that cumulative left vote share captures the public mood towards left-wing electoral options. Hence, our results suggest that Latin American voters seem to be

testing the democratic market of electoral options rather than being swept up by revolutionary winds.

Regarding the explanation for the growing number of presidents who govern on the Left, which emphasizes elite rather than mass behavior, we do not find that the ideology of the prior incumbent has any explanatory power. By contrast, economic conditions that define the constraints and opportunities of presidents in power are found to have a strong effect on the ideology of elected presidents. Therefore, our results suggest that different variables explain two diverse (but related) phenomena that are often conflated by the literature on the Latin American Left—with democratic alternation more important in understanding mass behavior and economic context crucial for illuminating elite options.

IV. Final Discussion: the left-overs

To conclude, we have some tentative suggestions about the debate on the left-wing preferences of Latin American voters and politicians. Our empirical exercise confirms our belief that it is useful to separate analyses of mass and elite behavior. Our results regarding mass behavior echo the findings of Arnold and Samuels (in this volume) who do not find any region-wide move to the left when analyzing public opinion data from Latin America. Even in countries that did witness a leftward shift, they argue, there is no evidence of a dramatic ideological realignment. Instead, Latin American voters seem to be exercising the electoral options available in the new democratic markets of the region. This Schumpeterian view of democracy, which explains electoral support for the Left either as rotation in power or retrospective economic voting, has tremendous implications in a region of the world where democracy has failed so many times before. The fact that Latin American citizens can choose

alternative options and continue doing so—regardless of their ideological bent—is a watershed in the region’s history.

Our work also shows that for understanding elite behavior, economic conditions are more important than rotation in power. Elected presidents respond more to external constraints—especially access to hard currency through exports—than to previous democratic experiences. Just as the 1990s’ turn toward neoliberalism was explained by financial constraints derived from the Debt Crisis, the growing left-wing ideology of presidents (more predominant in the 2000s) seems to coincide with the commodity boom. Although we found little evidence that debt service or fiscal deficits matter for a president’s governing ideology, the extent of IMF constraints are significant.

Recent work by Weyland and Kaufman (both in this volume) provides some theoretical foundations for our finding on the economy. Weyland argues that efforts by some Latin American presidents to radically rewrite the economic rules of the game have rested on “exceptional, temporary circumstances”—namely, the recent uptick in the value of international commodities. Echoing Fishlow’s (2006) earlier intuition, the author argues that the ability of a Morales or Chavez to enact expansionary social and economic policies rests on a relatively thin foundation: windfall rents that can temporarily extend “the bounds of political agency” but are unlikely to persist indefinitely. Yet this discussion of the current commodity boom need not be limited to hydrocarbons in Bolivia or Venezuela. Richardson (2008) compellingly argues how the Kirchner government in Argentina levied export taxes on soy products, which have enjoyed a long-term increase in value due to rising global demand, to finance redistributive policies favoring urban voters. But while the recent economic boom may be a necessary condition for populist policies, it is certainly not a sufficient one. After all, both Weyland and Kaufman point

out that presidents in Brazil and Chile have defied the temptation of the recent bonanza to engage in economic populism, preferring instead to err on the side of fiscal prudence. Richardson also contrasts Brazil to Argentina as Lula has eschewed the opportunity to exploit high commodity prices and engage in export-oriented populism. Yet here too, the propitious economic climate has allowed Left governments to advance their cause of redistribution—although through different mechanisms. While the PT in Brazil has committed to an austere fiscal policy, Lula's administration has experienced significant success with its conditional cash transfer scheme, *Bolsa Familia* (Hunter, this volume). Similarly, Pribble and Huber (this volume) document the role of left governance in Chile and Uruguay in balancing fiscal responsibility with redistribution and social sector reforms. Therefore, commodity booms are permissive conditions; the exact nature of redistribution favored by left-wing presidents will differ. A final implication of our argument is that the leftist winds may falter due to changes in external conditions—if these were to happen.

Once again, we return to the argument that Latin American leaders are no different from those of other democracies. Political leaders want to be elected and want to exploit their advantageous context. The region is not doomed to populism or caudillism; rather this current trend is part and parcel of an incipient democratic experience. Hence, the Latin American leftward waves—at the elite and mass levels—seem to suggest less a socialist revolution than a democratic one.

Appendix

Table 1: Number of observations, by country

Country name	Number of observations	Country name	Number of observations
Argentina	5	Guatemala	6
Bolivia	6	Honduras	6
Brazil	6	Mexico	2
Chile	4	Nicaragua	4
Colombia	6	Panama	4
Costa Rica	6	Paraguay	4
Dominican Republic	6	Peru	6
Ecuador	6	Uruguay	4
El Salvador	4	Venezuela	5
		Total	90

Table 2: Presidential ideology frequency distribution

Presidential Ideology	Freq.	%	Cum. %
Left	11	12.22	12.22
Center-Left	19	21.11	33.33
Center	13	14.44	47.78
Center-Right	34	37.78	85.56
Right	13	14.44	100
Total	90	100	

Table 3: Presidential ideology, by country

	Left	Center-Left	Center	Center-Right	Right
Argentina		N. Kirchner 2003 C. Kirchner 2007	De la Rúa 1999	Menem 1989 Menem 1995	
Bolivia	Morales 2005	Zamora 1989		Paz Estensoro 1985 Sanchez de Lozada 1993 Sanchez de Lozada 2002	Banzer 1997
Brazil	Lula 2002 Lula 2006	Cardoso 1994 Cardoso 1998	Sarney 1985	Collor de Melo 1989	
Chile	Lagos 2000 Bachelet 2006		Aylwin 1989 Frei 1993		
Colombia			Barco 1986 Gaviria 1990 Samper 1994	Pastrana 1998 Uribe 2002 Uribe 2006	
Costa Rica		Arias 1986 Figueres 1994 Arias 2006		Calderon 1990 Rodriguez 1998 P. de La Espriella 2002	
Dominican Republic		M. Dominguez 2000	F. Reyna 1996 F. Reyna 2004	Balaguer 1986 Balaguer 1990 Balaguer 1994	
Ecuador	Correa 2006	Borja 1988 Bucaram 1996		Gutierrez 2002 Mahuad 1998	Duran 1992
El Salvador					Christiani 1989 Calderon 1994 Flores Perez 1999 Saca 2004
Guatemala		Alvaro Colom 2007	Cerezo Arévalo 1985	Serrano Elias 1990 Arzu 1995 Berger 2003	Portillo 1999
Honduras		Azcona Hoyo 1985 Reina 1993 Flores 1997 Zelaya 2005		Callejas 1989 Maduro 2001	
Mexico					Fox 2000 Calderon 2006
Nicaragua	Ortega 2006			Chamorro 1990	Aleman 1996 Bolanos 2001
Panama		Torrijos 2004		Perez Balladares 1994	Endara 1989 Moscoso de A. 1999
Paraguay				Rodriguez 1989 Wasmosy 1993 Cubas Grau 1998 Duarte Frutos 2003	
Peru		Garcia 1985		Fujimori 1990 Fujimori 1995 Fujimori 2000 Toledo 2001 Garcia 2006	
Uruguay	Vasquez 2004		Sanguinetti 1994 Battle 1999	Lacalle 1989	
Venezuela	Chavez 1998 Chavez 2000 Chavez 2006	Perez 1998	Caldera 1993		

Table 4: Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Left vote share	90	0.354	0.250	0	0.997
Presidential Ideology	90	3.211	1.276	1	5
Age of Democracy	90	17.833	13.565	0	57
Current Account	89	-3.057	6.118	-30.234	14.714
Debt service	88	6.113	2.873	0.289	13.247
Fiscal Deficit	78	-0.024	0.061	-0.499	0.025
GDP per capita (LN)	90	8.598	0.474	7.496	9.441
Growth lagged	90	3.263	4.127	-13.380	12.822
Growth lagged one period	84	3.295	2.072	-1.8138	8.834
Growth lagged one period*Right Incumbent	83	1.985	2.170	0	6.805
Income Inequality	87	50.890	5.401	36.85	61
Income Inequality ²	87	2618.627	543.139	1357.922	3721
Incumbent Ideology	83	3.398	1.104	1	5
Inflation lagged (LN)	90	2.625	1.749	-2.303	8.470
Inflation lagged*Right Incumbent	83	1.156	1.544	-2.303	7.564
Left vote share lagged	72	0.327	0.250	0	0.995
Right Incumbent	83	0.554	0.500	0	1
Right Opposition	90	0.467	0.502	0	1
Signed IMF	90	0.204	0.214	0	1
Volatility	80	0.227	0.126	0.003	0.555

Variable definitions and sources

Dependent Variables

Presidential ideology: To code ideology, we give each political party a score on a 5-point scale, where 1 is Left and 5 is Right. The scores are from Coppedge (1997) and its various extensions, including Huber, Stephens and Mustillo (2005), Murillo and Martinez-Gallardo (2007), Weisheimeier and Benoit (2007), and consultation with country experts (Ana Maria Bejarano, Lucas Gonzalez, Flavia Freidenberg, Steven Levitsky, David Samuels, Andrew Schrank, Jorge Leon Trujillo). We code personalistic parties with no clear ideology as well as parties coded in Coppedge (1997) as unknown/other as missing observations.

Left vote share: Total presidential vote share obtained by all candidates from the left (1) and center-left (2) in the first round of elections. Only parties that obtained more than 5% of the vote were included. Data adapted from Murillo (forthcoming).

Independent Variables

Age of democracy: Number of years since return to democracy. The year of the first democratic election was considered year 1. From Freedom House and Polity IV Project.

Current account: Current account balance as a % of GDP. From World Development Indicators (2008).

Debt service: Total debt service as a % of GNI. From World Development Indicators (2008).

Fiscal deficit: Central government deficit as a % of GDP. From International Financial Statistics (2008).

GDP per capita (ln). Natural log of Gross Domestic Product per capita, PPP (constant 2005 international \$). From World Development Indicators (2008).

Growth lagged: Growth in the Gross Domestic product (annual %) lagged one year. From World Development Indicators (2008).

Growth lagged one period: Growth in the Gross Domestic product (annual %) lagged one presidential period. From World Development Indicators (2008).

Growth lagged one period* Right Inc: Interaction between Right Incumbent and Growth lagged one period.

Incumbent ideology: Ideology of the incumbent president at the time of the presidential election. See Presidential ideology for details on coding.

Inequality: Inequality: Gini coefficients from the United Nations University's World Institute for Development Economic Research (UNU-WIDER). The variable was constructed by Debs and Helmke (2008) taking the raw inequality measure from the closest year before the election year in each country. If there were no measures available prior to the election, the closest future measure was taken. If there was more than one measure for a given country election year, the average was taken.

Inequality²: Quadratic form of Inequality variable described above.

Inflation lagged (ln): Natural log of Inflation lagged one year. From World Development Indicators (2008).

Inflation lagged (ln)*Right Inc: Interaction between Right incumbent and Inflation lagged (ln).

Left vote share lagged: Total presidential vote share obtained by all candidates from the left (1) and center-left (2) in the previous election. Only parties that obtained more than 5% of the vote were included.

Right incumbent: Indicator variable that takes the value 1 when the ideology of the incumbent president is 4 (center-right) or 5 (right), and 0 otherwise.

Right opposition: Indicator variable that takes the value 1 when the main opposition party in the Legislature is 4 (center-right) or 5 (right), and 0 otherwise.

Signed IMF arrangement: Averaged number of years in a given presidential term the country has signed a new IMF arrangement (SBA, EFF, SAF, ESAF/PRGF). Data from Vreeland (2007). Authors updated the data for the 2004-2007 period, using data from www.imf.org.

Volatility: Variable that takes values between 0 and 1, calculated by adding the absolute value of change in the vote percentage gained or lost by each party from one election to the next, and dividing by two. See Pedersen (1983) for details.³³

³³ A value of 0 indicates absolute stability of the vote—no parties lose or gain more votes than in the previous election. A value of 1 indicates that all votes went to new parties. Only parties getting more than 5% of the votes were included in the calculations of the Index.

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