ABSTRACT

Why do some protest movements in Latin America succeed in rolling back privatizations while others fail? This article argues that protests against privatizations have tended to succeed under two conditions. First, privatization’s opponents form linkages (or “brokerage”) across multiple sectors of society. Broad coalitions are more likely to achieve their goals, while groups acting alone, such as labor unions, are more easily defeated or ignored by governments. Second, civil rights are protected but political representation is weak. In that case, opponents have the legal right to protest, but are unlikely to have opportunities for communicating their concerns through formal institutions, which prompts them to channel their demands outside of existing political institutions. Using case examples and logistic regression, this study confirms these arguments and discusses the implications for democracy in the region.

In June 2002 in Arequipa, Peru, riots arose in response to a government plan to privatize two state-owned electricity distribution services, Egasa (Empresa de Generación Eléctrica de Arequipa) and Egesur (Empresa de Generación Eléctrica del Sur). According to the New York Times, the protesters were a diverse group, ranging from “Marxists shouting ’60’s-era slogans” to labor unionists to “Fanny Puntaca, a shopkeeper and grandmother of six” (Forero 2002). Although President Alberto Fujimori’s privatization efforts throughout the 1990s had met few large-scale resistance efforts, this action to sell the two state-owned power companies provoked intense opposition.

Alejandro Toledo, the newly elected president, announced that his government would continue economic reforms, including privatization, regardless of opposition. In response, a new coalition, the Broad Defense, emerged with wide-ranging mem-
bership, including unions, students, neighborhood organizations, and peasants. The Broad Defense charged the government with violating a promise not to sell the two companies and warned of job losses and higher utility rates if the planned sale to a Belgian company went through (Christian Science Monitor 2002). Ultimately, large-scale protests, both in Arequipa and across the country, forced Toledo to back down and suspend the sale.

The Broad Defense’s successful opposition to privatization is not an isolated example. It is but one among a number of successful episodes of resistance to neoliberal reform in general. As of 2011, neoliberal hegemony appeared in decline in the region, and many analysts had begun to speak of a “postneoliberal” political economy. Voters in a wide array of countries, including Argentina, Bolivia, Brazil, Ecuador, Nicaragua, and Uruguay, were backing explicit critics of neoliberalism in presidential elections.1

Venezuela’s Hugo Chávez was particularly assertive in trying to forge an anti-U.S., antineoliberal bloc in Latin America. For critics of neoliberalism, this trend was a welcome sign of resurgent democratic politics against the imperialism and elitism of neoliberalism. Indeed, the “turn to the left” was characterized as a response to the authoritarian and exclusionary nature of neoliberal reforms.

But voters’ support for leftist presidential candidates was not the only manifestation of resistance to neoliberal reforms over the past decade-and-a-half. In fact, protestors mobilized against reforms—primarily privatization—in most countries in the region throughout the period of neoliberal hegemony (Petras 1999). Resistance to privatization occurred regularly from the early 1990s on, in virtually all Latin American countries, across a variety of sectors, and with at least a modest degree of success in delaying, altering, or reversing privatization plans. This history of protest stands somewhat in contrast to the depiction of neoliberalism as a policy program that hollowed out civil society (Oxhorn 1998; Kurtz 2004). This history of resistance raises questions about who protested against privatization, under what conditions they succeeded, and what, if anything, we can infer from them about the relationship between democracy and neoliberal reforms.

This study seeks to understand better the nature of resistance to neoliberal policy and the conditions under which it has been successful by examining cases in which protests against privatization succeed. We chose protests against privatization specifically because although it is only one of several planks of neoliberal reforms—albeit a central one—privatization is easily the most visible and controversial element of neoliberalism. In general, protests and strikes against neoliberal reforms specifically have targeted privatization rather than other neoliberal policies, such as deregulation, capital liberalization, or even free trade (which actually enjoys considerably higher levels of public support) (Baker 2009). Privatization directly affects employment and consumer prices and frequently has significant symbolic importance. Therefore, focusing on privatization is particularly salient because it is the strongest area of citizen dissatisfaction with neoliberalism.

This article argues that protests against privatizations tend to succeed under two conditions. First, protests are much more likely to succeed when the privatization’s
opponents engage in “brokerage” across multiple sectors of society. Broad coalitions are much more likely to achieve their goals, while groups acting alone, such as labor unions, are more easily isolated and defeated or ignored by governments. Second, protests against privatization are more successful when civil rights are protected but political representation is weak. In those cases, opponents have the legal right to protest, but are unlikely to have opportunities for communicating their concerns through formal institutions, which prompts them to channel their demands outside of existing political institutions. The exclusionary character of these political systems drives opposition movements to behave in ways that are more threatening politically, and thus more likely to force concessions. By contrast, actors in more inclusionary political systems have formal institutional means for expressing themselves. As a result, opposition to privatization is more likely to express itself within the political system, and protests are more likely to be politically isolated.

We make this case by testing the impact of brokerage and political opportunity on success or failure through a logistic regression of a sample of over one hundred similar episodes of contention. The model confirms our central hypotheses. Successful protests are more likely when brokerage occurs across multiple sectors of society and when the polity is characterized by strong civil liberties but weak political liberties. Thus, the prototypical successful episode of resistance is one that occurs in a politically exclusionary regime with sufficient protection of civil rights to permit the formation of a broad alliance in opposition to the reform.

On the face of it, then, the model seems to support the image of neoliberalism as an undemocratic program that requires explosive protest to moderate it. A review of the incidence of successful protest, however, suggests that this picture may be incomplete. The model performs quite well in accounting for failure, but it underexplains success. In other words, the hypothesized factors (brokerage, good civil liberties, weak political liberties) underestimate the possibility of successful protest. In fact, a review of the failed predictions shows that virtually all the incorrect predictions (12 out of 14) were cases with better political liberty scores than expected. Clearly, more work needs to be done to understand the conditions under which successful protest against privatization occurs. Nevertheless, these “unexpected” successes also allow us to probe further the dynamics of protest.

A review of these unexpected cases suggests that the key is, in fact, the quality of representation, something that is not fully captured by the formal measure of political liberties. Indeed, quality of representation is particularly difficult to measure and model. Weak political liberties measure formal obstacles to the aggregation and representation of interests in society. But low-quality representation may be an issue even in the absence of formal restrictions. Thus, citizens lacking means to place their concerns on the table formally must resort to extraordinary means to have their voices heard. Yet high-quality representative institutions provide mechanisms for citizens collectively to oppose unpopular decisions without resorting to aggressive and potentially violent protests.

In order to explore this issue, we compared two contrasting cases of unpredicted successful protests that illustrate the problem of representation: the “Water War” of
2000 in Bolivia and the 1991 protest against the privatization of ANTEL (the state-owned telephone company) in Uruguay. Bolivia’s Freedom House scores rank it among the politically open cases, but its long history of excluding the indigenous population actually makes it much more similar to the cases with lower scores, and has led to a pattern of frequent mobilization outside of formal political institutions (Van Cott 2003; Domingo 2005). By contrast, Uruguay’s strong history of well-institutionalized political parties and stronger patterns of political representation have produced a system in which policy disputes typically are resolved through formal political channels. In Uruguay, protest began outside of the formal political system, but was then absorbed into the formal institutional channels of a much more inclusionary political system. Ultimately, protest in Uruguay resolved itself within the formal institutions of politics rather than against them.

This qualitative review suggests that a categorical conclusion that democracy and neoliberalism are or are not inherently incompatible is too strong. Instead, a more nuanced conclusion may be warranted. Democratic systems with effective representation permit peaceful and institutional mediations of disputes over policy. By contrast, states that are more exclusionary provoke explosive responses. Thus, it may be the prior undemocratic character of the state that makes privatization appear undemocratic. The conclusion of the article further considers the meaning of these protests and the implications for democratic governance and neoliberal reforms.

**Privatization in Latin America**

Why has privatization provoked such resistance? One obvious source of opposition comes from labor unions and the workers directly affected by the sale, especially as it typically leads to large-scale layoffs. It can be argued that labor unions have lost power over the period of privatization. Neoliberal reforms have had adverse effects on formal sector employment (Saavedra 2003), and union density has fallen, sometimes precipitously, throughout the region (Smith 2005). This would suggest that opposition to privatization would come primarily from labor unions and that their capacity to resist would diminish over time.

Yet privatization has uneven effects, typically generating diffuse benefits while imposing direct and highly specific costs (Chong and López de Silanes 2003), and labor unions are not the only source of organizing capacity in Latin America. While unions have weakened, a host of other civil society organizations have strengthened over the same period, including indigenous groups (Yashar 2005), neighborhood associations, and consumer groups (Rhodes 2006; Baker 2009). Privatization has led to improved service and access for some while threatening jobs, raising tariffs, worsening service, and disrupting communities and ways of life for others. These effects foster a diverse set of actors potentially available for mobilization against privatization.

Another factor that may contribute to public hostility to privatization, independent of welfare consequences, is the perception of corruption in the privatization process. Just as the form of privatization can vary widely, so can the privatization
process. Some governments have passed laws through the legislature with more or less public discussion; some governments have relied on executive decrees. The extent of public debate and the degree of transparency and accountability have varied greatly across and within countries. Yet in most cases, privatization has happened with little public scrutiny and little transparency (Teichman 2001, 1996; Manzetti 1999, 2003).

Eduardo Lora and Ugo Panizza (2003) have tried to capture this relationship through simple descriptive statistics by arraying levels of opposition to privatization against an index combining levels of corruption with the extent of privatization. Their results are suggestive. With all 17 of their cases, the R-squared is –.46, but the R-squared rises to –.67 when Venezuela is excluded (as a significant outlier due to unusually high levels of support for privatization). Argentina illustrates the argument very well. Argentines show very strong levels of opposition—among the very highest in the region, close to 80 percent in 2001 and even higher in 2003. Not surprisingly, the Argentine privatization process occurred with very low levels of transparency or public debate (Manzetti 1999). By contrast, the lowest levels of opposition to privatization are among the least corrupt countries in Latin America, including Chile and Costa Rica.

The strong sentiment against privatization specifically, as opposed to neoliberal reforms more generally, appears clearly in public opinion surveys from the region. Results from the 2009 Latinobarometer poll show that across 18 Latin American countries, the average level of support for the proposition that a market economy is best for the country was 59 percent, with a high of 70 percent in El Salvador and a low of 45 percent in Ecuador. By contrast, the average across 14 cases (4 did not show results) for the proposition that privatization had been good for the country was only 33 percent, with a high of 50 percent in Brazil and a low of 18 percent in Argentina. In most countries, the support for privatization was roughly half of that for market economics generally.

It is not surprising, then, that privatization has generated the most resistance and the highest level of antipathy of all neoliberal reforms. How has that antipathy been reflected in protests? Our review identified 104 episodes for which we had full information over the period 1990–2004. Of those, 25 successfully reversed or altered the proposed sale. Protests occurred in all 18 countries in our sample and across a variety of sectors. Protests were particularly frequent in Argentina, Bolivia, and Brazil, although few succeeded (none in Brazil). By contrast, protests were less frequent in Costa Rica and Uruguay, but virtually all of them succeeded (see figure 1). The frequency of protest does not correspond with public opinion generally, as Argentina and Brazil represent opposite ends of the continuum in terms of approval of privatization (Baker 2009, 7).

Thus, some resistance to privatization may reflect direct losses, such as from unions or consumers, but it may also reflect concerns about corruption, transparency, and limits to democratic decisionmaking on a critical and highly salient public policy issue.
SUCCESSFUL RESISTANCE

The unit of observation in this study is the protest episode or movement. These episodes are characterized by informal collective political actions against the state that last for three months or less in hopes of altering government policy. The next task is to define successful resistance for these groups. If opponents are able to roll back the privatization by delaying, limiting, altering, or ending the policy, then their mobilization is defined as successful. If the government does not adjust the policy at all but agrees to such things as having more talks, not arresting the participants, or solely providing some compensation for the job losers, then the mobilization is considered a failure.

POLITICAL OPPORTUNITY

Success for these movements is due partly to the opportunities provided by the political system. How political behavior is affected by environmental variables has long been a concern for political scientists. Former studies of protest politics relied mostly on grievances in explaining political action (Brockett 1991). But grievances alone are insufficient to account for collective action. The political opportunity structure developed over time to account for the emergence of protest (McAdam et al. 1996).
This article argues that the combination of privatization, civil liberty protections, and political exclusion is the strongest predictor of successful protest.

Civil rights protections, including such rights as freedom of speech, freedom from unjust imprisonment, and freedom to assemble, shield citizens from the power of the government. Movement emergence therefore is probably aided by an increase in civil rights. A protest movement is more likely to occur when state coercion or regulation by authorities is weaker. Success of the movement may also be predicated on the greater possibility of developing an organization among individuals in civil society. Therefore,

_Hypothesis 1. An open civil rights climate in a polity is associated with greater likelihood of success for Latin American protest movements against privatization._

Political rights are the formal rights that individuals have to participate in a political system. These include voting or electing representatives, organizing political parties, and choosing the head of state. In contrast to civil rights, political rights and success may actually be negatively associated. In contexts with open political rights, actors are more likely to have formal mechanisms for representing their interests, and opposition is more likely to express itself through the political system. Movements may form, but protests in an open political system are more likely to lack allies, as most segments of society have the opportunity to participate in the political system. Since citizens also have the choice of pursuing their grievances through formal channels, movements are likely to be less effective. For example, workers may protest the loss or threat of loss of jobs, while others in society are content with promises of increased service quality (such as from utilities) or economic competitiveness. Therefore,

_Hypothesis 2. The level of political rights in a Latin American polity is negatively associated with the likelihood of success for protest movements._

**Brokerage**

That the losers or opponents of privatization may find themselves politically isolated suggests another important element influencing the prospects of success. McAdam et al. argue that episodes of contention are defined by multiple mechanisms and processes, including an important one they label “brokerage”: “the linking of two or more currently unconnected sites” (McAdam et al. 2001, 333).

Brokerage, in the case of resistance to privatization, occurs whenever previously unconnected groups across society are brought together based on the common goal of altering the privatization. Unions are almost invariably involved in the process, for several reasons. Since most privatization episodes result in job losses, union members have strong incentives to oppose them. Other groups, such as students, neighborhood organizations, doctors, or farmers, do not have a direct stake in the outcome. Their participation probably hinges on the ability of leaders from either group to “broker” a link between the union and another subset of civil society.
This brokerage occurs in several ways. Some appeal to common identity may bring two ostensibly disparate groups together. What McAdam et al. (2001) call “attribution of similarity,” or the ability to create common interests to justify joint collective action, is necessary for unions to attract sympathy from the population. In many cases of resistance, the movement gives itself a name, and members begin identifying themselves with this label. For example, in Bolivia, protests against water privatization led to the creation of the Coordinadora por la Defensa del Agua y la Vida (Coalition for the Defense of Water and Life). The Coordinadora linked peasant groups, citizens of Cochabamba, and unions (Assies 2003). A similar organization developed in Peru, and in Honduras in 2003 against efforts to privatize municipal water supplies.

Brokerage affects not only the ability to mobilize but also the probability of successful collective action. In episodes that lack such linkages, resistance is more likely to fail. This argument leads to

*Hypothesis 3. Where brokerage is present, the probability of success is greater.*

In other words, having complete support of a union against a privatization of a state-owned enterprise (SOE) may be less important than having partial union support coupled with other nonunion groups.

**ALTERNATIVE EXPLANATIONS**

Several other factors exist that might disconfirm the above hypotheses. First, the results may be a function of either the timing of protest or the sector in which it occurs. It may be that protests became more common or more successful in the late 1990s and into the 2000s as the neoliberal program lost political ground and its economic weaknesses became clearer. In fact, some observers have argued that the advance of neoliberal reforms over the 1990s did lead to greater levels of mobilization and protest (Petras 1999; Arce and Bellinger 2007). Alternatively, one might hypothesize that certain sectors are likely to generate more successful protest because they have an inherently broad impact on society. Utility privatization, for example, hits consumers across a broad spectrum of society and is often accompanied by tariff rebalancing or hikes. Therefore, it is likely to generate more opposition than privatization of a sector such as steel.

However, a review of the data does not lend much support to either hypothesis. Protests generally, and successful ones more specifically, are spread more or less evenly across the period under review from 1991 to 2005, with the numbers of protests declining in the 2000s. After 2000, neoliberalism lost ground politically, and in some cases (primarily in Argentina, Bolivia, and Venezuela), privatizations were reversed. But the number of potentially large privatizations also declined because privatization had already advanced very far in most countries of the region.

In terms of sectoral distribution, protests occurred across sectors, including utilities, manufacturing, and services (such as health care). Protests against utilities did
generate higher rates of success (32 percent of protests successful versus 15 percent for nonutilities) and generated linkages at a higher rate as well (65 percent of protests involved linkages versus 54 percent in protests against nonutility privatization). However, successful protests occurred at a high enough rate outside of utilities to require an explanation not based on sector. Thus, while both timing and sectoral characteristics are plausible hypotheses, the descriptive data do not particularly support either (see tables 1 and 2 and figure 2).

Another plausible explanation is that economic deprivation may be an important cause of success or failure for resistance movements. Countries with high levels of unemployment, high inflation, or declining economic conditions may be more susceptible to successful resistance movements because of an increase in frustration and aggression by members of the polity. On the other hand, countries with lower inflation and unemployment and increasing GDP may see more successful resistance as members of society are more easily able to mobilize resources against state-led privatization efforts. Furthermore, these economic conditions may be correlated with a change in political or civil rights or may affect the ability of groups to link across society. These alternative explanations are tested in the model that follows.

**Research Design**

To investigate the relationship between political and economic factors and resistance, we used pooled cross-sectional data that included 18 Latin American countries spanning the years 1990 to 2004.

**Dependent Variable: Outcome**

The outcome of the protest episode is the dependent variable. Using newspaper accounts of the events, the variable was coded as 1 if the protesters were able to change the location of the policy in their preferred direction. Otherwise, it was coded as a failure (i.e., coded 0).
Independent Variables

Three sets of variables were used to help predict the outcome of the protest events. First, presence of brokerage was included to test whether this condition increased the probability of success. Second, political context variables, including the Freedom House civil and political rights variables, were used to test whether opportunities in the political system affected the outcome. Third, economic variables were used to help discern the extent to which economic conditions such as deprivation affected success or failure of protest movements. Changes in GDP, inflation, and unemployment were used as control variables.

Brokerage

To test hypothesis 3, that brokerage is an important component of successful resistance, a linkage variable was coded from newspaper accounts of the protests. This variable was coded 0 for cases where linkages were absent or only a union participated in the protest and 1 for the condition when unions linked with civil society groups, peasants, or some other nonunion organization in civil society.10

Political Context Variables

The Freedom House political rights and civil liberties indices are both measured on a scale of 1 to 7, where 1 represents the highest degree of freedom and 7 the lowest.11 Civil rights represent the level of autonomy of the individual in regard to the state, including the ability to develop opinions, institutions, or associations without government interference. We used this measure to operationalize the concept, the ability to freely associate, which allowed us to test hypothesis 1. Political rights represent the ability individuals have to participate freely in the political system. We used the Freedom House measure (Gastil 1991) to operationalize the concept political freedoms, to test hypothesis 2.
Economic Variables

To explore the extent to which deprivation or changes in economic conditions have a significant impact on mobilization success or failure, GDP change, unemployment, and inflation were included. These variables were included as statistical controls. If the variables were not relevant, then they should not be statistically significant and should not bias the estimates.

To test the hypotheses about the success or failure of resistance to privatization in Latin America, we employed a logit model. Since the dependent variable is binary (coded 1 for success and 0 for failure), a model that utilizes a binary dependent variable is appropriate for this study.

RESULTS

The estimates of four separate models are reported in table 3. Models 1 and 2 report logit coefficients. Since the coefficients of these models are not easily interpreted, we use odds ratios and predicted probabilities to discuss the substantive impact. Model 1 contains the results of brokerage, civil and political rights, GDP change, inflation, and unemployment’s impact on success. Brokerage, civil rights, and political rights all have coefficients that are in the expected theoretical direction and are statistically significant, suggesting that these relationships do not occur by chance.
The economic variables unemployment, inflation, and GDP all have small coefficients and large standard errors, and therefore we cannot interpret their effects. Model 2 adjusts the standard errors of model 1 by clustering the observations by country. We cluster the observations within each country because it is likely that an outcome of a protest movement in Argentina in 1999 may be affected by a movement’s success or failure in Argentina in 1997. Clustering does not affect the estimate of the coefficients but does cause several of the standard errors to change. Notably, the standard error for the civil rights variable increases but remains significant at the p < 0.10 level. This suggests some country-specific effects.

The logistic regression model (models 3 and 4) is the same as the logit. The coefficients, however, have been transformed into odds ratios to allow for meaningful interpretation of the effects that the independent variables have on the dependent variable. The odds ratio is the ratio of the probability that a successful protest occurs to the probability that it does not. Brokerage, for example, increases the odds of success of a protest movement by over six-and-a-half times on average, when holding all other variables constant. Civil rights also increase the likelihood of success. A one-point increase in the civil rights score of a country leads, on average, to a 5.9-time increase in the odds of successful resistance when other variables are held constant.

### Table 3. Models of the Likelihood of Successful Protests Against Privatization

<table>
<thead>
<tr>
<th>Model</th>
<th>Model 1 Logit</th>
<th>Model 2 SE clustered on country</th>
<th>Model 3 Odds ratios</th>
<th>Model 4 SE clustered on country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linkages</td>
<td>1.88** (2.85)</td>
<td>1.88** (3.02)</td>
<td>6.53** (2.85)</td>
<td>6.53** (3.02)</td>
</tr>
<tr>
<td>Free political rights</td>
<td>–1.12** (2.50)</td>
<td>–1.12** (3.08)</td>
<td>0.325** (2.50)</td>
<td>0.325** (3.08)</td>
</tr>
<tr>
<td>Free civil rights</td>
<td>1.78** (2.99)</td>
<td>1.78* (1.80)</td>
<td>5.91** (2.99)</td>
<td>5.91* (1.80)</td>
</tr>
<tr>
<td>GDP change</td>
<td>–9.37 (1.22)</td>
<td>–9.37 (1.24)</td>
<td>0.000 (1.22)</td>
<td>0.000 (1.22)</td>
</tr>
<tr>
<td>Inflation</td>
<td>–0.071 (0.57)</td>
<td>–0.071 (0.48)</td>
<td>0.931 (0.57)</td>
<td>0.931 (0.48)</td>
</tr>
<tr>
<td>Unemployment</td>
<td>0.002 (0.04)</td>
<td>0.002 (0.03)</td>
<td>1.002 (0.04)</td>
<td>1.002 (0.03)</td>
</tr>
<tr>
<td>Constant</td>
<td>–4.58 (1.76)</td>
<td>–4.58 (1.05)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>104</td>
<td>104</td>
<td>104</td>
<td>104</td>
</tr>
</tbody>
</table>

Pseudo $R^2 = .25$ for all four models
Absolute value of z statistics in parentheses below coefficient estimates
* p < 0.10, ** p < 0.05
constant. Political rights have the opposite effect. When other variables are held constant, a one-unit increase in political rights in a country, on average, leads to a 67 percent decrease in the odds of successful resistance.

Another way to display the results of these models is to simulate the probability of a successful protest. Using Clarify (King et al. 2000), it is possible to hold all of the predicted independent variables’ values at their mean while adjusting the parameters of interest (see table 4). When holding all variables at their mean, the predicted probability of a resistance movement’s being successful is 17.3 percent. The probability of success increases when brokerage is present, the higher the value of civil rights, and the lower the value of political rights. Table 4 demonstrates the predicted probabilities of success given various values of political and civil rights. When political rights have the value 3 and all other variables are held at their mean, the probability of success is .779 (77.9 percent). In contrast, the probability of success when the civil rights indicator has a value of 3 is about .03 (3 percent). Like civil rights, the presence of linkages increases the probability of success by more than 24 percent.

**DISCUSSION**

The evidence from the statistical model provides support for hypothesis 1, that open civil rights lead to greater probability of success for protest movements. The confidence intervals for the estimate are fairly broad, but it is highly unlikely that results would not be strong and positive if another sample were drawn from this population. When clustered on country, this variable slips out of the .05 significance level, but the probability that the null hypothesis is correct or that the coefficient is equal to zero is still less than 10 percent.
We also find support for hypothesis 2. An increase in political freedoms reduces the probability of success for movements against privatization. The coefficient in the logit model is negative and significant and the conversion to odds ratios demonstrates that this is a fairly large effect. Systems that provide sufficient opportunities for formal participation probably have less informal action as groups choose the institutional arena to battle over public policy. Where formal participation is impeded by restrictions on participation, movements are more likely to be successful.

Hypothesis 3 is also supported. Brokerage dramatically increases the probability of success for these movements. Brokering between groups is a critical mechanism in determining success or failure. Such linkages are likely to expand the scope and reach of the protest as well as to connect different groups resisting a common enemy.

Explanations that focus on economic conditions are unsupported by these models. GDP change, unemployment, and inflation are all unassociated with success or failure of these movements against privatization. Although economic factors are unassociated with outcomes of the movement, they may affect mobilization. To test explanations of why people mobilized, however, a database of all privatizations in the region would need to be developed to avoid selection bias. The database that we developed could not be used to test these arguments unless negative cases were added. In other words, instances of nonprotest after a privatization should be included to test an argument related to the causes of the development of a movement.

DEMOCRACY, NEOLIBERALISM, AND PROTEST

What can the results tell us about the larger question of the relationship between democracy and neoliberal economic reforms? This is a deeply contentious question that has spawned a considerable debate. On one side, critics of neoliberalism have made a range of arguments, including claims that neoliberalism hollows out the meaning of citizenship (Oxhorn 1998; Vilas 1997), undermines the capacity of civil society to act (Kurtz 2004), is authoritarian and exclusionary (Petras 1999), or at least is associated with weakened or diminished forms of democracy (Huber and Solt 2004; Weyland 2004). By contrast, neoliberal advocates largely defend the program by arguing that the criticisms are overstated or that the evidence is not clear (e.g., Walton 2004). In addition, an alternative viewpoint suggests that neoliberalism facilitated an expansion of social mobilization and participation (Arce and Bellinger 2007).

Resolving this larger debate is beyond the scope of this article. However, a qualitative review does permit further consideration of the causal mechanisms underlying the analysis. In turn, qualitative consideration allows further reflection on how political mobilization can mediate the implementation of reform (specifically privatization) and what that may say about democratic politics. The statistical model’s overall results seem to support a critical view. The modal case of successful protest is one that occurs in the context of a flawed democracy; that is to say, polities where actors have sufficient civil rights to organize and to act collectively, but otherwise are formally shut out of the political system. But protests also succeeded in cases with stronger political liberties, suggesting that the modal case is not the full story. To
explore this issue further, we examine two cases of unpredicted successful protest: the Bolivian “Water War” of 2000 and the Uruguayan protest against the privatization of the telecommunications firm ANTEL.

The two cases both defy the model’s expected outcome, but in other respects are quite different. The Uruguayan protest against privatizing ANTEL occurred in 1991, at the beginning of the period under study and early in the privatization process in Latin America, while the Water War took place in 1999–2000, toward the end of the period under review and late in both the Latin American and specifically Bolivian privatization process. Perhaps more important, Uruguay’s Freedom House scores (7 on political liberties, 6 on civil liberties) accurately reflect one of Latin America’s historically strongest democracies and party systems. By contrast, Bolivia’s Freedom House scores in 2000 (7 political liberties, 5 civil liberties) conceal the extent to which the indigenous population felt actively excluded from the political system and how much a largely corrupt and inchoate party system fostered widespread feelings of alienation. In that sense, the Bolivian case more closely resembles the modal cases that its Freedom House scores indicated.

**THE BOLIVIAN WATER WAR**

Bolivia’s turn to neoliberal economic policies began in 1985, as President Víctor Paz Estenssoro confronted a hyperinflationary crisis with a draconian austerity package. His response helped reduce inflation from nearly 15,000 percent in 1985 to 15 percent by 1987, but it also set in motion an unfortunate pattern of conflict with neoliberalism’s opponents, most important the labor confederation, COB (Central Obrera Boliviana). Excluded from any kind of political deliberation or negotiation, the COB launched disruptive strikes that met with increasingly authoritarian government responses, including declaring sieges. Neoliberal reform continued to progress in Bolivia, but without any real political base in society and marred by recurring violent conflict between successive governments and aggressive opposition (Kohl and Farthing 2006).

Privatization progressed moderately through the 1980s and into the 1990s, but advanced particularly fast with the election of Gonzalo Sánchez de Lozada in 1993 and his *Plan de Todos* (Plan for All). The *Plan de Todos* initiated an innovative privatization scheme that sold off controlling shares in five state-owned firms in some of the largest and most important sectors of the economy, including transportation, oil, and telecommunications. The innovation in the plan was that part of the payment was to go into the creation of an old-age benefit for all Bolivians (the Bonosol). Although this was a creative plan, the final results did not turn out as well as anticipated. Some of the newly privatized firms simply disappeared with no national benefit, such as the Bolivian national airline and the rail service. More important, the Bonosol became mired in logistical complications and partisan politics and ultimately produced little benefit. As a consequence, privatization appeared even more controversial under Sánchez de Lozada (Gray-Molina et al. 1999).

This was the political context when the subsequent government of President Hugo Banzer sold the state-owned water works as well as the underlying water rights
in Cochabamba, Bolivia’s third-largest city. The winning bid went to the Aguas de Tunari consortium, led by the Bechtel Corporation. It entailed a series of commitments to expand service to the local population, along with other investment expectations. In return, Aguas de Tunari was guaranteed an annual 15 percent return on investment. The privatization was conducted without consultation or deliberation and actually occurred as a result of overt, direct pressure from the World Bank (Spronk and Weller 2007).

The sale was not well received by local residents. Many of them did not receive water from the state-owned agency anyway, due to its poor service and inadequate network. Instead, residents got their water through a variety of private or cooperative arrangements. Residents feared that Aguas de Tunari would begin charging for water outside of the privatized network, including well water and collection of rain water. Whether these fears were justified or not, Aguas de Tunari showed little understanding of the local economy as it raised rates within one week of taking over the company (Kohl and Farthing 2006).

Citizens were outraged when their water bills increased by as much as 35 percent, to roughly $20 per month, an exorbitant amount for most consumers. Earlier protests against privatization had been led by the COB and had been largely ineffectual and politically isolated. In Cochabamba, however, union leaders like Oscar Olivera, a shoe factory worker, joined with peasants, environmentalists, and professionals to form the Coordinadora por la Defensa del Agua y la Vida (Assies 2003). This “coalition of workers, peasants, city dwellers, environmentalists, and others took to the streets—more than once and at one point some 100,000 of them” (Broad 2002, 248). When the government refused to negotiate with the protesters and declared a state of siege, protesters took more radical actions, barricading buildings, blockading roads, and occupying government buildings. The police responded by restricting political rights and sent 1,200 heavily armed troops to regain control over Cochabamba. The police followed this action with sweeping detentions of activist leaders, leading to public outcry for their release.

In a short time, the protests against the privatization expanded into a more serious challenge to the regime. Coca growers, led by Evo Morales, and teachers joined the protests, extending their demands beyond the initial insistence on reversing the sale. Police used the civil unrest to extract new salary concessions from the embattled government. Finally, in April 2000, the government relented, in the face of growing anger over apparent unrestrained use of force against protestors. After Aguas de Tunari officials fled the city in fear for their safety, the Banzer government declared the company in breach of its contract and voided the sale.

This pattern of violent protest against unpopular reform policies repeated itself in Bolivia most notably in the 2003 “Gas War” that led to President Sánchez de Lozada’s resignation from his second presidential term and flight from the country (Kohl and Farthing 2006).

This qualitative discussion is consistent with the pattern identified in the quantitative model despite Bolivia’s Freedom House scores. Political exclusion, coupled with strong protection of civil liberties, allowed linkages to form across society and
thereby provided fertile ground for successful resistance to privatization. In fact, public opinion polls indicated that a major cause of the “war” was a widespread perception of government incapacity, including a lack of transparency and communication, as well as arbitrary decisionmaking (Barr 2005). Anger over government failure and exclusion led to some of the lowest levels of satisfaction with democracy in the region (Salman 2007). In this sense, the Bolivian case is consistent with the modal pattern of the model. The pattern displayed here, however, was quite different from what played out in Uruguay.

PROTECTING ANTEL IN URUGUAY

Uruguay began to pursue neoliberal reform with the return to democracy in 1984, following 15 years of military rule. Privatization proved to be one of the reform’s most polemic aspects. This was due partly to the state’s historical role as the country’s largest employer and the threat of declining manufacturing employment.

In 1991, when the first major privatization law was passed, almost 22 percent of Uruguay’s total workforce was employed by the state (Panizza and Philip 2005). The country was able to privatize some industries, but privatization of other more visible industries had been stopped through resistance led by the labor union PIT-CNT, acting in concert with the Frente Amplio coalition. In this particular case, resistance against the privatization of ANTEL began among societal actors but was ultimately channeled through formal institutional processes, most important a national plebiscite that ultimately prohibited the privatization.

For the purpose of this article, it is important to point out that Uruguay and Bolivia differ in a number of key characteristics, despite relatively similar scores on Freedom House’s scale of political and civil rights. First, despite a period of military rule, Uruguay has a relatively stable democratic history. Citizens are well versed in democratic practices, and they overwhelmingly accept democracy as the best form of government, contributing to what some have called a “pluralistic presidential” system (Lanzaro 1998). Uruguay also has a relatively homogeneous population and a higher degree of economic equality. As such, Uruguay does not have the same foundations for the creation of alternative identities that can provide a basis for anti-state resistance or mobilization outside the existing institutional framework.

A third fundamental difference is that the party system in Uruguay is highly institutionalized. While political parties are relatively fractionalized and polarized, they provide representation for a broad sector of society and are oriented toward compromise, moderation, and negotiation (Lanzaro 1998; Panizza 2004). Before the dictatorship, Uruguay was governed by a two-party state: the Colorados represented more liberal, urban interests, and the Blancos represented more conservative, Catholic, rural populations. While the country traditionally had a strong leftist movement, it was mostly incorporated into the highly fractionalized traditional parties.

In 1971, smaller leftist parties and defectors from the traditional parties united to form the Frente Amplio coalition. Since the return to democracy, the Frente has steadily increased its popularity to the point of winning the 2004 elections with an
outright majority—the first party to do so in this period (Cason 2002). The growth of the Frente Amplio signaled an increasing disenchantment with the traditional parties and neoliberal economic policies. While the Frente accepted neoliberal policies to a limited extent, it also served as an institutional means to channel discontent with the neoliberal reforms of the Blanco and Colorado administrations.

The first aggressive push toward neoliberal reform began under the Blanco presidency of Luis Alberto Lacalle, from 1990 to 1994. During this period, the Uruguayan electorate was highly divided; Lacalle was elected with slightly more than one-third of the votes cast. Lacalle was adept at seeking the success of his economic plan in the face of these divisions (Blake 1998). In order to ensure a legislative majority, Lacalle gave the Colorados 4 out of 13 ministerial posts in exchange for its support for his economic plan, which included privatizations (Vacs 1998). In response to frequent labor mobilization, Lacalle initiated legislation that restricted strike activity among workers, in anticipation of strikes against privatization (Buchanan 2008).

Soon after assuming the presidency, Lacalle proposed legislation that became known as the “privatization law.” Passed in October 1991 by a narrow margin, this economic plan called for the privatization of 70 state enterprises, including ANTEL, the state airline, the port of Montevideo, and the gas company. Although the Colorado members of Lacalle's cabinet initially supported the privatizations, by May 1991 several party members had withdrawn their support for his plan and resigned (Vacs 1998). In the legislature, the law faced opposition from the Frente, as well as the Colorados who had defected. In the Chamber of Deputies the law passed with only a five-vote margin. Nevertheless, the government announced that ANTEL, the state telephone company, would be the first to be privatized, and began to accept bids.

The privatization law also faced stark opposition from the PIT-CNT, an umbrella labor organization covering approximately one-quarter of the workforce (Buchanan 2008). In just the first six months of Lacalle's presidency, before the bill even went to the legislature, the PIT-CNT organized four general strikes, as well as several other strikes, to resist privatization plans. The PIT-CNT's primary interest was protecting jobs, but it was able to form a coalition with the Frente’s Commission for the Defense of the State Patrimony, which organized to overturn the privatization law.

In addition to strikes and protests, opponents of privatization took advantage of a clause in the constitution which permitted laws to be challenged via a national plebiscite. While they were concerned with privatizations generally, their immediate goal was to prevent the impending sell-off of ANTEL. According to the referendum process, first a voluntary poll is held to determine whether or not a referendum should be held. In early October 1992, voters endorsed a referendum on ANTEL. A main point of contention against the privatization of ANTEL, in addition to the potential loss of jobs, was the feeling that the company was one of the country's most successful SOEs. The referendum passed by more than 70 percent, thereby prohibiting the sale of ANTEL (Blake 1998).
Thus, in Uruguay, an unpopular privatization initiative was stopped via brokerage among social actors, which were able to use institutional channels to coordinate their efforts. President Lacalle sought to limit dissent, but privatization’s opponents were able to move their struggle into formal institutional arenas and mobilize broad support for their efforts. While the PIT-CNT organized disruptive tactics, such as general strikes, they were combined with democratic, institutional processes. It is also important to point out that this same process was repeated with the attempted privatization of ANCAP, the state oil company. The Uruguayan system, then, with its institutionalized party system, broad representation, and a strong commitment to the democratic process, was able to manage protest and polarized conflict over privatization in a democratic manner.

Conclusions

As this study has demonstrated through both quantitative methods and our brief case reviews, brokerage and political context can explain nontrivial differences in the success or failure of resistance to privatization in Latin America. In Bolivia, dense civic networks allowed for quick mobilization, and brokerage across these groups aided success. For social movement activists, Bolivia was a great success. What, though, does this kind of success in Bolivia and across Latin America say about the quality of democracy in the region?

The model generally, and the Bolivian experience specifically, suggest that resistance to privatization can be a strong response to the undemocratic and unrepresentative character of the state. In these cases, privatization—and by extension, neoliberal reform—may appear undemocratic at least partly because the system already lacks meaningful representation and well-institutionalized mechanisms of conflict resolution. As a result, privatization taps into deeper perceptions of exclusion. The limited institutional capacity to manage societal conflict pushes participants in such efforts to forge broad societal coalitions to challenge the exclusionary character of the state. Successful protests in Bolivia, Ecuador, and Peru are excellent examples. This view tends to support a more pessimistic understanding of the neoliberal reform process. But it is likely that the undemocratic character of the state existed before the policy, and that the response through informal means is an indictment of the weakness of representation, not the policy per se.

We believe that this is the case because qualitatively, the data show that successful resistance to privatization does not occur solely outside formal institutional channels. While the model shows that resistance is more likely to be successful in the presence of greater civil liberties and less political openness, the Uruguayan case suggests a very different pattern.

Two of the most democratic nations in the dataset are Costa Rica and Uruguay. These two nations also stand out for their exceptionally high rates of successful protest: 80 percent in the case of Uruguay and 75 percent in the case of Costa Rica. Unlike the modal cases captured by the model, in Uruguay and Costa Rica, protests against privatization strengthened political representation by linking unions, social
movements, and political parties. The Frente Amplio was an important interlocutor in Uruguayan popular protests against privatization (Vacs 1998). Similarly, in Costa Rica, large-scale protests against the privatization of ICE (Instituto Costarricense de Electricidad) generated brokerage across a wide array of sectors, including left-wing politicians and ultimately resolving in a Mixed Commission incorporating societal actors and legislators (Ayuk 2008). In other words, protests began outside of formal political institutions, but were soon incorporated into formal channels of interest representation with largely successful results.

It can be argued that something similar occurred in Argentina, where frequent protests in the early 1990s met little success at a time when President Carlos Menem was promoting neoliberalism against the preferences of his own party. Yet by the mid-1990s, the Peronist Party had succeeded in pushing Menem to accommodate its concerns about privatization, and ultimately it led him to sharply curtail the pace of privatization and to negotiate much more extensively on the terms (Corrales 2002). This stands in sharp contrast to the protests that have occurred in places like Bolivia, Ecuador, or Mexico, where resistance has taken place entirely outside formal institutions because protesters had little effective representation.

In sum, successful resistance has occurred most commonly in situations where inadequate political representation has pushed groups to forge coalitions outside of formal institutional channels. The circumstances of these cases suggest that neoliberal reforms may be undemocratic because of prior limitations to democracy instead of being causes of democratic weakening. The example of successful resistance mediated by formal institutions in places like Costa Rica and Uruguay reinforces that impression.

Our understanding of the issues raised by resistance to privatization is still incomplete. Further data analysis with a complete database of privatizations, so that we could look at cases both of protests and nonprotests, would help deepen our understanding of why protests develop, as would more qualitative analysis of selected cases of resistance to privatization through both formal and informal channels.

**Notes**

The authors thank Will Moore, Matt Singer, and the anonymous reviewers for their insightful, constructive suggestions.

1. Many observers have noted, however, that leftist governments differ markedly. Most observers differentiate between a more radical left and a more moderate one, with the moderates continuing to pursue a range of policies consistent with neoliberalism's reform program, even if their candidates are explicitly critical of neoliberalism or historically associated with opposition to it. Brazil under Lula is a paradigmatic example. For discussions of the alternative lefts, see Weyland et al. 2010.

2. Lora and Panizza present their findings in a graph (2003, 125). The vertical axis is an index created by multiplying the extent of privatization (from Lora’s structural reform index) by a World Bank measure of the perception of corruption. The horizontal axis arrays countries on their levels of support for privatization as measured by LatinoBarómetro.

3. Protesters are the units that compose groups protesting. Groups are the units that make up a movement. Movements may have one or more groups that create the movement or episode of contention.
4. For episodes of contention to be discrete units, they need a beginning and an ending point. Limiting their duration to three months allows the movement or episode to develop without allowing for the possibility of an episode to continue forever. The three-month threshold is arbitrary but not capricious. A cutoff is needed, or we could not determine when a movement fails. This coding decision is not sensitive to adjusting the date from two to four months. Most of the episodes studied were resolved in less than a month.

5. It is not assumed that the point that the disagreement begins affects the likelihood of success for the movement. In other words, whether at the initial point the entity to be privatized is closer to a state-owned enterprise or a private firm has no bearing on the outcome.

6. For a thorough review of this process see Gurr 1971.

7. For a complete discussion of this theory, see McCarthy and Zald 1977. In many ways, the idea of linkages fits into a resource mobilization framework for social movements. The major difference between our argument and this framework is the latter’s emphasis on economic factors related to mobilization.

8. Newspaper accounts were gathered from a variety of sources, including the New York Times, Lexus-Nexus, Infotrac, and the Latin American Database at the University of New Mexico.

9. There are, of course, reliability issues related to the newspaper coverage of these events regarding whether newspapers provide unbiased accounts. A study of a small-town paper in the United States over one year found that events that were large-scale and centrally located and that involved conflict were covered more readily than events that lacked these characteristics (Oliver and Myers 1999). McCarthy et al. (1996) found, when surveying protest events from 1982 and 1991 in the New York Times and the Washington Post, that large-scale demonstrations and issue salience were the best predictors of coverage. Therefore, it is reasonable to expect that large-scale protests that were located in the capital, involved some type of conflict, and fit into one of the dominant issue frames would be more likely to be reported and coded in this project than other smaller, more peaceful events occurring in the countryside.

10. If multiple groups were involved in the protest and at least one was not a union, the case was coded 1. All the cases in the sample involved unions. Since unions have the most to lose from privatization, most protests begin with their involvement. We coded newspaper accounts of the protests to obtain these data. The reliability of this coding depends on how reliable the newspaper was in obtaining an accurate count of the parties involved. Of course, measurement error was probably involved, but in a large sample, this error is assumed to be random and normally distributed.

11. To aid in interpreting the results, we flipped the Freedom House score so that an increase in the score signified greater freedoms.

12. We used the natural log of inflation because the effect of inflation on success was likely to be nonlinear. A change in the inflation rate from 5 percent to 6 percent, for example, would probably have a different effect on the dependent variable than a change from 500 percent to 501 percent. Initial changes in inflation therefore should have a larger effect on the dependent variable than changes in larger values of inflation.

13. Either a logit or probit model is suitable in this case.

14. Some might argue that the use of multilevel data, with protest episodes nested in countries, calls for the use of Hierarchical Linear Models (HLM), or what are called mixed or multilevel models. The large number of higher-level units—in this case countries—suggests that pooled interaction with clustered standard errors on country is adequate to estimate the quantities of interest (Franzese 2005). To show that this is the case, we estimated a series of
multilevel models in MLwiN, software designed to estimate this type of model. The results are extremely consistent with the logit confirming our modeling approach. These estimates are reported in an appendix, available online at http://nw18.american.edu/~jyoung.

15. GDP change, inflation, and unemployment are held at their mean; brokerage is held at zero.

16. In addition, we could examine these causal mechanisms further by looking at cases of failure in both repressive and open regimes. For example, Mexican authorities in the 1990s violently suppressed workers’ protests against privatization, illustrating clearly the risks of resistance in environments with weak civil liberties protections (Teichman 1996). By contrast, Fernando Henrique Cardoso’s 1995 showdown with striking oil workers over the “flexibilization” of Petrobrás is a perfect illustration of the capacity of democratic governments to isolate protesters politically and defeat them without resort to unlawful or undemocratic tactics (Kingstone 2004).

REFERENCES


