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***Uruguay:
A Social Democratic Government in Latin America.***

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The debut of the Uruguayan left in government (2005-2010) inaugurated a social democratic alternative which joined the experiences of this kind emerging in Latin America at the start of the 21st century. The “third wave” of Latin American lefts, which began in 1999, has been characterized by manifestations of populism or popular nationalism, which are varieties of a recurrent political phenomenon in the region (Lanzaro 2006); although they have novel features and differ from their ancestors and among themselves. At the same time, in Brazil, Chile and Uruguay – with the presidencies of Lula da Silva, Ricardo Lagos, Michelle Bachelet and Tabaré Vázquez – governments of a social democratic character have emerged, which constitutes a true novelty in Latin America (Lanzaro 2008)¹.

¹ In Latin America, as in other regions, the term “social democracy” is widely used. Other experiences have been described as social democratic and the construction of social democracy has been proposed by

In this chapter, I review the general features of the Uruguayan case, which represents the most propitious alternative for establishing a “creole” social democracy and can be considered a leading case in the comparative analysis of these unprecedented figures. In the first section, I lay out the elements that make up the definition of social democracy. In the second section, I analyze the political resources and the format of the government that began in 2005. The third section offers a general look at the political agenda, highlighting the main innovations of the period.

Creole social democracy

Although the social democratic governments of Brazil, Chile and Uruguay possess features peculiar to their “peripheral” condition, they can still be compared to the classic European cases, and in particular to the “late” social democracies which emerged in the 1970s and 1980s in Spain, Portugal and Greece. Like the Latinamerican ones, these later experiences arrived in the course of processes of democratic consolidation and along with the liberal transition, away from the virtuous circles of the Keynesian era, in a new period of globalization.

The characterization of the Brazil, Chile and Uruguay as cases of social democratic governments, which has also been adopted by other authors (Panizza 2005a, Pribble & Huber this volumen), is not universally accepted. In particular, Levitsky and Roberts (this volume) prefer to describe them as cases of social liberalism, although they

some intellectuals and important political actors. Nevertheless, this is the first time that governments belonging to this category – ones that possess the specific characteristics laid out in this chapter and that correspond to a concept applicable not only to the European exemplars but also to the new Latin American cases – have truly become a reality.

consider the governing leftist parties in those countries to be the ones most closely resembling European social democratic parties.

The issue is undoubtedly debatable. Nevertheless, I contend that the social democratic label is adequate for characterizing these governments, especially in the case of Uruguay. I do this by proposing a notion of social democracy that is based on criteria similar to those employed by Levitsky and Roberts to develop their typology of leftist governments (Introduction, this volume), and which is consistent with classic, specialized studies in this area².

As I put forward in previous works (Lanzaro 2008 and 2006), the social democratic governments are those made up of institutionalized left parties, with socialist leanings and kinship to the labour movement, which have undergone processes of political change and replaced their revolutionary ideologies with moderate but effective reformism, as a result of the electoral strategies that they adopt, when acting in the framework of competitive and relatively institutionalized party systems.

What principally defines social democratic governments, and for that reason marks a basic distinction in the current Latin American map, is that they are led by an institutional left. The institutional left possesses two main characteristics. First, the degree of institutionalization, the age and the political accumulation that the left parties in government have achieved on their own. Second, the crucial fact that such parties are integrated into the process of electoral competition and the regime of representative democracy, within the frame of plural, competitive and more or less institutionalized

² I am referring to studies on “electoral socialism” in the interactive context of competitive party systems. Such studies include Kirchheimer 1966, Bergounioux & Manin 1979 and 1989, Przeworski & Sprague 1986, Kitschelt 1993 and 1994, Przeworski 2001.

party systems. The effectiveness of party pluralism and competition shapes the route to office and the evolution of the governing left party. It also shapes the form of the government, the “policy style” and the political agenda.

The *Partido dos Trabalhadores* (PT Brazil), the *Partido Socialista* (PS Chile) and the *Frente Amplio* (FA Uruguay) are clear exponents of institutional left. They are well-established parties that entered office with more than twenty years of existence and a rather dense organization after belonging to the opposition for a considerable period of time, suffering repression under military dictatorships and participating actively in the processes of democratic consolidation (the Chilean Socialist Party also went through the tragic experience of the government of Salvador Allende). Before reaching national office, they have competed in various presidential elections and been represented in parliament. They have also been trained through union leadership and in the cases of the FA and the PT, by holding important posts in regional administration. This trajectory allows them to acquire important experience and powers, developing the political skills of their cadres and party leaders, who gain national recognition and eventually face the challenges of presidential elections and government.

In terms of party systems, studies show that institutionalization is high in Chile and Uruguay. It was more rudimentary in Brazil, but in recent years it has registered sustained progress (Mainwaring & Scully 1995, Jones 2005)³. Chile and Uruguay have relatively low levels of electoral volatility; these are far lower than the 20-point barrier and therefore similar to those seen in the advanced democracies of Western Europe. In Brazil, volatility – which used to be high – has been decreasing noticeably. Furthermore,

³ As occurred in Western Europe, parties of the left have acted as “pace-setters” of institutionalization, helping to maintain and consolidate it (Chile and Uruguay) or to improve it (Brazil). This has had repercussions on the entirety of each system and led to emulation by other parties.

though their levels of institutionalization differ, these party systems are all plural and maintain a high degree of effective competition. There is a relatively balanced relationship between government and opposition, which shapes political processes and has positive repercussions on the quality of democracy⁴.

Prompted by political competition, these lefts – socialist, revolutionary or reformist, grown in “brotherhood” with the labor movement – undergo a political and ideological reconversion, developing as catch-all and electoral-professional parties (Kirchheimer 1966, Panebianco 1982). They come to accept more firmly the rules of representative democracy, including both the electoral route to power and the institutions of government. Consequently, they adjust themselves to corresponding political restrictions, and this leads them to accept economic restrictions, as well. As a result of this political conduct and the ideological currents in vogue, they reconcile themselves to the logic of the capitalist economy and open markets, in certain continuity with the status quo and within the predominant neoliberal framework. Hence, one might infer that in this way a “policy regime” (Przeworski 2001) is settled: since governments and parties of different ideological leanings apply similar policies due to the prevailing conditions and electoral calculations.

At the same time, however, because of their ideology and prompted by inter and intra-party competition, these governments try to promote distinctive orientations in strategic public policies. They seek to enhance politics and state intervention in order to promote economic development, social cohesion and democratic advancements.

⁴ Applying Altman and Pérez-Liñán’s effective competition index (2002) for 1989-2007, Brazil, Chile and Uruguay have high and sustained scores, while in Bolivia, Ecuador and Venezuela, effective competition is lower and descending (Lanzaro 2008).

Incremental reformism rather than the historical goal of revolution, promoted by institutional lefts within stable, pluralist and competitive political regimes, is what characterizes the social democratic path.

There are also differences between our three cases and their European counterparts, given the peripheral condition of these countries of the “global south”⁵. These Latin American governments emerged in a new liberal era and in open economies; they are far from the “virtuous circles” of Keynesianism, lack the margins of state autonomy that might have existed in other periods and do not enjoy the protection afforded by European integration. To this must be added the fault-lines that plague Latin America, even in countries with better levels of development, such as Brazil, Chile and Uruguay. There are also important changes in the working classes and unions, which affect one of the “pillars” of social democracy. Finally, the difficulty of providing “inclusion” to the unemployed, the poor and the indigent must also be added to the list of challenges. This problem of social integration has strong political implications and constitutes one of the specific tasks of the social democratic agenda in Latin America.

Political resources and social democratic potential

These governments’ ability to innovate is conditioned by each country’s economic and social structures, determined by both history and the recent past. The economic boom that existed until 2008 because of international trade, commodity prices

⁵ We must not forget, however, that the late social democratic experiences of Southern Europe occurred in countries that at that time were considered underdeveloped and peripheral (the so-called “Latin Rim”). Spain, Portugal and Greece all had dependent economies and unequal societies, had been governed by authoritarian regimes and were characterized by weakness in the traditional pillars of social democracy: parties, trade unions and party-union linkages (Gallagher & Williams 1989, Maravall 1992, Phule 2001).

and natural resource rents, generated a favorable inflow that the left governments have managed in different ways and with different outcomes.

With this landscape, each government's "social democratic potential" depends anyway on its political resources (Lanzaro 2008). That is: a) historical legacies concerning the state institutions and public policies; b) power quotient and evolution of the governing left party; and c) linkages with unions and other popular sectors.

In this items, Uruguay has certain advantages over Brazil and Chile in several of these areas, which make it the most favorable case for the construction of a social democratic alternative in the region.

Institutional and political legacies

In terms of legacies, one must draw attention to both long-term acquisitions and the reforms of the 1990s. The latter preserved and even improved the government "toolbox", providing more favorable conditions for turn toward "re-politicization" and the enhancement of the state. Unlike what occurred in Chile under the Pinochet dictatorship, the recent transition in Uruguay was adjusted to a gradualist political engineering, shaped by party pluralism and the opposition of the left, which put limits on the push toward neoliberalism and restricted privatizations (Lanzaro 2000a). The most important public services and companies remained in the hands of the state and instead of being sold out, they underwent a process of modernization, following a pattern of reforms that also moderated privatizations and decentralization in other strategic sectors, such as education and social security⁶.

⁶ In Lora's Privatizations Index (2001), during the 1985-1999 period, Uruguay occupied the lowest position out of 18 Latin American countries. It had the lowest value of privatized public assets in proportion to

Power quotient

The political output of a government depends, above all, on its “power quotient”⁷.

This concerns the ability to translate programmatic aims into political decisions and is defined basically in terms of parliamentary support, assessed in two dimensions: a) position of the governing left party within the left as a whole and, where applicable, within the governing coalition; b) position of the left party and, where applicable, the governing coalition, within the party system as a whole.

In this respect, there are important differences among the three cases. In Brazil and Chile, there have been coalition governments, which differ between themselves, as differ the positions of the left parties in office (PT and PS) within the governing coalitions. Both parties find themselves in minority situations (between 10% and 18% in the Lower Chamber), do not represent the entire universe of the left and share powers with partners of different political lineages in complex relationships⁸.

In contrast, the FA has a monopoly position in the Uruguayan left and forms a majority government composed of a single party with considerable discipline. Therefore the FA do not need to build coalitions or pass parliamentary compromises. Besides, President Tabaré Vázquez has been in an advantageous position, since he was at the same time the head of the government and the unitary leader of the party.

The potential of a government is also affected by ideological polarization. In Chile, the distance between the PS and the right-wing bloc was considerable, as it was the

GDP (less than 0.1%). Brazil is in third place (more than 10% of GDP), followed by Argentina (somewhat less than 9%). The list is headed by Bolivia (almost 20%) and Peru (almost 15%).

⁷ Here I freely take up the notion of the “power quotient” coined by Merkel (1995), with some additions of my own.

⁸ The PT acts within a somewhat heterogeneous coalition, whose structure has differed in Lula’s successive governments, having the centrist PMDB (*Partido do Movimento Democrático Brasileiro*) as the major partner. The PS acts within a coalition characterized by greater parity and homogeneity, based on an alliance with the Christian Democrats made up in 1988.

average distance between the PS and the Christian Democrats (DC) within the Concertación itself. It is no wonder, then, that innovation has been moderate. In Brazil and Uruguay, the ideological distance between the PT and the FA and the opposition is much less. However, political output in the two cases is different, given that the PT is a minority party in a coalition government, while the FA alone forms a majority government⁹.

Like the PS and PT, the Frente Amplio has developed as a catch-all party and has thereby accentuated its condition as an electoral-professional party (Lanzaro 2004a). However, the FA keeps on as a highly institutionalized party and maintains high levels of party identification as well as a rather strong organic structure (party groups, congress, national plenum, political board). Although its mobilizational practices have lost strength and continuity, they become rather spirited during electoral campaigns. However, these are no longer organized through “base committees” (the FA’s legendary grassroots organizations, which are frankly in decline), but rather are carried out directly by FA groups, especially by those that have the most activists. The political activism is also fostered by the social organizations and specially by the labour unions, with which the FA continues to maintain robust linkages¹⁰.

Like its counterparts in Brazil and Chile, being the government party, the FA works as a political machinery of the government. Nevertheless, the FA organic structure has retained an important degree of autonomy and influence, even vetoing some of

⁹ Assessment of ideological distance for the Lagos, Lula (I) and Vázquez presidencies, based on data from Alcántara (2004).

¹⁰ Handlin and Collier (this volume) confirm that the FA shows high levels of party identification and party activism, in comparison to its counterparts in Brazil and Chile (PT, PS). It also “establishes direct contact linkages at a significantly higher rate, and has exceptionally strong shared-member linkages with labor unions, which appear to play a significant role in mobilizing members into electoral politics on the behalf of FA candidates”.

President Vázquez's initiatives (the most notable examples being the signing of a free trade agreement with the United States and Vázquez's choice for the FA presidential candidate in the 2009 election).

Last but not least, although the FA has chosen to compete for the center of the political spectrum, to a large degree it continues to hold ideologically leftist positions. In its bids for the presidency, the FA launched a two-pronged strategy (Lanzaro 2007): it incorporated the programmatic changes demanded by competition, but it kept up an unyielding opposition towards the parties of the establishment and the liberalization prospects. Therefore, the ideological moderation, typical of any catch-all party, has been in this case more limited, passing through an incessant intraparty dispute, with sectors that exhibit different degrees of assimilation or resistance to the neoliberal cultural revolution.

Union connection and social inclusion

In the toolkit of political resources, the strength of the union movement and the relationship that it maintains with the government and the governing party are in general particularly important. Moreover, the link between these two political "pillars" – party and unions – is one of the constituent elements of the social democratic matrix (Merkel 1995, Garrett 1998). The more the central organization, militancy and politicization of unions remain in place, the more strength unions will have in left governments, as support groups and as vectors of influence in the casting of the government officials and in public policies.

In Brazil, Chile and Uruguay, there has been a close historical kinship between the governing left parties and the labor movement. In all of these cases, as well, the dictatorships and the neoliberal push brought tough times for the unions, which however experienced this period in different ways (Cardoso 2007). Of these cases, Uruguay is probably the one that best fits as a social democratic experience.

In fact, the Uruguayan unions, which were very important actors in the democratic transition (1980-85), suffered in the following liberal transition of the 1990s. In that cycle, they lost members and density, and their bargaining power concerning private labour relations was weakened. Nevertheless, they preserved their national federation and they recycled political unionism into opposition to the market reforms, especially through referenda against privatizations. In this way, they opted for the plebiscite of the ballots rather than the plebiscite of the street or other traditional means of class struggle, changing their pattern of mobilization and articulating vetoes vis-à-vis the liberalization initiatives.

Such practices reinforced the strategic linkage with the FA. With their own vitality and true autonomy, the unions – particularly those of the public sector – were able to act as agents of recruitment and mobilization. As Handlin and Collier observe (this volume), while market reforms eroded the strength of unions and challenged union-party relationships everywhere, in Uruguay it appears that the union-party relationship has been most resilient (unionists being twice the proportion of left partisans as they do in Brazil or Chile).

The unions have been essential actors in the building of a leftist force, just as they were in the turbulent period of the 1960s, although in a different political environment and with less specific weight.

This pattern is reflected in the composition of the government and also in its agenda, which included several initiatives that benefit the working classes. In contrast to the preceding liberal approach, the labor policy of the Vázquez government has promoted the development of the unions and their power resources, building new institutions, which have favored the unions tasks and membership. The revival of the *Consejos de Salarios* (tripartite labor councils) is a key piece of this new deal, establishing a neo-corporatist system, which nevertheless lacks a peak-level of tripartite negotiations.

In exchange, the labor federation offers “reasoned” support to the government. This posture generates internal disputes, led by the different currents of the left and does not put a stop to labor conflicts or political protests. In the framework of this social democratic corporatism, unions are a pillar of the government, preserving however true autonomy.

Along with this linkage to the labor movement – accompanied by a related effort to combat informality – there has been a widening of the poor policies, combining universal assistance and targeted programs. Linkages to beneficiaries are established, not through clientelistic or partisan networks (as happens in other Latin American left governments), but through public institutions and formal procedures, helping to consolidate the position of the state in this area, as well.

The coexistence of these two sets of linkages (labor unions and institutionalized poor policies) – which has important political and electoral consequences – is a

distinctive feature of social democracy on the periphery, both in Uruguay and in other Latin American cases.

The political development of the Frente Amplio

The triumph of the left in Uruguay was the culmination of a gradual process of historic change within the party system (Lanzaro 2007 and 2010). Through this process, the FA – which brings together the entire Uruguayan left – was converted into the most powerful party in the political spectrum. The founding fathers of the traditional two-party system – the *Partido Colorado* (PC) and the *Partido Nacional* (PN) – continue in the running, but they no longer enjoy the dominant position that they had from the origins of the country in the first half of the 19th century onward.

The Frente Amplio was founded in 1971 as an alliance of the older leftist parties (the Socialist and Communist Parties), Christian Democrats, independent leftist groups and factions from the traditional parties. In the new democratic cycle beginning in 1984, this coalition of parties became a unified coalition-party, where the founding members coexist with new groups, as truly fractions of a conglomerate that is greater than the sum of its parts, which has an encompassing identity and built up its own tradition (Lanzaro 2000b and 2004).

Along with this transformation, the FA achieved sustained electoral growth and became a major popular party. This consolidated an enduring political realignment: the FA reached eventually a majority position (52% in 2004, 48% in 2009), meanwhile, the traditional parties, which in the 1984 opening election brought together 81% of the votes, dropped to 46% in 2004 and 2009.

Table I
Electoral Support by Blocks (% of valid votes) – 1971-2009

	PC + PN	FA
1971	81	18
1984	76	21
1989	69	21
1994	63	30
1999	55	40
2004	46	52
2009	46	48

Source: Instituto de Ciencia Política Database: <http://www.fcs.edu.uy/pri>

This realignment has been a result of political competition and can be explained taking into account the strategies adopted by both, the traditional parties on one side and the FA on the other side (Lanzaro 2007). The Partido Colorado and the Partido Nacional have led the liberal transition that has taken place in Uruguay, as in all over Latin America, since the 1980s. In doing so, they have undergone a reconversion, turning away from Keynesian and welfare policies (state intervention and protectionism, patronage and corporatism), towards state reform, liberalization and market-oriented policies. These actions, which had impacts on their electoral support, implied a reduction of their traditional political resources, hand-in-hand with changes in linkages and patterns of legitimization. As the leftist opposition has grown, the traditional parties have also made up government coalitions and promoted a major electoral reform, which changed the rules that had prevailed since 1910, imposing the runoff presidential election. These

patterns of cooperation, reinforced by the new electoral system, led the traditional parties to political association and ideological convergence, tending to bipolar competition based on the right-left cleavage.

Within this framework, the prosperity of the FA can be explained in turn as a result of three factors: i) its development as a catch-all and electoral party, maintaining nevertheless a relative robust organization as well as its kinship with trade unions and social movements¹¹; ii) its structure as a coalition-party, unifying all leftist groups and having at the same time a wide electoral dragnet; and iii) its two-pronged strategy, combining opposition against liberal reforms and privatizations, in defense of the statist tradition, with trends towards ideological moderation and the competition for the center.

Majority presidentialism, cabinet government and coalition-party.

The debut of the FA in government (2005-2010) gave rise to majoritarian presidentialism, which involves strong leadership from Vázquez, yet it also entails a sort of cabinet government due to the FA's coalition-party nature.

The FA won in the first round of the 2004 elections and achieved a significant victory in the 2005 municipal elections¹². Given these results, the FA reached a predominant position and enjoyed an absolute majority in both chambers of congress (52%). No party has had this majoritarian position in the country since 1966, and it has

¹¹ During the last decades, the FA has been the party that retains the most voters and best cultivates socialization: through family generations, collective organizations (trade unions, social movements, NGOs), the "capturing" of public education and its influence in the cultural milieus, as well as its place in the national and the local governments (particularly in Montevideo).

¹² After three consecutive terms in Montevideo (1990-2005), the FA hold on this bastion (64% of votes in a department that contains 42% of the electorate) and won seven other local governments. This means that during the 2005-2010 period it administered 8 of the country's 19 departments (73% of the population and more than three-quarters of GDP).

also not been common in Latin America over the last 25 years. There has been therefore a single-party government, which had enough parliamentary backing to approve laws (including the budget), maintain presidential vetoes and appoint high rank civil and military officials. This government has produced the most abundant series of laws and decrees since the return of democracy in 1985 (Chasquetti 2007). The two traditional parties were relegated to a relatively innocuous opposition, having however successfully pushed for a “judicialization” of politics, as when, for example, they challenged some applications of the new income tax law in the Supreme Court.

The center of gravity of the government has been the President and the Council of Ministers. Vázquez combined presidential authority with his role as party leader, which he had consolidated over several years, positioning himself as a unitary leader, above the FA factions. As president, he acted mostly as an arbiter, establishing the general direction and making priorities of certain issues (human rights, armed forces and sensible international affairs), but leaving political initiative in the hands of his ministers and granting considerable seniority to the Ministry of Economy.

The cabinet has been the fulcrum of the Executive Power, meeting weekly and effectively operating as a collegial body, with a functioning that it never had before. During the initial period, the president's personal quota made up approximately half of the cabinet portfolios. The rest went to almost all of the leaders of the FA sectors, in a distribution congruent with their respective parliamentary representation. This composition was the result of Vázquez's desire to ensure solid support from his own partisans, without leaving any group uncommitted to the government. In this way he has

achieved an important degree of obedience from the party and almost perfect parliamentary discipline (Chasquetti 2007).

This configuration amounted to a sort of cabinet government in a presidential regime and reflected the peculiar structure of the FA, which was born in 1971 as a coalition of parties, but since then has transformed into a coalition-party (Lanzaro 2000b). The unity it has forged is expressed in its party organization, leadership and majoritarian decision-making rules, which have replaced the original principle of consensus and veto right. It has thereby formed a new type of party: founding and more recent groups became indeed factions of a conglomerate of the entire left, which has built up its own traditions and a lasting identity.

Nevertheless, marks of the FA's genetic model still show and, as such, it is by far the most factionalized Uruguayan party. It has seven factions in the Senate and a large ideological spectrum (including socialists, communists, popular-nationalists, ex-Tupamaro guerrillas converted to electoral politics, Christian left, and sectors split from the traditional parties). This structure casts a wide electoral dragnet, is translated into the distribution of public posts and encourages competition among and [within](#) the "three faces" of the government prism: Executive Power, parliamentary representation and official party.

Various points of conflict have been aired within this triangle, which walls itself off from other parties. Notable examples include the disagreement over the amount of public spending on education to be included in the National Budget; the complicated parliamentary procedure that the tax reform went through within the governing party; the rebellion that prevented the president to sign a free trade agreement (FTA) with the

United States; the rejection of the statute of autonomy for the Central Bank; or the law decriminalizing abortion, approved by FA members in Congress, but vetoed by the president.

Governing agenda: continuity and innovation

With the configuration sketched above, the first FA government approved a number of significant innovations, both in the area of human rights and with respect to economic and social policies, cultivating a moderate reformism that composed a social democratic agenda.

Human rights

Sticking to its electoral promises, the government did not attempt to repeal the amnesty law for human rights violations committed during the dictatorship. This law had been approved in 1986 through an agreement between the traditional parties and ratified in a citizen referendum in 1989 with a clear majority. However, using a prerogative that this very law established, the President Vázquez imposed an interpretation of its provisions that was much more permissive than that of preceding governments. This opened the possibility of initiating criminal proceedings against more than 600 members of the armed forces, including the most conspicuous torturers (Amnesty International Report on Uruguay 2006). The civilian president that joined the coup d'état in 1973 and the only member of the military who took up the presidency during the dictatorship were

also taken into court, both of them accused of homicide, forced disappearances and offense against the Constitution.

In addition, President Vázquez made advances in terms of “truth and memory” and extended the investigations related to the “disappeared-prisoners” launched by his predecessor, Jorge Batlle of the Colorado Party, which sought to identify human remains and locate family members.

Therefore, human rights matters gained public status and were transferred to the government sphere. However, this did not rule out the role of the specialized NGOs, which continued to criticize the action of the government and to call for an annulment of the 1986 amnesty law¹³.

Economic policy and tax reform

After the 2001 economic crisis, Uruguay shared in the cycle of economic prosperity that spread throughout Latin America, registering one of the highest rates of growth in the region¹⁴. This prosperity was due in large part to external factors, particularly the extraordinary rise in international prices of agricultural commodities until 2008. This advantage – counteracted by the parallel rise in the price of petroleum – was accompanied by the revival of the internal market and of employment.

The government has made its own contributions with the aim of ensuring that these tendencies have favorable effects and that domestic activity prospers, demonstrating its attachment to the rules of the market and economic stability. This

¹³ The annulment of the law was once again rejected in a referendum organized together with the 2009 national election.

¹⁴ In 2005-2007, the GDP of Uruguay averaged 7% per year, while the average for Latin America as a whole was 5.3%.

approach, which has assured continuity in macroeconomic policies and matches the reigning orthodoxy, is a typical and crucial component of social democratic compromises. Such strategy, which has been adopted by the FA in its competition for government, was underscored once in office, in order to reduce the uncertainties generated by alternation.

Following that path, the Vazquez administration was committed to preserve stability, maintaining a stable exchange rate and controlling the fiscal deficit, thereby assuring conditions conducive to market dynamism, private investment and foreign capital flows. Its discipline in these areas has achieved good results, which were accompanied by a considerable increase in foreign direct investment (in stark contrast to the drop in such investment in Argentina and far above the increases in Brazil and Chile)¹⁵. It has also promoted institutional and legal innovations that move in the same direction: encouragement of private investment in the public sector, services, infrastructure and agro-industry; promotion of trade, competition and competitiveness, including the Defense of Competition Law and the new System of Innovation and Development; reform of bankruptcy legislation, etc..

Aiming to reduce the vulnerability of the economy and preserve basic macroeconomic equilibria, the government reached the lowest percentage of primary public debt since 1992. To this end it has also made a successful effort to improve the balance of payments, increase reserves and restructure the external debt – although the

¹⁵ Instituto de Economía 2008: for all of the data utilized in this section.

latter, like public spending, has grown, generating rigidities for an eventual counter-cyclical policy¹⁶.

The Vazquez administration has insisted on a policy of open regionalism, combining its membership in Mercosur¹⁷, with the search for new markets. This has been one of the most active areas of the government, generating frictions with Argentina and Brazil, the larger partners of Mercosur. It also faced a rebellion within the FA over the attempt to establish a free trade agreement with the United States. As a result, the government was forced to back off, finally signing an investment agreement (TIFA) instead.

The tax reform approved in 2007 – which is centered on the establishment of a generalized and progressive income tax – has been one of the government’s most important changes, confirming the association that is commonly noted between left ideology and fiscal policy (Boix 1996).

Moreover, the ideological factor was explicitly presented as one of the central motives behind this “left-wing reform.” While arguments were made about the rationalization of the tax system and incentives for investment, the initiative was pushed for on basically political grounds, in the name of vertical equity and the redistribution of income. No crisis situation led to this innovation, as usually occurs (Tejera 2008).

The preceding governments increased the tax burden, mainly through consumption taxes. The VAT was enormously heavy, with the basic rate reaching 26%

¹⁶ Net foreign debt in the public sector stabilized and, due to increases in reserves and GDP, it fell in proportional terms (from 74% in 2003 to 42% in 2007). However, gross debt has begun to increase again and continues to represent a very high percentage of the GDP (71% in 2007), despite the fact that GDP has grown. The entire debt with the IMF was paid ahead of schedule (like Argentina, Brazil and Chile), and there were also early payments to the Inter-American Development Bank and the World Bank.

¹⁷ Southern Common Market with Argentina, Brazil and Paraguay.

in 2007. In this system, which is considered regressive (Gómez Sabaini 2006), income taxes are applied above all to businesses and increasingly to salaries and pensions through the personal earnings tax, which was established by the dictatorship during the 1982 debt crisis and increased by successive governments.

The reform of Uruguay's left government created a true income tax (IRPF), which is not limited to salaries or pensions but rather extends to all types of income of natural persons, including certain categories such as professionals that previously were exempted. For incomes from dependent and independent work that are above the non-taxable minimum, the rates are staggered and go from 10% to 25%, after which there ceases to be progressive. The most severe burden is borne by those with medium or medium-low incomes, the sectors in which the majority of salaried workers are found. At the same time that personal taxation was increased, business taxes were remodeled and reduced. Consumption taxes also decreased. The minimum rate of the VAT was extended to new products, but it was lowered from 14% to 10%; and the general rate shrank modestly, going from 26% to 22%.

The new income tax was approved by the governing majority without seeking a fiscal pact, as recommended by the ECLAC (1998). There were arduous debates over the proposed tax, during which many of the FA's congressional representatives expressed disagreements with the bill presented by the Ministry of Economy and managed to raise the non-taxable minimum. The other parties remained at the margins and only managed to make their opposition felt through legal appeals over the constitutionality of the laws affecting pensions, in a sort of "judicialization" of politics. The Supreme Court of Justice accepted several of these appeals, which led the government to modify the part of the tax

affecting pensions and lower its rates. This move came was used by some sectors of the FA in order to obtain another general increase of the non-taxable minimum, which also benefitted active taxpayers.

The effects that the new tax would have on the middle classes has been a central issue of the criticisms of the opposition and it worried sectors of the governing party, who also complain about the lack of progressivity in the tax with respect to higher income brackets. In this way, the design of the reform and the political calculations behind it are evident: the government has opted to benefit those sectors with the lowest incomes, ensuring that the bulk of taxpayers will be those in the middle sectors. This includes salaried employees, who are “captive” taxpayers, allowing simple and cheap collecting.

The progressive content of the reform comes in the new balance between consumption taxes – which, like business taxes, have gone down – and the personal income tax. This new tax has a general character and its rates are staggered pronouncedly after a non-taxable minimum, which before did not exist. In addition, the tax collection administration was strengthened and modernized, redoubling the efforts of the previous government and even, for a time, retaining the same officials at the head of the General Tax Office. The government was therefore able to attain certain achievements in the form of increases in efficiency and collection, as well as in advances in fiscal culture.

It is doubtful that tax reforms of this kind could have noticeable effects on income redistribution and it is not clear that in this case the tax reform has had the redistributive effects that the government intended (Amarante, Arim and Salas 2007). It is more likely that such redistributive effects would be achieved through public spending, particularly

social spending. The left, taking advantage of the large amount of resources available, has sought to increase such spending considerably.

Social policy

Social policy has had a central place in the FA agenda and consequently, the government launched an important program in this field, which can be considered as “transformative” (Levitsky & Roberts, Introduction). Indeed, as Pribble & Huber confirm (this volume), the Vázquez administration enacted more significant changes than other left governments in Latin America, making important steps towards the consolidation of a social democratic welfare state.

This feature is consistent with the program of the FA and the particular social sectors to which it seeks to attend. Moreover, it was an especially pressing requirement, since poverty doubled in Uruguay as a result of the 2001 economic crisis; reversing the achievements obtained in the decade after democratization (1985-1995) and moving the country even further from its once famous welfare state. There was no marked departure from the formulas that have been predominant in Latin America over recent decades. Indeed, in this field, the left also continues its path of moderate reformism, demonstrating innovation in some areas and continuity in others (Midaglia and Antía 2007). Nevertheless, the changes were important and outlined new prospects for the long term, through a strategy that combines universal benefits and policies targeted at the most vulnerable sectors (children, young people and female heads of household). The new social policy included the launch of conditional transfer programs (CTPs) similar to those

established in other Latin American countries, followed by the reform of the family allowances system, which existed in Uruguay since 1943.

The priority given to social policy is seen in the marked increase in social spending and the attention that has been paid to the struggle against poverty, through various institutional and substantive innovations.

Between 2004 and 2008, overall public spending increased each year by 30% in absolute terms (however, given the economic growth that occurred simultaneously, it actually went down as a proportion of GDP). Public social spending per capita, in turn, went up, both in absolute and relative terms, having an accumulated increase of 41% in real terms during this period (CEPAL 2009). This has put public social spending above the average percentage of GDP spent in Latin America, which itself has been growing.

Beyond this general tendency, there has been changes in the structure of GPS. Historically, GPS was concentrated in social security (retirement and pensions), exhibiting a marked pro-adult bias and considerable rigidity, within the context of an aging population and a heavy burden of pensioners, who are numerous and influential, both as voters and as organized actors. During the FA government, participation in social security went down ten percentage points with respect to the preceding period and attention to children has greatly increased. Children are a long-term strategic sector because they are strongly affected by poverty and indigence, living in conditions that worsened dramatically since the 2001 economic crisis. The concentration of poverty in the younger generations and in certain urban neighborhoods gives rise to a “hard core” (68% of people under the age of 30), who lack basic goods and suffer from

malnourishment, stunted growth, academic failure and incompleting of their studies (De Armas 2009).

Responding to this government priority, the average amount spent on social assistance for children in the 2005-2009 term practically doubled the amount which was spent in 2000-2004 and in previous years. Thus, there was a significant increase, both as a proportion of overall social spending and as a proportion of GDP. As a complement to this pro-child orientation, family allowances have also increased, both in terms of coverage and the size of monthly payments. These and a series of parallel provisions have been particularly concerned with women, who are the pillar of a considerable number of homes of children and teenagers. Finally, there has been an important change in spending on education, getting closer to the goal of 4.5% of GDP, included in the FA program and claimed by the party ranks.

Political Steering and Institutional Development

These actions entailed the enhancement of political steering in social welfare and reinforced the presence of the state in this arena, including both the policy making and the direct provision of services.

In this context, the creation of the Ministry of Social Development (MIDES) must be highlighted. Its purpose is to act as a new centralized social authority, though it shares jurisdiction with the Social Security Bank (BPS) and the Ministry of Health, whose responsibilities have been increased.

These measures resulted in democratic steps forward, since they promote not only political steering, but also institutional development, allowing social provisions to reach

beneficiaries on the basis of rights and via bureaucratic channels rather than through clientelistic linkages, as it is the case in other Latin American governments. Therefore the new programs become settled as public routines and are subject to political controls, generally becoming accepted by the opposition parties. Following the best Uruguayan traditions, social policies go through a process of institutionalization and have a better chance of political sustainability

A complicated relationship exists between the public authority and the “clan” (“*parentela*”) of NGOs. These have an important position as civil society operators and have traditionally aligned themselves with the left. In fact, many of their leaders have crossed over to the public sector and assumed leading positions in the new ministry. The creation of MIDES and the reinforcement of the BPS suggest the possibility of a redefinition of the power map in this policy area. This would involve the development of the institutional capacities of the state at the national level and vis-à-vis the international donor organizations. A serious building effort is being made in this direction, but the prospects for such a project are not clear. NGOs continue to have important participation through contracting out and other mechanisms, thereby capturing public responsibilities and resources. Unlike in the case of pro-market formulas, however, this kind of privatization is considered politically correct.

From the Emergency Plan to the Equity Plan

The main task of MIDES was the “Social Emergency National Assistance Plan” (PANES), the government’s flagship initiative, similar to other programs in Latin America. The PANES was a temporary policy set targeted at the people living in extreme poverty (more than 10% of the population). Its main component was the Citizen

Income, a non-contributory monetary transfer for heads of household, along with complementary services (food, health, housing and citizen instruction). It was subject to certain conditionalities (school attendance of minors, medical exams, community work), which indeed were not properly monitored and had a low level of compliance. It is estimated that in the first year of its application, these transfers decreased extreme poverty by half and reduced the income gap by 8%. However, because this program has been targeted at the lowest deciles, it did not enable households receiving the assistance to rise above the poverty line, nor did it have an impact on inequality (Amarante and Vigorito 2008). In addition, the “Work for Uruguay” program was implemented, which offers temporary employment and training courses, attempting to construct routes out of poverty, which in the long term ought to be assured by economic development.

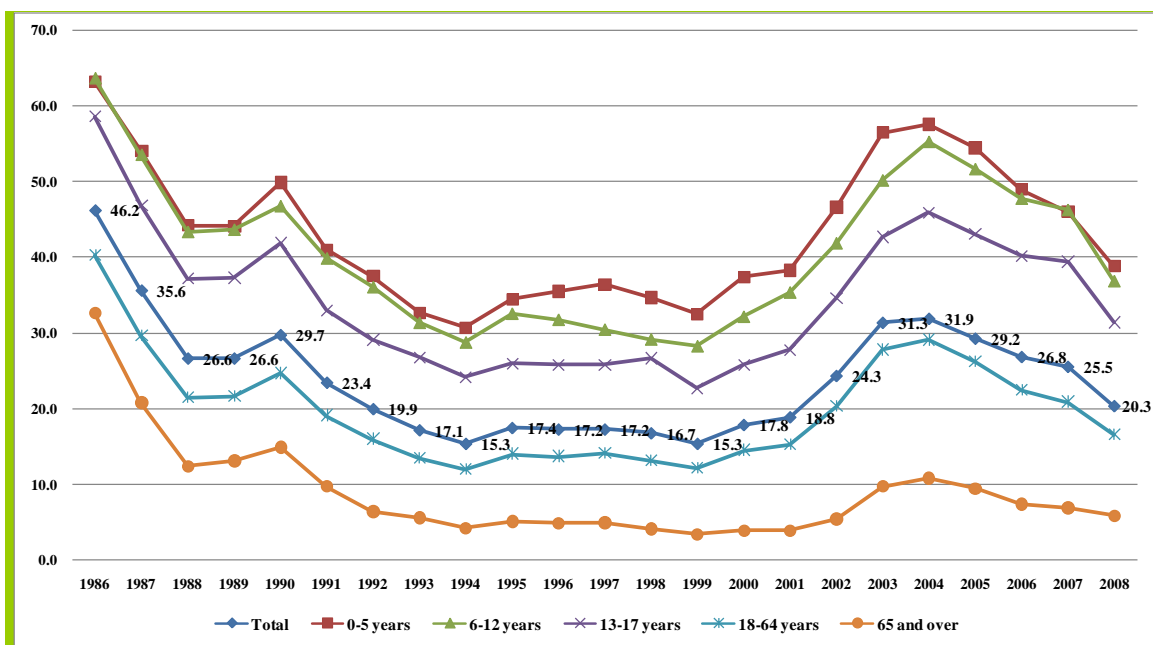
The continuation of the PANES was the “Equity Plan”, a permanent program of “Social Protection”, which prioritizes young people and their parents, but also covers other vulnerable groups, such as the elderly. Like the PANES, the Equity Plan centers on cash transfers, making new contributions to old-age pensions and especially to family allowances. These provisions – administered by the BPS and not the MIDES – have a permanent character and replace the citizen income, which disappeared as such.

Within this framework, family allowances, which have existed in Uruguay since 1943, were increased considerably and were extended in order to cover poor households with children under the age of 18, on the condition that these children attend school (Amarante and Vigorito 2008). Moreover, broadening the rules introduced by the previous government, family allowances can now be granted to non-employed people, as non-contributory transfers. This represents a significant shift from the historical

Uruguayan system, which since the original 1943 law was attached to work and has been a wage-earners benefit. The program experienced an important expansion, tripling public spending in this area (reaching almost 1% of GDP in 2009) and doubling the number of children included. This benefits heads of household and particularly single mothers, who also receive an “alimentary card”.

The final evaluation of the impact of these policies is still pending and is in some ways problematic. There has been a significant decline in poverty: almost 12 percentage points between 2004 and 2008 (Figure 1). Poverty decreased to a considerable degree in all age categories, benefiting youngsters and children with a drop of 10% (Figure 1). In 2004, nearly 32% of the population lived in homes below the poverty line; in the first half of 2008, that percentage had fallen to 21.4%, a reduction of one-third. Undoubtedly, the favorable economic cycle that existed until 2008 was one important factor. However, it is reasonable to assume that social policy also played a part in this evolution. Simulations have shown that without these policies, economic growth alone would not have produced such positive social consequences (Amarante et al. 2007, CEPAL 2009).

***Figure 1:
Population below the official poverty line 1986- 2008
Total Percentage and by Age***



Source: National Institute of Statistics (INE), Uruguay.

More broadly, a certain renewal of the welfare state has begun to occur, with the enacting of new programs and the extension of social protection to vulnerable groups with low organizational capacity, combining universal benefits and targeted policies, which are centered on families and children.

National Health System

The National Integrated Health System (SNIS) includes some innovations in terms of financing and management and attempts to take advantage of the existing structures. However, while it increases the coverage of health insurance, it remains attached to contributive principles and does not imply a significant strengthening of the system of public assistance but rather rests in large part on the private sector.

The SNIS grants a universal health insurance, which is financed through taxes on salaries and is provided by both public and private institutions, in a mixed system. The

Administration of State Health Services (ASSE) is in charge of the public health network at the national level, which provides services to insurance beneficiaries, as well as those who lack such coverage (around 40% of the population). On the other hand, there are the Institutions of Collective Medical Assistance (IAMC). These are private, non-profit entities and cooperative or mutual benefit societies, which have a long tradition in Uruguay. In principle, users have the option of choosing the entity to which they wish to belong. Along with complementarity, the system entails a competition among the service-providing entities. Indeed, the public sector loses out in this competition, which is limited in turn by the existing asymmetries within the private sector.

Insurance is financed through the National Health Fund (FONASA), fed up with the contributions of public and private workers, in proportion to their incomes and the number of children in their nuclear families. The state and companies in turn contribute 5% of the salaries of all the workers that they employ. The FONASA delivers to service providers a monthly fee for each user, varying according to health risks, sex and age. The FONASA also pays a complementary percentage, with the aim of stimulating the achievement of priority assistance goals.

National Health Insurance is based on a contributive pattern. This maintains social segmentation by excluding those who do not have access to employment in the formal sector, the majority of whom have to turn to the free public assistance. But the new system extends health coverage considerably, since the health insurance includes holders' children up to the age of 18. This is the most noticeable impact of the reform; it is estimated that by mid-2008, 400,000 minors had been incorporated into the insurance system, in a flow directed preferentially to the mutualist institutions (Busquets and Setaro

2008). Coverage has also been extended to disabled individuals and other types of dependents (spouses, domestic partners and the elderly) in the care of insurance-holders. Retired workers maintain their rights and there are special provisions for low-income pensioners.

The Ministry of Public Health is the political body in charge of the SNIS, but it shares regulatory functions with the new National Health Board, which is composed of government representatives, users, workers and health service providers. These constitute a picture of the actors present in this policy arena; of these, the medical corporations and unions are particularly influential. Hard negotiations took place with them in order to give rise to the reform, and it will be also hard to deal with them in order to move ahead in an field in which there is still much to be done.

Education: much participation and few changes.

Education has also been one of the priorities of the FA government. This is reflected in the significant increase that has occurred in public spending on education, which went up as a proportion of overall social spending and as a percentage of GDP (CEPAL 2009).

In addition to important measures aimed at the development of science and technology (creation of the National Agency of Research and consolidation of the National System of Researchers), there have been initiatives to invest in human capital, especially for children. This can be seen in the program of “community teachers”, supporting primary school students in vulnerable areas; the Program for the Universalization of Secondary Education, which seeks to overcome alarming education failures at the secondary level; and particularly in the Ceibal Plan (named after the

Uruguay's national flower), the "star" program promoted by the president's office, inspired by the international One Laptop per Child initiative, which seeks to generalize an early introduction to computing. Uruguay has been a pioneer in carrying out this democratizing initiative on a national scale, which was imposed widely and with great connectivity.

Otherwise, education is a policy arena where there was much participation and few substantive changes. In general, the Vázquez administration made little progress beyond the educational reform of the 1995-2000 government, an important and heterodox undertaking which did not follow the neoliberal premises of the time (Lanzaro 2004b). It is against this legacy that subsequent achievements must be measured.

The novelties are found mainly in the area of institutional design. In approving the new General Law of Education, after a pompous Educational Debate, the government picked up on one demand from the teachers' unions and established that the directive councils of the decentralized institutions in charge of public education should include teacher representatives, as occurs at the public university. This participatory devotion and the corporatist links correspond to the ideological traditions of the left and its commitment to unions and associations in the area of education. However, at the same time, the law assigns greater responsibilities to the Ministry of Education. Eventually, this could give rise to relatively important changes, since this Ministry has historically been a decorative organization, with educational policy making and services remaining in the hands of decentralized organizations that were granted great autonomy. The law also created higher training centers for teachers and the Institute of Educational Evaluation.

Labor relations

The Uruguayan left has historically maintained a close relationship with labor unions (Lanzaro 1986 and 2004a). This kinship was a decisive factor in the 1960s political events, which led firstly to the unification of the national labor federation (1964) and afterward to the foundation of the Frente Amplio (1971). In a typical social democratic path, a fundamental connection was forged between the unions and the left party, though each part also managed to maintain significant and shifting margins of autonomy. This link was displayed beginning with the democratic transition and contributed to the FA consecutive political development.

This kinship was reflected in the first government of the FA. Almost thirty members of the initial cast were of union extraction: two senators, eight deputies, including one of the Presidents of the Chamber, nineteen high ranking officials in public services and five ministries, including the Ministry of Labor.

In turn, the policy adopted by the Vázquez administration with respect to labor relations had the clear stamp of the left and reinforced the privileged links between the FA government, the party and the unions. The most noteworthy measure in this area, one of the first and most significant of the new presidency, was the reinstatement of the Salary Councils. These are tripartite councils made up of government representatives, businesses and workers, which institutionalize collective negotiations by branch of activity, in order to determine salaries and regulate labor relations.

The Salary Councils were instituted by law for the first time in 1943. This occurred under the government that initiated the progressive era of the “second *batllismo*” with the participation of workers and industrialists. The goal was to deepen the inward-oriented model of development of the time, creating a “new world” of

relations between capital and labor. The system was terminated in 1968 when centralized government regulation was established, with the aim of combating inflation by controlling prices and salaries. The situation subsequently worsened after the dictatorship that was installed in 1973 repressed unions and promoted the forced restructuring of labor. The salary councils were temporarily reinstated in 1985 at the beginning of the first presidency after the dictatorship. They were meant to be part of the consolidation of democracy, favoring the regularization of labor relations and the reorganization of the unions¹⁸.

The subsequent liberalization, seeking deregulation and flexibilization of labor relations, led once again to their elimination in favor of decentralized and fragmentary negotiation, with growing tendencies toward individualization of labor contracts. This led to a period in which unions suffered an important withdrawal, taking refuge mainly in the public sector and in privileged areas of activity, such as the banking system. While their bargaining power concerning private labour relations was weakened, they preserved their national federation (PIT-CNT) and they recycled political unionism into opposition to neo liberal reforms, in particular to privatization of state enterprises and social services.

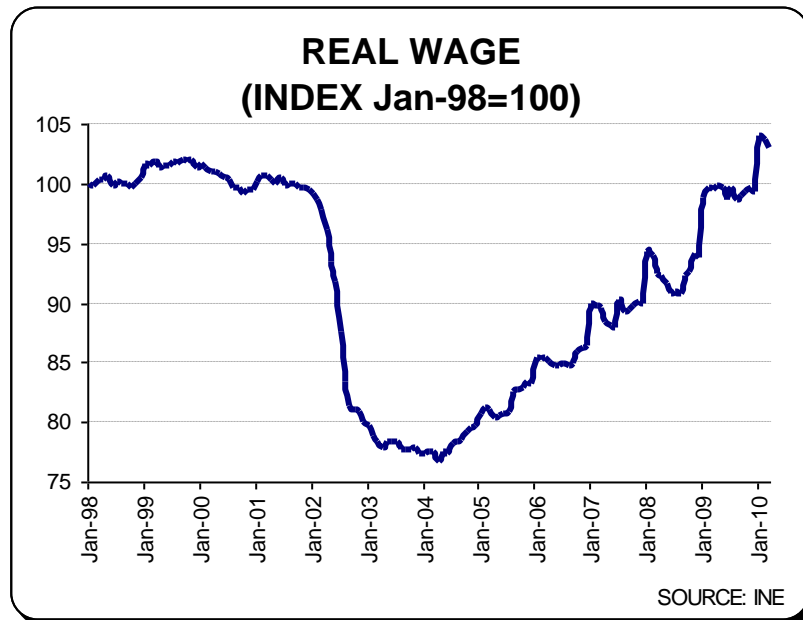
The restoration of the salary councils by the left government in 2005 had effects comparable to those of the first era of the councils inaugurated in the 1940s, though with the basic difference that the peripheral Keynesianism that prospered at that time is no longer to be found. Indeed, now and before, the institution of these bodies stimulated the formalization of work and the rise in salaries, as well as the development of unions.

¹⁸ See Lanzaro 1986 for an analysis of these periods, with a special focus on the ebb and flow of corporatist linkages as strategic mechanisms for economic regulation and pieces of the political system in democratic regimes.

The current version of these councils has wider reach, going beyond their previous boundaries to include public employees, rural laborers and domestic workers. There is another important difference, since in the new stage, the government has had a more active role and it established the guidelines for updating salaries, aiming to increase the income of the working classes, while at the same time seeking to control inflation.

The rise in salaries is partially a consequence of the economic boom, but is also the result of actions taken by the government. The policy of the government sought to reverse the fall in real private salaries, which amounted to a reduction of 25% between 1998 and 2004. During the FA administration real wages recovered year after year and by the end of the period 2005-2010, they reached almost five points above the 1998 level (Figure 2).

Figure 2
Real Wage Evolution 1998-2010

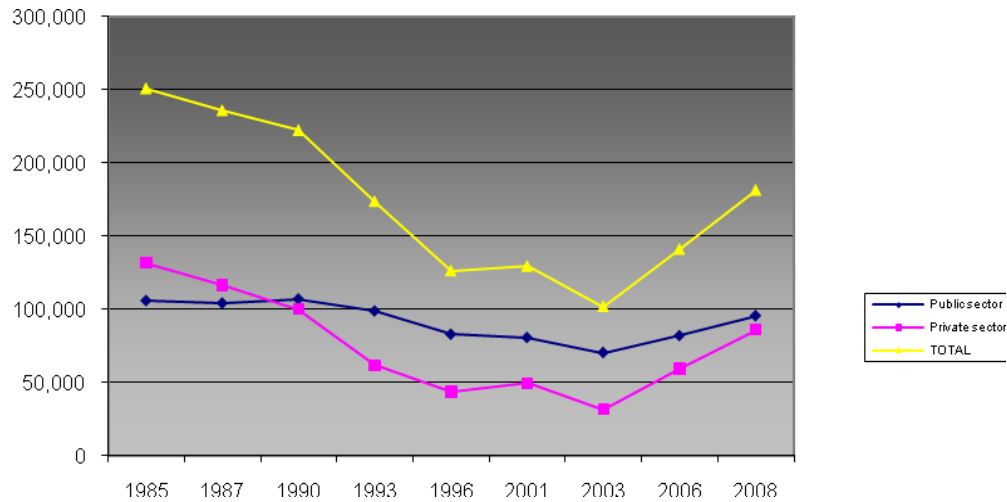


Source INE: National Institute of Statistics, Uruguay

The functioning of these councils also provided incentives for the consolidation of existing unions and the creation of new ones, as well as for union membership (Figure 3). It does so by favoring the functions of the unions and according them public status, as representatives and intermediaries in defending interests and securing labor provisions¹⁹. Since 2005, more than 400 grassroots unions were created and membership greatly increased. This helped to reverse the pronounced fall in the rate of unionization that occurred between 1985 and 2003, which particularly affected workers in the private sector. By 2008, the number of union members practically doubled that registered in 2003. This increase was experienced with greater intensity in the private sector than in the public sector, resulting in a more even participation in the two sectors (Figure 3).

¹⁹ The leader of the national labor federation, Juan Castillo, said that a union “boom” was occurring and that the government, “by granting rights to workers,” had become “an ally” of the unions (Journal “El País” Montevideo, 07/21/2006).

Figure 3:
National Labor Federation – PIT-CNT
Evolution of Number of Members, 1985-2008



Source: Instituto de Ciencia Política 2009, based on the register of dues-payers for the PIT-CNT congresses.

Labor policy – which is to a large degree a type of social policy – is strengthened by other important actions. These help to offset the effects of neoliberal policies and limit employers’ discretion. Among these, four initiatives are noteworthy. The “Union Rights” act, which establishes the rights of union leaders and members. The fight against informality, with a redoubling of public control and a considerable increase in the registration of workers in the social security system. The “tercerizaciones” law, which makes large firms responsible to workers employed by sub-contracting companies. The law that decriminalized the occupation of factories and offices by workers, which set off a wave of occupations and generated fierce conflicts and strong criticism from business associations, causing even a complaint to the Uruguayan government by an ILO Tripartite Committee. The Ministry of Labor made successive adjustments to this policy concerning occupations, beginning with a very permissive and practically encouraging position, but eventually deciding on considerably more cautious regulations.

These policies amount to a social democratic neo-corporatist arrangement, which is limited to workers and labor relations. Other initiatives by the government, aimed at establishing “social dialogue” with businesses through the creation of peak level tripartite negotiations and macro-political agreements, such as the Higher Salary Council or the National Economy Council, have not been successful.

This neo-corporatist arrangement does not suffocate the autonomy of the unions. It also does not eliminate mobilizations and strikes, with some unions criticizing the government economic orientations. In 2005-2007, labor conflict, which went down during the first year of the government, went up in the following years, being nevertheless the lowest that it had been since 1995²⁰.

Indeed, these corporatist relations form part of a political bargain, in which the unions moderate their activities and offer critical support to a friendly government, in exchange for both immediate achievements and long-term expectations. These consist of economic as well as political goods, power resources, labor provisions and legal advances, benefits for the organized working class and benefits that reach other sectors of society, which are also appreciated by the unions. This captures the balance between close kinship and relative autonomy, typical of the relationship of the unions with the government, which has not ceased to be molded by political competition, led by the sectors of the own FA represented in the labor movement.

²⁰ Catholic University Labor Conflict Index 2005-2009: www.ucu.edu.uy.

Conclusion:

Social Democracy's Best Case

The first government of the left in Uruguay is one of the cases of social democracy on the “global periphery” that have emerged in Latin America in recent years. In contrast to other contemporary left experiences, these governments are formed by an institutional left and conducted by left parties with a solid trajectory, within the framework of a plural and competitive party system.

Uruguay left government is a case of majority presidentialism, which includes strong presidential leadership and operates at the same time as a sort of cabinet government due to the FA's nature as a coalition-party. Thanks to the political resources at their disposal (historical legacies in terms of state institutions, public policy and social welfare, power quotient, parliamentary support and strength of the governing party, social bases and a close relationship to the union movement), this government has had greater social democratic potential than cases of the same type in Brazil and Chile.

As a result of this configuration, the left government has cultivated a moderate but effective reformism, which entailed both continuities and important innovations. The parts of this transformative agenda that stand out most are human rights advances, tax reform in favor of a progressive income tax and reinstatement of the salary councils, together with a renewal of the welfare state through social policies that involve targeted cash transfers, universal family allowances and improvements in health. While labor policies favor the organized working class, family allowances and cash transfers

represent an increased effort to cover all poverty-stricken groups and attend to vulnerable sectors, especially female heads of household and children, as important targets of a development strategy.

The renewal of the welfare state entailed the enhancement of political steering and the strengthening of state. In the path of a pluralist democracy and following the best Uruguayan traditions, social policies are organized by law as social rights and undergo a process of institutionalization, which offers a higher chance of political sustainability.

Second Term

The FA once again won the presidency in the 2009 elections, giving way to the second government of the Uruguayan left, headed by José Mujica (2010-2015). In contrast to 2004, however, this time the FA did not achieve victory in the first round. Although it won a parliamentary majority and maintained its position as the dominant party, the cycle of sustained growth that began in the 1980s was broken and it lost two and a half points with respect to the previous election (48% against 50.5%). However, in the second round, Mujica got more votes for the Presidency than Vázquez in 2004 (52.4% against 50.5%). Uruguayan electorate is roughly divided into two similar blocs, since the three opposition parties add up to 48.6% of the electorate. The FA second term, as the first, shall also be a single-party majoritarian government, but with a less comfortable parliament majority (50% instead of 52% in the House of Representatives and 17 Senators out of 31 instead of 18).

During the electoral process and in the change of government, the plural and competitive party system persisted, as did the institutional consistency of the Frente

Amplio. Therefore, the conditions are in place for the social democratic experience continue, although with different emphases and some variations.

At the beginning of the 2009 electoral cycle, such continuity could have been perceived threatened. In the process to select the FA presidential candidate and during the campaign for the primaries, Mujica challenged the leadership of Tabaré Vázquez and successfully competed against his preferred candidate, proposing a more radical turn to the left. Mujica cultivated a populist profile - based on charisma, anti-establishment stances and an appeal to the poor - which was strengthened by his somewhat bizarre and conversational persona. In this context, a particularly important factor was Mujica's lineage as a member of the 1960s guerrilla movement (MLN-Tupamaros), a revolutionary group in those years set against the institutional left. With the return to democracy in 1985, the MLN decided to act "within the legal system", and in 1989, after a long wait, it was accepted as a member of the FA.

However, the institutionalized party system and the FA's internal balance of power do not favor any abrupt turn toward the radical left or populism. Indeed, the pluralist and competitive political structures have done their work, moderating once again the strategies of the political agents. With the return of democracy, the Tupamaros had an incentive to hew to the electoral path, particularly after the 1994 elections, when the FA won 30% of votes and increased its likelihood of taking office. The institutional framework also had a crucial effect on Mujica's behavior as a presidential candidate. In fact, once he had won the nomination, he changed the tactic that he had utilized in the internal competition. He softened his leftist posture and adjusted his political message in order to contend for the center, improved his personal image and made his competitor in

the primaries his vice-presidential candidate (Danilo Astori, Minister of Economy during the Vázquez administration), who appeared as a guarantee of moderation and continuity.

Upon assuming the presidency, Mujica took a step even further in this direction, which was received with approval by all political actors and which surprised many observers. The old guerrilla emphatically proclaimed his firm support for democratic institutions, plurality and party politics, ruling out revolutionary adventures and even calling for compromise with opposition parties. Furthermore, he praised the presidency of Tabaré Vázquez and explicitly announced his intention to continue the social democratic experience. The second chapter of this experience has then come up, though with changes in the political scenario and government agenda.