

## CHAPTER 1

# PROBLEMATIZING OUTSIDER POLITICS

### FROM CAPITALIST TO ANTICAPITALIST

Donald Trump is not an original. Before Trump, there was Vicente Fox: Mexico's capitalist outsider. Like Trump, Fox parlayed his business credentials into a winning campaign. Fox helmed Coca-Cola Latin America before taking Mexico's presidency in 2000. Like Trump, he was a political outsider who rode the wave of people's fatigue and exasperation with their political establishment. Just as Trump flaunted a taste for fast food and baseball hats, Fox flaunted his fondness for horseback riding and cowboy hats to connect on the campaign trail. Like Trump, he was the first political outsider to topple the insiders of his nation's long-standing political establishment. Much as Americans rejected the preferred candidates of Trump's party, Mexicans jilted the preferred candidates of Fox's establishment party. Why do such capitalist outsiders—outsiders who break with their country's political establishment but who accommodate its existing capitalist order—win? Trump and Fox are not curiosities. As I elaborate below, there are others like them. Their appeal is all the more intriguing given that capitalists are certainly not the only kind of outsiders who have recently galvanized antiestablishment sentiment.

Take, for example, Hugo Chávez's 1998 presidential victory in Venezuela. Chávez was an outsider to his country's forty-year-old political establishment but was no capitalist. Indeed, his sharp attacks on Venezuela's own capitalists might better qualify him as an anticapitalist. For one, he came from the military, a source of social mobility perhaps most antithetical to those rooted in the private sector. He was not even part of the military's elite. He had become a mid-ranking military officer by 1992 when he instigated a failed coup against Venezuela's neoliberal establishment. Chávez even beat Venezuela's own capitalist outsider in the 1998 election: Salas Römer. Chávez's leading competitor (Coro-

nil 2000), Römer, was a former corporate executive who had worked at Chase Manhattan Bank, Unilever, and IBM.

Why do the outsiders who first broke with their country's enduring political establishments at the turn of the twenty-first century look so different in Venezuela and Mexico? Their divergence in outsider politics is all the more puzzling given that these two countries seem so strikingly similar in other respects. As detailed below, outsiders emerged after both countries' long-standing centrist multiclass parties steered two of Latin America's largest economies toward ambitious neoliberalization. Strangely, though, people tend not to take up such comparisons. Instead, pundits are inclined to make another type of comparison among outsiders: they label and catalog the traits of "populists." The comparison of Trump to Chávez is a favorite. This mode of comparing outsiders through the lens of populisms is problematic.

#### THE PROBLEM WITH MOST "POPULIST" COMPARISONS

"Is Donald Trump the American Hugo Chávez?" asks a *New York Times* editorialist (Grillo 2016). Many say yes. In their view, Trump epitomizes the rising tide of populist power that began when Hugo Chávez won Venezuela's 1998 presidential election. Analysts enumerate their similarities: their use of hatred as a "provocation tactic" (Corrales 2017); their use of "state power to pressure critics and reward friends" (Goldberg 2018); and their use of "demagogic sectarian rhetoric to establish an authoritarian regime and then destroy a people" (Brooks 2018). Yet such comparisons seem designed to smear more than to enlighten.

Populist comparisons create false equivalences. Yes, both Trump and Chávez appeal to at least some of those "left behind" by recent neoliberal restructuring. But Trump's nationalist anti-immigrant America-first project adds just a "sliver" of blue-collar white voters from the postindustrial Midwest (Riley 2018) to the Republican Party's base of socially conservative (Davis 2017) middle- and upper-middle-class white people (Manza and Crowley 2017). In contrast, Chávez's antineoliberal project built a broad cross-class alliance between more than a sliver of Venezuela's middle class and the country's historically marginalized majority of poor Afro-Venezuelan and Indigenous workers (Ellner 2010; Fernandes 2010). Yes, both Trump and Chávez appear to be economic nationalists. Nevertheless, Chávez's call for "twenty-first-century socialism," sought to break the "oligopolistic control of the economy" by US capital. It aimed to build a regional trade block that excluded the US (Ellner 2010, 85). Meanwhile Trump professes a desire to put America first and defend US economic dominance over places like Venezuela.<sup>1</sup> These are substantive differences between Trump and Chávez. If we hope to un-

derstand the global surge of “populists,” we need comparisons that take their substantive differences more seriously.

#### THE NEED TO COMPARE SUBSTANTIVELY DISTINCT OUTSIDERS

We need comparisons that recognize and problematize substantive differences in the recent wave of “populists” (Gates 2018). Referring to such elected leaders as outsiders, instead of populists, aids this endeavor. It calls for qualifying, rather than glossing, substantive differences among such leaders. It invites us to include in our pool of potential leaders for comparison all those who broke with enduring political establishments, even outsiders like Mexico’s Fox, Argentina’s Mauricio Macri (Catalano 2019; Wallenfeldt 2022b), or Italy’s Silvio Berlusconi (Poli 1998; Sylvers 2018), who largely escaped the inflammatory populist label.<sup>2</sup> It directs us to grapple with why the neoliberal tide, which would seem propitious for outsiders who challenge capitalists, has actually brought in a surge of outsiders who sidle up to capitalists.

At the turn of the twenty-first century, it seemed that Latin America’s neoliberal political establishments would fall to those, like Chávez, who were willing to challenge dominant neoliberal capitalists: those we might more accurately call anticapitalist outsiders. Many traditional parties lost their long-standing hold on power to such “New Left” (Harnecker 2010, 35–50) outsiders such as Bolivia’s Evo Morales (2005–2019) and Ecuador’s Rafael Correa (2007–2017), who promoted “a new narrative of nationhood” defined as “anticapitalist” (Ellner 2012, 104, 107, 112). This New Left forged “multiclass alliances” in support of economic policies that favor “diversified commercial and technological relations” (Ellner 2012, 96). This New Left, however, broke with the center left’s careful avoidance of socialism (Harnecker 2010, 35–50) and their deference to the United States and those capitalists benefiting from its neoliberal project. New Left leaders adopted Chávez’s (1998–2013) “twenty-first-century socialism” and favored “close ties with neighboring center-left governments . . . to resolve political disputes [in ways] that exclude the United States” (Ellner 2012, 96, 106–9). They were anticapitalist in that they called out those capitalists profiting from neoliberalism. They were also anticapitalist in that they promised to roll back many of the neoliberal policies and instead sought to redistribute the nation’s resources toward its historically marginalized popular sectors. They sought, that is, to realize “post-neoliberal possibilities” (Kaup 2012). With assistance from elite allies (Gates 2007, 2010), alliances with transnational corporations (Kaup 2013), and stunted efforts to realize participatory democracy (Hetland 2014), many would nonetheless not quite qualify their efforts to do so as revolutionary, or even “counter-hegemonic” (Kaup 2012).<sup>3</sup>

By the time Latin America's "veritable left-wing tsunami" (Castañeda 2006, 29) crested in the mid-2000s, another breed of political outsiders had already cropped up: outsiders who overturned their country's political establishment but were much more accommodating to their dominant neoliberal capitalists. Some, like Mexico's Fox, Argentina's Macri (2015–2019) or El Salvador's Nayib Bukele (2019–present), were even capitalists themselves. Like Italy's Berlusconi or America's Trump, these capitalist outsiders amassed personal fortunes before turning to politics.<sup>4</sup> Unlike the earlier wave of anticapitalist outsiders, these outsiders broke with the insiders of their nation's establishment party leaders without challenging dominant capitalists or undoing neoliberalism. Some, like Bukele, follow Trump's model with a "modern personal brand built primarily via social media" (Meléndez-Sánchez 2021). Bukele, for instance, dons "leather jackets, backwards baseball caps, slim-fitting jeans, and aviator shades" and pitches himself as "the coolest president in the world" to his 2.8 million Twitter followers (Meléndez-Sánchez 2021). Individuals who are capitalists by virtue of their biography are, nonetheless, not the only capitalist outsiders.

Increasingly, we have seen the rise of a new variant of capitalist outsiders: party leaders from outside the political establishment who, like Arno Mayer's "counter-revolutionaries" (Bello 2019; McQuade 2022), defend their nation's capitalist status quo by stoking "hatred of alleged domestic conspirators and their foreign accomplices" (Mayer 2000, 52). While their tactics may sometimes differ from those of business leaders turned politicians like Fox, they wield their "assault on subversive and corrupting agents" (52) to achieve the same capitalist ends: to preserve the economic and political power of dominant capitalists.<sup>5</sup> Turkey's president, Recep Tayyip Erdoğan (2002–present), for instance, broke with his country's secularist military-allied establishment parties even as he preserved the privileges of Turkey's stalwart secular conglomerates (Akçay 2018; Deniz 2019). He did so by stoking nationalist scorn and violent repression of academics, the left, and the Kurdish resistance as betraying Islamic interests (Öniş 2019; Yesilbag 2016) and values. Brazil's Bolsonaro (2018–present) might be considered the "Trump of the Tropics" (Suebsaeng 2021), not just because he, like Trump, stoked hatred, but because he, like Trump, did so in service of preserving the capitalist status quo. He, like Trump, is a capitalist outsider. The military-bred Bolsonaro advanced a neoliberal economic project of privatization, financial deregulation, and slashed social spending (Atunes 2019; Mier 2021) with a misogynistic defense of rape (Wallenfeldt 2022a) and extrajudicial police killings in an antidrug war targeting predominantly Afro-Brazilian working-class neighborhoods (Miranda 2021). In this,

he echoed another capitalist outsider, President Rodrigo Duterte of the Philippines (2016–present), who also used a bloody antidrug war to rally support (Bello 2018, 50) for his *de facto* alliance with foreign investors, the “landed class, big monopoly capitalist actors . . . and Big Mining” (Bello 2018, 52; Camba 2017, 2018).<sup>6</sup>

We need, then, comparisons that focus on and problematize substantive differences among outsiders, between those who actually challenge dominant neoliberal capitalists and those who merely accommodate them. Such comparisons can begin to make sense of why capitalist outsiders, whether they are capitalists themselves or party leaders who preserve the capitalist status quo, so often win at historical moments seemingly conducive to anticapitalist outsiders. On its face, comparing Trump to Chávez might fit the bill. After all, one might say they represent extremes on a continuum of capitalist to anticapitalist. But comparing Trump and Chávez will not cut it. Such a comparison is problematic not just because it typically trivializes, rather than problematizes, their substantive differences. It uses these substantive differences as the basis to build a case for a “populist” style of politics. Such a comparison is also problematic because it complicates the analytical task at hand: to understand why the substance of outsider politics diverges. To discern why outsider politics of nations take such different substantive directions, we need comparisons enabling us to distill the forces that split countries facing apparently twin political crises. Only then can we begin to better grasp the social origins of capitalist outsiders and pinpoint why anticapitalist outsiders occasionally break through.

#### THE VALUE OF COMPARING OUTSIDERS IN MEXICO AND VENEZUELA

The comparison of outsider politics in Mexico and Venezuela presents a unique opportunity to glean valuable insight into why capitalist rather than anticapitalist, outsiders win. It is valuable not just because Mexico’s capitalist outsider, Fox, rose just two years after Venezuela’s anticapitalist outsider, Chávez, took Venezuela’s presidency in 1998. It is also valuable in that both Fox and Chávez were the first outsiders to break with their respective neoliberal-era political establishments. Furthermore, they both broke with deeply entrenched political establishments. Chávez was the first outsider to defeat the two parties (Acción Democrática [AD] and Comité de Organización Política Electoral Independiente [COPEI]) that had exchanged electoral power for forty years in Venezuela (1958–1998). Fox was the first outsider to defeat a party—the Partido Revolucionario Institucional (PRI)—that had held uninterrupted power for seventy years in Mexico (1930–2000). Their contrast thus sidelines questions

about imminent changes in their political systems that might otherwise explain the substantive orientation of their first outsiders. The comparison, then, especially facilitates an analysis of the role that the past and its legacies may have played. Finally, the comparison of outsider politics in Mexico and Venezuela is valuable because their outsider politics diverged not once but twice in the twentieth century. Their roles in the transitions out of political crises earlier in that century, however, were reversed.

This time, Venezuela rather than Mexico possessed the outsiders who defended the capitalist status quo. The outsiders who first wrested power from a series of military-backed dictators (1908–1945) in Venezuela took pains to reassure the country’s powerful foreign oil barons. Their leader, Rómulo Betancourt, eschewed “revolutionary nationalism” for a “minimum program of democratic reforms” in hopes that it might “partially neutralize not just the oligarchy but also the imperialists” (Ellner 1980, 74, 81). This “minimum program” of reform committed his party, Acción Democrática, to “sowing the oil”: the idea that economic policies that were good for the foreign oil companies would also be good for Venezuelans. These substantive policies qualify Venezuela’s 1940s outsider party as capitalist, albeit one distinct in framing and tactics from the capitalist outsider parties of the neoliberal era. Unlike their contemporary counterparts, they railed against communist labor insurgents with a punitive mode of labor co-optation. After we have seen so many capitalist outsiders surge in recent times, their break from the political establishment without taking down dominant capitalists may not seem surprising. And yet they veered dramatically from the position taken just seven years earlier in Mexico.

Mexico’s outsiders took an anticapitalist turn in 1938—the precise anticapitalist turn that Venezuela’s midcentury outsiders rejected. That year, Lázaro Cárdenas, a prodigy of the “revolutionary” generals who had tamped down infighting among Mexico’s revolutionary factions and “institutionalized” the revolution (1920–1934) (Knight 2016) bucked his mentor (Philip 1982), Plutarco Elías Calles, and nationalized oil. He, like his mentor, did not lead the efforts that toppled Mexico’s establishment dictator (1876–1910). But, perhaps even more than his mentor, Cárdenas secured victory for his band of outsiders. Expropriating the property of the world’s biggest oil companies solidified popular support for the party that would govern Mexico for seventy years. It burnished his own and his party’s “revolutionary” reputation; a reputation engraved in the party’s name.<sup>7</sup> It also qualified his brand of outsider politics as anticapitalist.

A comparison of Mexico and Venezuela thus presents a unique opportunity to discern why capitalist outsiders defeat enduring political es-

tablissements in one country, just when anticapitalist outsiders take hold in the other. It offers not one, but two bouts of such capitalist outsiders diverging from their counterparts in the other country: Fox in Mexico in the neoliberal period, and Acción Democrática in midcentury Venezuela. But there are other even more compelling reasons to compare Mexico and Venezuela.

### MEXICO'S AND VENEZUELA'S THREE PUZZLES OF OUTSIDER POLITICS

The twentieth-century capitalist outsiders of Mexico and Venezuela are puzzling. They challenge two leading interpretations of outsider politics: the antineoliberal backlash and the critical junctures approaches. Venezuela's 1998 anticapitalist outsider too poses a puzzle—for the institutionalists. These puzzles make a comparison of outsider politics in Mexico and Venezuela theoretically strategic. Taking up such strategic comparisons promises to better calibrate theoretical guidance for future studies of outsider politics. Collectively, they demand that we hone in on how national political processes transmute the apparently universalizing global forces of capitalist incorporation and neoliberalization. They demand, in short, that we rethink how global dynamics articulate with national political processes such that they might differentiate, not just universalize, political outcomes, including the substance of outsider politics.

#### **Mexico's Puzzle for the Antineoliberal Backlash Thesis**

The antineoliberal backlash thesis cannot explain why Fox, a capitalist outsider, was the first outsider to take the presidency away from the party that had governed Mexico for seventy years. It interprets the rise of anticapitalist or "New Left" outsiders like Chávez in Latin America as a backlash to the neoliberal project (Hellinger 2011; Petras and Veltmeyer 2005; Silva 2009). According to the backlash thesis, however, Mexicans should have rejected neoliberal candidates, especially one like Fox who was himself a neoliberal capitalist.

As table 1.1 indicates, backlash thesis proponents take anticapitalist outsider presidents as the culmination of protest movements opposed to the region's neoliberal transformation. They argue that "New Left" candidates galvanized societal frustrations with the many adverse socioeconomic effects of neoliberalism (Cameron and Hershberg 2010; Harvey 2005; Petras and Veltmeyer 2005; Roberts 2008, 336; Vilas 2006), and link antipathy toward neoliberal policies to left voting preferences (Baker and Greene 2011). They frame these "New Left" successes, then, as the culmination of synergistic alliances made by the parties of these "New Left" candidates with the antineoliberal movements protesting

TABLE 1.1. Puzzles posed for leading outsider theses by instances of outsiders in Mexico and Venezuela

Theses	Expectations of theses	Instances of outsiders			
		Venezuela (1998)	Mexico (2000)	Mexico (1938)	Venezuela (1945–1948, 1958)
Anti-neoliberal backlash thesis	Neoliberal market reform + social polarization	Yes	Yes		
	Antineoliberal movements and outsider candidates	Yes	Yes		
	Outsider outcome conforms to thesis	Yes (anti-capitalist)	No (capitalist)		
Critical junctures thesis	Foreign capital invests in “new export sector” + “new middle and working class”			Yes	Yes
	“Radical populists” mobilize rural and new urban classes with “new social welfare”			Yes	Yes
	Outsider outcome conforms to thesis			Yes (anticapitalist)	No (capitalist)
Institutionalist thesis	Political institutions stymie antineoliberal protest and candidates	Yes	Yes		
	Outsider outcome conforms to thesis	No (anti-capitalist)	Yes (capitalist)		



myriad forms of socioeconomic exclusion stemming from the debt crisis and exacerbated by neoliberal reforms (Beasley-Murray, Maxwell, and Hershberg 2010, 3; Roberts 2008, 329); alliances we might call “social movement partyism” (Almeida 2006, 2010). Some see a modern parallel to Polanyi’s (1944) nineteenth-century British “countermovements,” those movements for self-protection from the harsh realities of a market society that relentlessly commodified land and labor (Harvey 2005; Silva 2009; Silver 2003; Silver and Arrighi 2003; Smith and Korzeniewicz 1997). According to this “Polanyian analytic” (Hough and Bair 2012), we would expect the resurgence of this “liberal creed” in the form of “neoliberal globalization” to unleash countermovements that coalesce around antineoliberal presidential bids.<sup>8</sup>

The rise of such capitalist outsiders as Fox poses puzzles for the antineoliberal backlash thesis of the “New Left,” much as subnational variation in antineoliberal resistance poses puzzles for antineoliberal backlash theories of movements (Almeida 2014). While antineoliberal backlash interpretations might help us understand the rise of an anticapitalist such as Chávez (Silva 2009), they cannot explain Fox’s victory in 2000. According to its logic represented in table 1.1, Mexico’s neoliberal reforms should have instigated popular resistance and thereby buoyed Mexico’s antineoliberal presidential candidates. Certainly, the circumstances in Mexico seemed propitious for an anticapitalist outsider to win at the ballot box. Mexico, like Venezuela, pioneered the region’s neoliberal reforms in the early 1980s (Kaufman 1989; McCoy 1986, 103). Arguably, Mexico enacted the region’s most comprehensive neoliberal projects (Aspe 1993; Lustig 1992; Middlebrook and Zepeda 2003; Otero 1996; Pastor and Wise 1997). Like Venezuela, it executed an ambitious privatization program (MacLeod 2004; McCoy and Smith 1995; Teichman 1995) and suffered a major bank crisis after financial deregulation (Krivoy 2002; Mackey 1999).

Furthermore, Mexico’s neoliberal turn inflicted precisely the types of economic “hardships” that stoked resistance across the region (Almeida and Johnston 2006), including “rocketing unemployment rates, plummeting wages, shrinking benefits, and disappearing public services” that affected “Mexicans across different classes and other social divisions” (Shefner and Stewart 2011, 358, 362, 368). It even eroded the ability of the poor to survive (González de la Rocha 2001). Mexicans too resisted. They marched against austerity measures in the early 1980s (Carr and Montoya 1986), and rallied around a viable antineoliberal contender who nearly took the presidency in 1988 (Foweraker and Craig 1990).<sup>9</sup> Furthermore, they unified with the Indigenous-based antineoliberal Zapatistas in the 1990s (Chand 2001; Quezada and Rosales 1997). And

yet the outsider who capped these escalating waves of protest and first toppled Mexico's long-reigning establishment party was a capitalist, not an anticapitalist. Fox's victory, thus, represents a negative case (Emigh 1997) for the antineoliberal backlash thesis.

The puzzle Fox's victory poses for the antineoliberal backlash argument could tempt one to abandon global capitalism in explaining the rise of outsiders. Chapter 2, however, establishes the reasons that we must keep our gaze trained on capitalism, just not in the way that the antineoliberal backlash thesis posits. We should attend not just to popular reactions to neoliberal reforms but also to the actors reaping the greatest rewards from such reforms—neoliberal capitalists—to explain how capitalist outsiders like Fox win. Mexico's puzzle for the antineoliberal backlash thesis might also tempt one to dismiss such global transformations of capitalism and favor instead national determinants for substantively distinct outsiders. Indeed, both of the other leading approaches to outsider politics lean on national institutions and their makers to explain divergent political outcomes. These accounts, nonetheless, offer little purchase here.

### **Venezuela's Puzzle for Critical Junctures**

The capitalist stance of the outsider party that took power in 1940s Venezuela poses a puzzle for a foundational study (Collier and Collier 1991) in the critical juncture's lineage (Lipset, Rokkan, and Wallerstein 1967; Rokkan 1970). Critical junctures scholars look for historical "junctures" or "choice points when a particular option is adopted from among two or more alternatives" (Mahoney 2001, 6) that split nations. They qualify these historical junctures as "critical" when the choices of these earlier state-builders "lead to the formation of institutions . . . that cannot be easily transformed" (8).<sup>10</sup> In their study of Latin America's first generation of "populists," Ruth Berins Collier and David Collier (1991) scrutinize the "choices" of these "reformers" to reconstruct the origins of enduring twentieth-century political dynamics. And yet their study lumps Venezuela's 1940s "reformers" with those in 1930s Mexico's as "radical populists," without remarking on their departure from Mexico's anticapitalist project of nationalizing oil. They thereby leave this substantive difference in Mexico and Venezuela's midcentury outsiders largely unexplained. This difference proved critical to diverging outsider politics in the neoliberal era, as I will show.

Curiously, the Colliers make little of the fact that Venezuela's "radical populists" took a more accommodating stance toward foreign oil companies than that taken by Mexico. Instead, as table 1.1 depicts, the Colliers (1991) pin divergent political dynamics on how the region's

mid-twentieth-century “reformers” incorporated labor, not capitalists. Indeed, they group the reformist outsiders of Mexico and Venezuela as the respective region’s most “radical populist” response to the “new middle sectors and working class” that the “export expansion . . . in the latter part of the 19th century and . . . the first decades of the [twentieth] century” wrought (Collier and Collier 1991, 101, 769).<sup>11</sup> Like their counterparts throughout the region, the midcentury outsiders of Mexico and Venezuela brokered a “broader transition from the laissez-faire state . . . to a conception of a more activist state” with “new social welfare, and economic responsibilities” (103). Unlike the region’s other reformers, the reformers of Mexico and Venezuela nonetheless mobilized both rural and urban popular sectors to solidify an electoral base for multiclass, or “integrative” parties (117, 161). In making these “choices,” reformist outsiders in Mexico and Venezuela launched a shared political legacy of stable centrist politics that moderated rather than radicalized labor. And yet Venezuela’s “radical populists” did not nationalize oil, as Mexico’s did. Glossing Venezuela’s more reformist, or capitalist, outsiders—those who favored policies that accommodated rather than threatened foreign oil—is particularly curious given the pains the Colliers take to elevate a “‘political logic’ that animates change” (11).

The neglect of the capitalist inclination of Venezuela’s midcentury outsider party by the Colliers’ foundational critical junctures study could appear to affirm one of its central directives. It could constitute further evidence of a “political logic” that drives national politics apart. And yet this elevation of a “political logic” hinges on demoting the effect of socioeconomic transformations unleashed by export expansion on political divergence as “ambiguous” and “indirect” (Collier and Collier 1991, 769, 770). It hinges, in the Colliers’ view, on demoting “the ‘capital logic’ that is a central concern of the dependency perspective” as a driver of political divergence (11). As chapter 2 elaborates, though, capitalism or, more precisely, capitalist incorporation, launches countries onto apparently parallel, but actually related and interactive paths of social transformations and political crises. I derive a relational mode of comparison from Antonio Gramsci and world-systems analysis, which encompasses such interactions. I establish how the cumulative processes of capitalist incorporation spanning across countries can split the political trajectories of these countries on seemingly parallel economic paths. Capitalism does not, then, necessarily supply “historical commonality” with a presumably universalizing influence. It can, instead drive countries apart. It can launch nations down distinct political trajectories that reverberate even in the neoliberal era. In elaborating how and why, I address yet another puzzle posed by leading interpretations of outsider politics.

### Venezuela's Puzzle for Institutionalists

Chávez's anticapitalist presidency in Venezuela challenges the institutionalist approach: an approach to political change dominant in political science and influential in sociology. Institutionalists delineate the political institutions, whether these are laws, organizations, or practices, that can aid political leaders in their attempts to foil the movements or candidates that might otherwise make up an antineoliberal backlash. According to institutionalists, Venezuela's institutions should have made it harder for an outsider candidate like Chávez who opposed neoliberalism to mobilize popular support, let alone win. In fact, as table 1.1 outlines, Venezuela had the seemingly ideal political institutions to stymie antineoliberal protests and electoral challenges.

Venezuela had political institutions with "striking similarities" to Mexico (Coppedge 1993, 253) that should have channeled the grievances provoked by economic crisis and neoliberal reforms through the formal political process and contained a potential antineoliberal backlash (Haggard and Kaufman 1992, 279; Kaufman and Stallings 1989; Nelson 1992). Parties in both Mexico and Venezuela integrated into the formal political system's labor unions, which helped channel working-class grievances through parties, even as it sublimated worker demands by co-opting labor leaders in Mexico (Caulfield 1998; Middlebrook 1995) and Venezuela (Ellner 1993; McCoy 1986, 1989). Various party systems "penetrated and gained control over other actors in civil society" (Coppedge 1993, 253), including those who were among the most adversely affected by neoliberalism's stabilization policies (Nelson 1992, 222, 248, 260). They tended to "mute the conflicts among contending social forces, facilitate relatively stable ruling majorities, and thus discourage abrupt swings in policy from one administration to the next" (Haggard and Kaufman 1992, 271–72). In short, Venezuela's party system should have thwarted an antineoliberal electoral swing, such as occurred there in 1998.

Venezuela also had political institutions that, in contrast to Mexico's, should have helped its leaders sustain a neoliberal political consensus. Venezuela had two dominant parties, not just one party. Indeed, many considered Venezuela "the leading example of intensely competitive, broadly participatory electoral politics in Latin America" (Martz 1977, 93). Analysts thus expected Venezuela to be better equipped than Mexico to contain social unrest and forge a neoliberal political consensus.<sup>12</sup> Even the Colliers predicted that "Venezuela seemed in a better

position than Mexico to absorb these pressures for change” during the neoliberal era because of the “channel for expression of opposition and discontent” opened by its “competitive system” (Collier and Collier 1991, 759). Some predicted that Mexico’s opposition would radicalize more than Venezuela’s because Mexico’s lack of partisan competition likely made its national political leaders less receptive to criticism (Coppedge 1993, 268–69).<sup>13</sup> And yet opponents of neoliberalism in Venezuela, not in Mexico, resorted to coups, violent riots, and presidential impeachment.<sup>14</sup>

The rise of an anticapitalist outsider rather than a capitalist one in Venezuela raises questions for institutionalists. We might even ask: What, if any, relevance do political institutions have in enabling Venezuela’s anticapitalist outsider to oust its political establishment? In chapter 2, I contend that political institutions do in fact matter, just not in the way institutionalists think they do. They do not, that is, matter as constraints that structure the interactions of rational opposition movements and political candidates, such that they calculate strategic moves in ways that yield distinct outcomes. Rather, they matter as representations of the underlying balance of social forces that formed them. Political institutions that expose the capitalist interests that forged them can, I find, amplify antineoliberal movements and boost anticapitalist outsiders like Chávez. My analysis reveals how they do this, regardless of the incentives that Venezuela’s political institutions may have created for regime opponents to moderate. In doing so, I underscore why we must return to a country’s earlier history of state formation. We should do so, not merely to identify the moments when consequential institutions are formed, but in order to make sense of how those institutions that endure matter today.

### THE ARGUMENT AND METHODOLOGY

Ironically, Mexico’s capitalist outsider (Fox) owes his victory at the turn of the twenty-first century to Mexico’s radical oil workers nearly a century earlier. The latter’s tenacious battle for oil nationalization pressured Mexico’s 1930s self-identified revolutionary political outsiders to embrace a project antagonistic toward capitalists. Mexico’s “revolutionaries” nationalized oil and purged capitalists (especially foreign ones) from Mexico’s state. Nearly seventy years later, a capitalist implicitly tapped into collective memories of Mexico’s earlier anticapitalist state formation to cast himself as the consummate outsider. He thereby galvanized cresting antiestablishment outrage, stemmed the antineoliberal tide, and trumped the anticapitalist outsider.

Chávez, Venezuela’s anticapitalist outsider, also owes his own debt to Mexico’s early twentieth-century oil workers. By winning oil nationalization, Mexico’s oil workers landed a direct hit on the very same for-

eign oil barons who would later dominate Venezuela's oil fields. Mexico's oil workers thereby armed Venezuela's leaders and instructed them on how to avoid anticapitalist labor mobilization for nationalization in Venezuela. They also spooked oil executives such that companies doubled down on disciplining Venezuela's oil workers and collaborated with, rather than opposed, Venezuela's ascendant outsider party so long as it eschewed oil nationalization. This collaboration between political leaders (in *Acción Democrática*) and capitalists would haunt Venezuela's establishment. It induced midcentury outsiders in Venezuela to make their own national capitalists insiders to its political system. A half century later, Venezuela's political institutions, packed with corporate leaders, could not quell unrest. Its state with many corporate insiders embodied Chávez's case that corporate power had indeed corrupted Venezuela's establishment. It validated him as the outsider who could radically challenge the government's business as usual.

This concrete historical account of two generations of divergent outsiders in Mexico and Venezuela emerges from a puzzle-driven approach to historical sociology. It is puzzle driven in that it takes as its empirical focus those societal transformations that represent anomalies or "negative cases" for a given theory (Burawoy 1989; Emigh 1997). Anomalies highlight the need for revising how we currently understand a phenomenon. Mexico's and Venezuela's outsiders, for instance, highlight the need to look beyond the relative potency of a country's antineoliberal movements and the degree to which political institutions forged earlier in the century could contain them. Analyzing such puzzles presents opportunities to refine theory (Burawoy 1989; Paige 1999) and reinterpret history (Gates 2018; Gates and Deniz 2019; McMichael 1990; Tomich 2004). They narrow the search for theoretical guidance to those addressing analogous conundrums, as I do in chapter 2.

This study is also puzzle driven in that it knits the resolutions to each of the three puzzles into a world-historical approach to outsider politics. This approach traces the origins of the consequential internal differences for outsider politics to world-historical processes of capitalist incorporation. The puzzle that Mexico's capitalist outsider of 2000 poses for the antineoliberal backlash thesis could be resolved, I reason, by the public's neutrality regarding corporate power and corruption or (class) hegemony as Gramsci conceived it. In resolving this puzzle I identify an imminent internal factor that is critical to whether capitalist outsiders glide to power even in socioeconomic conditions seemingly propitious for anticapitalists. To resolve the puzzle posed by Venezuela's midcentury capitalist outsiders I identify and explain a likely social basis for the class hegemony that capitalist outsiders rely on. I pan out to consider the

type of world-historical processes that tend to produce a more resilient class hegemony—belated capitalist incorporation. The timing of when a country enters the flow of producing a given commodity like oil for world markets, I contend, materially affects the relative strength of anticapitalist social forces and hence class hegemony. To resolve the puzzle posed by Venezuela's recent anticapitalist outsider, I consider the potential long-term reverberations of earlier bouts of capitalist incorporation into the neoliberal era. I thereby identify several potential legacies of a country's outsider solution to earlier crises of capitalist incorporation that can inadvertently undercut class hegemony in the neoliberal era.

The puzzles, too, organize the empirical analysis. Parts II and III take up each of the puzzling instances of outsiders successively. Chapter 3 focuses on Mexico and the puzzle its capitalist outsider of 2000 posed for the antineoliberal backlash thesis. Chapters 4 and 5 focus on Venezuela's midcentury capitalist outsiders and the puzzle they posed for the critical junctures perspective. Chapters 6 and 7 focus on Venezuela's surprise election of the region's first anticapitalist outsider and the puzzle it posed for institutionalists. The analysis of each puzzling outsider reinterprets the case and simultaneously builds a component of my overarching approach. Chapter 3, for example, reinterprets the rise of Fox as benefiting from a dominant anticorruption narrative that occluded rampant corporate corruption and thereby retained public optimism regarding capitalists. It establishes class hegemony as an imminent internal factor on which the fate of capitalist outsiders hinges. Chapters 4 and 5 reinterpret the rise of Venezuela's midcentury capitalist outsiders as related to radical oil workers in Mexico's earlier rise as an oil producer. At the same time, they build the next piece of my approach. They identify and explain an internal social basis for class hegemony and capitalist outsiders. Chapters 6 and 7 reinterpret the rise of Chávez as rooted in several legacies of Venezuela's belated incorporation as an oil producer sixty years earlier. They thereby establish two legacies of capitalist incorporation that can fray class hegemony.

To reinterpret each puzzling case and build my approach, I integrate original sources into a narrative that draws from but also reframes the secondary literature on each of these cases. Chapter 3, for example, uses a systematic analysis of public corruption debates as represented in leading national dailies and public opinion in Mexico. It mixes qualitative analysis of an original database of corruption scandals coded by the type of actors implicated, with quantitative assessments of the degree to which dominant corruption reporting and the public blamed corporate leaders for Mexico's political crisis. Chapters 4 and 5 draw on a wealth of prior archival-based research on Venezuela's oil industry, labor rela-

tions, and the rise of their midcentury outsiders. The chapters tie the silence of Venezuela's oil workers on nationalizing oil to the outsiders' punitive forms of co-optation and the oil companies' segregationist labor practices, which divided, weakened, and repressed Venezuela's nascent anticapitalist labor organizations. Chapter 6 establishes how Venezuela's state institutions embodied corporate corruption with a systematic analysis of Venezuela's economic appointees and legislators, an original database of corruption scandals, and interviews with corporate elites, which illustrate their penchant for smearing each other as corrupt. Chapter 7 establishes how nostalgic national lore, as relayed to me by corporate leaders, may be vulnerable in the neoliberal era. As I show, when it veers from history, it can unlock public sympathy for the counter-hegemonic claims of anticapitalists. It can validate the less flattering recollections that even some of Venezuela's corporate leaders shared with me, such as those reviling Venezuela's corporate insiders, as "good sense."

Each chapter, however, also includes the puzzling outsider's counterpart. My approach to historical sociology is thus also comparative. The way I construct the comparison, however, is historically contingent. It is contingent on whether the chapter focuses on the foundational era of capitalist incorporation or more imminent conditions affecting the fate of capitalist outsiders. Chapters 3, 6 and 7 establish more imminent conditions that buoy capitalist outsiders or puncture class hegemony for anticapitalist outsiders. The comparisons used here approximate a method of difference, in that they zero in on differences in imminent conditions across otherwise similar cases that might explain their divergent outsider politics (Mill 1950). They confirm that an imminent factor I contend mattered in the puzzling case was in fact absent in their counterpart where outsider politics diverged. For example, chapter 3 affirms my reinterpretation of Mexico's puzzling capitalist outsider by establishing that Venezuela's dominant anticorruption narrative did not, in fact, obscure corporate corruption the way it had in Mexico, and that Venezuelans, unlike Mexicans, associated corporate power with their establishment's problems. Chapter 6, similarly, includes an analysis of Mexico's top appointees and legislators to demonstrate that Mexico's state form, unlike Venezuela's, included few corporate insiders and would not have embodied corporate corruption. It reveals that Mexico's state form, unlike Venezuela's, retained its midcentury "revolutionary" identity even in the form whereby neoliberalizers took power. Chapter 7 affirms the way a nation's history reverberates in the neoliberal era by elaborating on why Mexico's midcentury history of bolstering national capitalists and generously inducing labor's loyalty would not have validated demonizing corporate insiders as "good sense."



Those chapters that examine the midcentury era of capitalist incorporation and its immediate aftermath, by contrast, deploy a relational comparison. This mode of comparison follows my proposed resolution to the puzzle posed by Venezuela's midcentury outsiders. The latter calls for relating Venezuela's late development as an oil producer, its repressive labor relations, and capitalist variant of outsiders to Mexico's earlier rise as the region's premier oil producer. Thus chapters 4 and 5 do not so much compare Venezuela with Mexico as relate Venezuela to Mexico's earlier rise as an oil producer, its repeated waves of labor militancy, and its more "revolutionary" anticapitalist resolution to its crisis of capitalist incorporation. In identifying the origin of two generations of divergent outsiders in both countries, these chapters anchor my approach. They qualify the approach as world historical, for reasons detailed in chapter 2.