

# Latin America: End of a cycle or collapse of post-neoliberalism?

Latin America has been the only continent in which **post-neoliberal** choices were adopted in a number of countries. After a series of military dictatorships, supported by the United States and ushered in by the neoliberal project, it was not long before reactions set in. The peak came in 2005 when the Free Trade Treaty with the United States and Canada was rejected, brought about by the combined actions of social movements, left-wing political parties, NGOs and Christian churches.

## The progressive governments

The new governments in Brazil, Argentina, Uruguay, Nicaragua, Venezuela, Paraguay and Bolivia implemented policies that re-established the State with its functions of wealth redistribution, the reorganization of public services, especially access to health and education, and investment in public works. A more equitable distribution of the revenues from raw materials between the multinationals and the national State (oil, gas, minerals, agricultural products for export) was negotiated and a favourable period that lasted for more than a decade, resulted in considerably increased income for the nations concerned.

To talk about the end of a cycle implies a certain historical determinism and suggests the inevitability of left and right taking turns in power – an inadequate notion if the objective is to replace the hegemony of an oligarchy by democratic and popular regimes. On the other hand, a series of factors indicate that post-neoliberal experiences have been exhausted because the new governments were post-neoliberal and not post-capitalist.

Obviously it would be wrong to think that, in a capitalist universe whose system is in full crisis and therefore particularly aggressive, it would be possible to establish ‘instantaneous’ socialism. Here a number of historical examples can be mentioned. The New Economic Policy (NEP) during the 1920s in the Soviet Union is one that should be critically studied. In China and Vietnam, the reforms of Deng Xio Ping and of Doi Moi (renewal) expressed the conviction that it was impossible to develop a country’s productive forces without going through a market-oriented period of plus value (that the State had to regulate). Cuba has gradually and wisely adopted measures making the economy more flexible, without losing

sight of basic references to social justice and respect for the environment. So it is a question of the transitions that are required.

The project of the 'progressive' governments of Latin America to reconstruct an economic and political system to repair the disastrous social effects of neoliberalism was no easy task. To re-establish the social functions of the State involved its reconfiguration while it continued to be dominated by a conservative administration ill fitted to be an instrument for change. In the case of Venezuela, it was a parallel State (the missions) that was set up, thanks to oil revenue. In other countries, new ministries were created and the civil servants gradually renewed. The conception of a State that presides over the process was usually centralizing and hierarchical (importance of a charismatic leader), with a tendency to instrumentalize the social movements, the development of a bureaucracy that was often paralyzing and **encouraging** corruption (in some cases on a large scale).

The political will to emerge from neoliberalism has had **some** positive results: an effective combat against poverty for dozens of millions of people, better access to health and education, public investment in infrastructure – in sum at least a partial redistribution of the national product, which was greatly increased by the rise in prices of **commodities**. There have been advantages for the poor without greatly affecting the wealth of the rich. To this should be added the serious efforts to promote Latin American integration, creating or reinforcing such mechanisms as Mercosur, bringing together some ten countries from South America, UNASUR for the integration of the southern part of the continent, CELAC for all the Latin world, plus the Caribbean, and finally ALBA, **initiated by Venezuela and** with some ten countries.

**This last in initiative** has been happening with a completely new spirit of cooperation, not of competition, but rather of complementarity and solidarity. **Indeed**, the internal economy of the 'progressive' countries **continue** to be dominated by private capital, with its accumulation logic, especially in the sectors of oil and mining extraction, finance, telecommunications, and large-scale commerce that ignore 'externalities' – in other words, ecological and social damage. This has provoked increasing reactions from numerous social movements. Social communications (the press, radio television) remains largely in the hands

of big capital, national and international, in spite of efforts to rectify the communication imbalance (Telesur and national laws on communications).

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## What kind of development?

The development model stems from the ‘desarrollismo’ of the 1960s, when the UN Economic Commission for Latin America (CEPAL) proposed substituting imports by increasing domestic production. Its application to the 21st century at a time of high prices for commodities, together with an economic vision of increased production and a redistribution concept of national revenue without a fundamental transformation of social structures (particularly agrarian reform) ended up by reducing the Latin American economies once again to their economic role of primary commodity producers and greater dependency on monopoly capitalism – to the point of a relative de-industrialization of the continent.

The project has gradually been transformed into an uncritical modernization of society, with nuances in certain countries, such as Venezuela increasing communal participation. This has ended up in increasing the numbers of middle class consumers of foreign goods, while mega-projects have been encouraged and the traditional agricultural sector abandoned to its fate in order to promote agro-exports that destroy ecosystems and biodiversity – to the point of even endangering food sovereignty. There are no traces whatsoever of genuine agrarian reforms. Reducing poverty by hand-outs (as has also been done in neoliberal countries) hardly affects the huge social differences that remain the highest in the world.

## Could it have been done differently?

One might well ask if it was possible to do it differently. A radical revolution would have provoked armed interventions and the United States have all the apparatus necessary: military bases, allies in the region, the deployment of the Fifth Fleet around the continent, satellite data and AWAK planes. As we have seen – in the Dominican Republic, the Bay of Pigs in Cuba, Panama, Grenada – this kind of intervention has not been excluded.

Also, the strength of monopoly capitalism is so great that agreements made in the fields of oil, mining and agriculture very soon develop new dependencies. In addition, there is the difficulty of carrying out autonomous monetary policies and withstanding the pressures from

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international financial institutions – not to mention the flight of capital to fiscal havens, as the Panama Papers have shown.

Moreover, the conception of development of the ‘progressive’ government leaders and of their advisers was clearly that of a modernization of their societies, without having assimilated certain contemporary concerns, such as the importance of respect for the environment and the possibility of the regeneration of Nature, a holistic vision of reality based on a critique of a modernity that is absorbed by market logic, the importance of the cultural factor. Oddly enough, their actual policies have developed in contradiction with certain remarkably innovative constitutions in these fields (such as Nature’s rights, *buenvivir*).

The new governments were welcomed by the majority of their populations and their leaders were re-elected several times with impressive scores. They therefore had a genuinely popular mandate. In fact, poverty had really diminished and the middle classes had doubled their strength in just a few years. It also has to be said that the absence of any credible socialist references, after the fall of the Berlin wall, hardly encouraged the presentation of models other than post-neoliberal ones. All these factors make it difficult, objectively and subjectively, to expect another kind of orientation.

## The new contradictions

As a result there has been a rapid evolution in internal and external contradictions. The most spectacular factor was obviously the consequences of the crisis of world capitalism and especially the partly planned fall in the prices of raw materials, above all of oil. Brazil and Argentina were the first countries to suffer the effects, but they were quickly followed by Venezuela and Ecuador, with Bolivia holding up better, thanks to its strong currency reserves. This situation has had an immediate impact on employment and the consumer possibilities of the middle class. The latent conflicts with certain social movements and some of the left-wing intellectuals came to the surface. The mistakes made by

those in power, which had been tolerated as the price of change, and above all in certain countries, the corruption which had become an integral part of the political culture, provoked widespread reactions among the population.

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The right evidently took advantage of this conjunction of factors to embark on a process of recovering their power and hegemony. Appealing to the democratic values that they themselves had never respected, they managed to convince part of the electorate. They came to power in Argentina, they conquered the parliament in Venezuela and they put into question the democratic system in Brazil, as well as obtaining majorities in cities in Ecuador and Bolivia. It is trying to take advantage of the disillusionment of certain sectors of the population; particularly the indigenous peoples and the middle classes. Also, supported by numerous North American bodies and the communication means in their power, it is making an effort to overcome its own contradictions, particularly of those between the traditional oligarchies and the modern sectors of **the economy**.

Responding to the crisis, the 'progressive' governments have been increasingly adopting measures in favour of the market, to the extent that the 'conservative restoration' that they regularly denounce, is surreptitiously introduced **in their own ranks**. Transitions therefore become adaptations of capitalism to the new ecological and social demands (modern capitalism), rather than steps towards a new post-capitalist paradigm (agrarian reform, support to peasant agriculture, more appropriate fiscal policies, another view of development, etc.).

All this does not mean the end of social struggles – on the contrary. The solution is to be found in regrouping the forces for change, inside and outside of the governments, for a project whose objective is to be redefined, as well as its forms of transitions, and the reconstruction of autonomous social movements that concentrate on middle- and long-term objectives.

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