

# TOWARD POST-NEOLIBERALISM IN LATIN AMERICA?

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- Beyond Neoliberalism in Latin America? Societies and Politics at the Crossroads.** Edited by John Burdick, Philip Oxhorn, and Kenneth M. Roberts. New York: Palgrave Macmillan, 2009. Pp. x + 277. \$95.00 cloth.
- Governance after Neoliberalism in Latin America.** Edited by Jean Grugel and Pia Ruggirozzi. New York: Palgrave Macmillan, 2009. Pp. xvii + 288. \$90.00 cloth.
- Latin American Neostructuralism: The Contradictions of Post-Neoliberal Development.** By Fernando Ignacio Leiva. Minneapolis: University of Minnesota Press, 2008. Pp. xxxvi + 315. \$25.00 paper.
- Post-Neoliberalism in the Americas.** Edited by Laura Macdonald and Arne Ruckert. Basingstoke, U.K.: Palgrave Macmillan, 2009. Pp. xv + 296. \$85.00 cloth.
- Contemporary Latin America: Development and Democracy beyond the Washington Consensus.** By Francisco Panizza. London: Zed Books, 2009. Pp. 305. \$29.95 cloth.
- Challenging Neoliberalism in Latin America.** By Eduardo Silva. New York: Cambridge University Press, 2009. Pp. xviii + 318. \$26.99 paper. \$85.00 cloth.

In the first decade of the new millennium, Latin America is far from Francis Fukuyama's prediction of the end of history. At both the elite and mass levels, liberal democracy and market economics are neither the only nor necessarily the preferred models for development. In fact, democratically elected leaders such as Hugo Chávez in Venezuela, Néstor Kirchner in Argentina, and Evo Morales in Bolivia have implemented economic policies at odds with the prescriptions of the Washington Consensus. At the same time, various social movements and leaders have emerged,

This research was made possible by a postdoctoral fellowship from the Alexander von Humboldt Foundation. I thank Nancy Bermeo and Sofia Donoso for comments and suggestions.

demanding not only the nationalization of economic resources but also new forms of political articulation beyond liberal politics. In this light, it is not surprising that interesting debates are taking place on the (re)emergence of the Latin American left and on the search for new models of development. These debates are at the heart of the six books reviewed here.

These books make strong and different contributions to scholarship on alternatives to the neoliberal paradigm in Latin America. *Latin American Neoliberalism* provides a detailed account of the evolution of economic thinking by the Economic Commission for Latin America and the Caribbean (ECLAC) since the end of the 1980s. *Beyond Neoliberalism in Latin America?* offers novel analyses of why, and to what extent, several Latin American nations have reached a turning point. This collection explicitly seeks to be interdisciplinary and includes chapters by anthropologists, geographers, political economists, and political scientists. Basing itself more squarely in political science, *Challenging Neoliberalism in Latin America* asks why social movements in certain countries, and not others, opposed expansion of the market economy, thus paving the way for new political alliances and left-of-center governments.

From the perspective of political science, *Contemporary Latin America* shows not only that the Washington Consensus had—and still has, in some countries—an important degree of popular support but also that its decline is due to ideological changes at the global level, as seen in entities such as international financial institutions (IFIs). Consistent with these findings, *Governance after Neoliberalism in Latin America* looks at newly emergent paradigms, with both individual and comparative analyses by specialists in political science, political economy, and development. *Post-Neoliberalism in the Americas* provides an overview of recent trends in economic policy in North, Central, and South America to attempt to answer the question of whether Latin America's turn to the left implies the death of neoliberalism or rather neoliberalism's inclusion of progressive alternatives. Its contributors vary greatly in orientation, representing development studies, gender studies, international relations, political economy, political science, and sociology.

In beginning, it is worth mentioning that, even though the works under review provide a good overview of recent developments in Latin America, neither Central America nor the Caribbean receives much attention. As well, despite Mexico's geopolitical importance, it is the subject of a single case study (along with two chapters comparing it to Canada in *Post-Neoliberalism in the Americas*). In contrast, Bolivia is accorded much attention as a paradigm of the challenges facing Latin America. One may therefore ask whether Mexico—given its close ties to the United States and its unique democratic transition—presents an exceptional trajectory, or whether instead scholars are neglecting to take its experience into account in comparative analyses of Latin America.

Readers looking for a summary of recent changes would do well to begin with the essays by Grugel, Cortés, and Tussie in *Governance after Neoliberalism*, and that by Heidrich and Tussie in *Post-Neoliberalism in the Americas*. These usefully chart ongoing transformations in the political economy, with new insight into matters such as the inadequacy of a binary classification that distinguishes between a moderate and a radical left. Also useful as an overview is Panizza's *Contemporary Latin America*. This first analyzes the roots of the Washington Consensus and its application to Latin America, then the transition to democracy and its impact on development in the region, and finally the economic and political agendas of left-of-center regimes since the new millennium. Drawing on Seymour Martin Lipset's notion that there is a tension between conflict and accommodation in every democratic regime, Panizza finds that "[r]esistance to the free market reformation found a variety of political outlets in different national contexts, ranging from grassroots protests to top-down populist mobilization and institutionalized forms of partisan and electoral representation" (194).

The theories of Karl Polanyi also receive special attention in four of the six books under review, with his *Great Transformation* (1944) as a point of reference. Silva explains this interest, and along lines similar to those of Panizza observes, "Polanyi claimed that market society could not be the foundation for a stable and just social order. It created social tensions that inevitably led individuals and society to seek protection from the market's destructive power because market society sought to reduce humans to one dimension: that of commodities" (17). Not surprisingly, several authors see a "Polanyian double movement" in which a market society is constructed, on the one hand, and a protectionist countermovement arises against it, on the other hand. Friesen states, for instance, that "[l]iberalized market forces run freely until they create socially intolerable outcomes and, at this point, society pushes back with regulation and constraint. This counter-movement continues until a successful case is made for the efficiencies of unfettered markets processes, at which point market liberalization reoccurs and the whole process begins again" (in Macdonald and Ruckert, 83–84).

#### DEFINING POST-NEOLIBERALISM

Although not all six books reviewed here use the term *post-neoliberalism*, they do assume that Latin America is experiencing political change characterized by detachment from the principles of the Washington Consensus, among other features. Many countries in the region are experimenting with ideas and policies linked to the left rather than to the right. In *Governance after Neoliberalism*—which offers an overview in three chapters, followed by a series of single-case studies—Grugel and Riggiozzi declare that their central question is "the extent to which genuinely new

and alternative models of governance are emerging in Latin America with respect to those framed under neoliberalism" (3). In the same book, Cortés argues that, "[i]nstead of a new, consolidated paradigm of social policy, we are witnessing the emergence of gradual and tentative alternative approaches to neoliberalism" (52).

As these arguments suggest, the term *post-neoliberalism* signifies more the intent to move beyond the Washington Consensus than any coherent, new model of governance. Macdonald and Ruckert postulate in the introduction to their volume that "the post-neoliberal era is characterized mainly by a search for progressive policy alternatives arising out of the many contradictions of neoliberalism" (6). From this angle, the term *post-neoliberalism* refers to the emergence of a new historical moment that puts into question the technocratic consensus on how to achieve economic growth and deepen democracy. Similarly, Roberts maintains that, "[s]ince it is not clear whether the region's new leftist governments have identified, much less consolidated, viable alternatives to market liberalism, it is far too early to claim that Latin America has entered a post-neoliberal era of development" (in Burdick, Oxhorn, and Roberts, 1).

Panizza offers a different and interesting point of view by analyzing how friends (e.g., experts associated with IFIs) and foes (e.g., organizers of the World Social Forum) alike have framed the terms *neoliberalism* and *Washington Consensus*. As economists, technocrats, politicians, activists, and intellectuals use them, the terms have different meanings. Yet Panizza proposes that *neoliberalism* engages a narrative promoting the expansion of free-market economy, whereas *Washington Consensus* refers to a set of policies that encourage fiscal discipline, the privatization of public enterprises, liberalization of the labor market, and deregulation of the financial sector, among other prescriptions. In consequence, *post-neoliberalism* seeks not only to contest the technocratic monopolization of political space but also to favor the expansion of the national state, particularly in the economic arena.

#### EXPLANATIONS FOR THE MOVEMENT BEYOND THE WASHINGTON CONSENSUS

All six books offer rich explanations of Latin America's turn to the left and of the rise of political forces that, through the ballot box or popular mobilization, seek to abandon the neoliberal paradigm. Borrowing the notion of contentious politics from McAdam, Tarrow, and Tilly,<sup>1</sup> Silva constructs, in three initial chapters, a theoretical framework that he then applies to four positive (Argentina, Bolivia, Ecuador, Venezuela) and two counterfactual examples (Chile and Peru). He argues that market

1. Doug McAdam, Sidney Tarrow, and Charles Tilly, *Dynamics of Contention* (New York: Cambridge University Press, 2001).

reforms created significant economic and social exclusion, thus leading to grievances and demands for change from the popular sector and, in some cases, from the middle class. However, these episodes of neoliberal contention depended on two factors: on the one hand, the development of associational power (creating new organizations and recasting existing ones), and on the other hand, horizontal linkages between new and traditional movements, as well as between different social classes. Both factors are decisive in explaining why there has been either substantial or little motivation for anti-neoliberal protest. Silva finds, for example, that in Peru, “significant insurrectionary movements and a turn to authoritarianism that closed political space during Fujimori’s presidency inhibited the formation of associational power and horizontal linkages among social movement organizations” (231).

This explanation is shared by Roberts, who, in the introduction to *Beyond Neoliberalism in Latin America?*, states that a bottom-up perspective helps us understand that market reforms may unintentionally have sown the seeds for protest. That is, the Washington Consensus may have brought with it demands by and on behalf of the poor and disadvantaged. Lucero explains in this regard that “the neoliberal moment in Latin America, understood as one providing new political opportunities, increased economic threats, and clear targets, provided the conditions and catalysts for a new wave of indigenous mobilization throughout the region” (in Burdick et al., 64). Goldfrank, in *Beyond Neoliberalism in Latin America?*, similarly contends that the decentralization arising from neoliberalism created new political arenas, which made municipal governments more relevant as potential showcases for leftist actors. Though different in duration and design, Goldfrank’s case studies of the United Left in Lima, the Workers’ Party in Porto Alegre, the Broad Front in Montevideo, the Radical Cause in Caracas, and the Party of the Democratic Revolution in Mexico City all illustrate that the left could learn how to develop and implement a new political agenda from the challenges it has faced.

A second focus of study is the role of transformations at the global level. Looking at the debate on debt relief for the poorest countries, Friesen, in *Post-Neoliberalism in the Americas*, shows that transnational actors have played a crucial role in transforming attitudes and policies at both the national and the international levels. Arguably, these advocacy groups helped construct a new framework to denounce the negative effects of neoliberal reforms and to block their further implementation. In a similar vein, Silva observes that the support of transnational entities such as certain UN organizations and international nongovernmental organizations has been decisive in nurturing contention and, by extension, anti-neoliberal mobilizations.

Leiva weaves together development theory, political economy, and the history of ideas to examine how international factors influence the current

movement beyond the Washington Consensus. He seeks in five sections to outline core concepts, to historicize Latin American neostructuralism, to reveal acts of omission, to identify interactions with existing social powers, and to trace efforts made to prolong neostructuralism. This structure is intended to explain the paradigm defended by ECLAC and its shortcomings, such as the lack of a solution to global economic asymmetries. His main argument is that ECLAC's pragmatic approach to economic development—known as Latin American neostructuralism—*should be considered a complement* to neoliberalism rather than a substitute for it. In other words, Latin American neostructuralism is not necessarily against the Washington Consensus, but it is at odds with the idea that the invisible hand of the market is all-powerful. Leiva argues that ECLAC has great influence on many leftist actors and parties, particularly those interested in a moderate program similar to that of European social democrats, because it aims to combine fiscal responsibility with reforms to bring about greater equality. The extent to which this objective can be achieved is an open question, and in consequence, Leiva closes by suggesting that Latin American neostructuralism is at a crossroads: either it will innovate (mainly to address national and international power relations) or it will probably suffer an irreparable loss of appeal.

Panizza's study complements this analysis of global factors by documenting a growing number of critical voices in IFIs since the end of the 1990s, when reports began to reflect incomplete reforms, the failure of certain development strategies, and the negative impact of particular policies. In this reassessment of the Washington Consensus, authors such as Dani Rodrik, Joseph Stiglitz, and Amartya Sen have played a key role because of their close connections to the World Bank, the International Monetary Fund, and the UN Development Programme. Accordingly, Panizza finds "an arena of contestation as well as of consensus. The [World Bank] and the [International Monetary Fund] have sought to articulate the new agenda about participation, social justice and the integration of the excluded to the continuous primacy of markets as the drivers of economic development, but different political views coexist with broadly similar policy proposals within international financial agencies and in the broader world of economics and political debate" (166).

An additional factor in the movement beyond the Washington Consensus is the premise that we have entered a new historical period marked not only by new global powers but also, as Macdonald and Ruckert note in the introduction to their collection, by "the decline of the United States' historic hegemony in the southern part of the hemisphere" (10). This became particularly evident after the events of September 11, 2001, which gave Latin American countries more room to test and implement policies at odds with the Washington Consensus. In addition, the failure of



U.S. efforts to create the Free Trade Area of the Americas (FTAA) “paved the way for the emergence of alternative projects of regionalist political economy creating a new environment for the reemergence of nationalism in the South” (Grugel and Ruggirozzi, 15).

#### SIMILARITIES AND DIFFERENCES BETWEEN LEFT-OF-CENTER GOVERNMENTS

Despite different arguments and approaches, all the books under review apply similar caution in making normative judgments in regard to the ideologies and policies of today’s leftist regimes because, as Tussie emphasizes, the political roots and projects that the regimes strive to implement are varied (in Grugel and Ruggirozzi, 67). Important commonalities, though easily overlooked, nevertheless exist, as Grugel and Ruggirozzi indicate. Heidrich and Tussie argue persuasively in this regard that the Latin American left has experienced a far-reaching process of social learning. Although the left has traditionally implemented economic policies that are not only very questionable but also unsustainable over time, current regimes have demonstrated economic responsibility in that they oppose fiscal deficits and inflation (in Macdonald and Ruckert). As both Goldfrank (in Burdick et al.) and Tussie (in Grugel and Ruggirozzi) state, social learning has also occurred in local governments, giving the left an opportunity to test new ideas and to demonstrate its ability to govern in a way that is both sustainable and appealing to the electorate. Although this new left does not oppose capitalism per se, it is at odds with certain principles of the Washington Consensus. Ruggirozzi and Grugel state in conclusion that, unlike the “old” left, its leaders “do not represent a revolutionary attack on market-led development. They rather signify an attempt to ameliorate or modify market dependence and limit the worst forms of poverty left behind by neoliberal restructuring. Only in Venezuela has there emerged a proposal to create an alternative economic system; and, even here, the Bolivarian post-crisis alternative emerged *by default* rather than as a result of ideology” (222).

Another similarity among current left-of-center governments is that they favor an activist state; that is, they believe that state capacity must be built back up after decades of retrenchment (Macdonald and Ruckert). Moreover, they advocate implementing and expanding relatively new kinds of policies, particularly so-called conditional cash-transfer programs, which provide payments to poor persons who meet certain desiderata, such as enrolling their children in school or having themselves vaccinated. Néstor and Cristina Kirchner in Argentina, Ricardo Lagos and Michelle Bachelet in Chile, and Lula da Silva in Brazil are prime examples of this approach (Cortés, in Grugel and Ruggirozzi). The last important commonality among current leftist regimes is the search for new forms

of regional cooperation to counteract the U.S. FTAA. Chávez in Venezuela and Morales in Bolivia illustrate this intent, as Burton and Domingo discuss in *Governance after Neoliberalism*. Tussie notes that regional cooperation is also supported by more moderate leftists such as Silva, who has sought in particular to promote South-South relations (in Grugel and Ruggirozzi).

In regard to differences among current left-of-center regimes, Jorge Castañeda proposed a distinction between a good left and a bad left that, respectively, supports or undermines liberal democracy and market economy, in the latter case by unduly stressing state intervention.<sup>2</sup> Though useful as an overview, this differentiation perhaps results in distortion, insofar as the insertion of post-neoliberal projects into highly normative categories could generate a negative view of leftist regimes and of the circumstances that gave rise to them (Ruggirozzi and Grugel, 221). So how are we to distinguish among the regimes? Panizza offers a novel typology based on the relationship that they maintain with the electorate in particular and with the population in general. He argues that political parties, political leaders, and politicized social actors can exercise political representation. Because all those groups are present in today's left-of-center governments, though to different extents, they can be used as the basis for a new classification. Whereas parties are decisive in Brazil, Chile, and Uruguay, personalism prevails in Argentina, Bolivia, Ecuador, and Venezuela. At the same time, social movements are significant in Bolivia and Uruguay, but not in Chile. By using such indices, Panizza's analysis does not rely on normative assumptions, like Castañeda's, and thus does not demonize or sympathize with any left-of-center alternative in particular. Looking at relations between parties, leaders, and grassroots organizations has the "advantage of giving a more nuanced perspective to the rather simplistic dichotomization of the left into populists and social democrats and of presenting populist leaders as acting in a political vacuum" (196).

#### CONCLUDING REMARKS

Is Latin America seeing the rise of an alternative model of development that goes beyond the Washington Consensus? According to the books reviewed here, the answer is a cautious "not yet." Post-neoliberalism is thus far an ill-defined category; we do not know how it will develop or whether it will endure. Nevertheless, in examining the causes for the emergence of leftist regimes, their differences, and their commonalities, the six books reviewed show that, although the prescriptions of the Washington Consensus are losing ground in Latin America, there is no single explana-

2. Jorge Castañeda, "Latin America's Left Turn," *Foreign Affairs* 85, no. 3 (2006): 28–43.



tion. In fact, the movement beyond neoliberalism differs from country to country.

Future research on post-neoliberalism requires more precise use of the concept of critical juncture, taken from historical institutionalist literature and loosely defined as a “*relatively* short perio[d] of time during which there is a *substantially* heightened probability that agents’ choices will affect the outcome of interest.”<sup>3</sup> Silva asserts, accordingly, that “the fluidity of contemporary developments suggests we may be at a new critical juncture with respect to the incorporation of the popular sectors in politics” (270), yet he does not address a series of related questions. First, can we speak of a common critical juncture, or do different critical junctures exist for the various nations of Latin America? Second, if a critical juncture is a short period of time, does that imply that the current window of opportunity to make major transformations in Latin America is coming to a close? Third, and finally, because developments that constrain future choices usually follow a critical juncture, can we, at present, detect such path-dependent changes, or is it too early to attempt this?

Another potentially important area of research is the study of counterfactual cases: nations that have not seen large-scale movements against the prescriptions of the Washington Consensus. Scholars have examined demands for an end to neoliberalism in Bolivia and Venezuela, yet they have mainly ignored countries such as Colombia and Peru, where this has not occurred. Cross-national research is needed to explain the varied response to the implementation of market reforms. Such research would also contribute to an understanding of why a radical agenda has been successful in certain countries but not in others. Put differently, we need to unravel the causes not only of Latin America’s turn to the left but also of the formation of different leftist agendas.

Finally, it is important to underline that the focus on left-of-center governments and post-neoliberalism has consequences, namely a lack of scholarship on the other side of the coin—the electoral performance and political agenda of right-of-center regimes. In fact, the books reviewed here show that Latin America’s turn to the left is in part a development by default, incited by the failed policies and organization of the right. The reemergence of the left and its continuation in power is also related to a great extent to contingent factors such as the decline of U.S. hegemony and the positive impact that the boom in commodities has had for the economy of Latin America. Because the right has held power in Colombia and Mexico since the start of the millennium, and in Chile since the 2009–2010 presidential election, the alleged turn to the left and debate on

3. Giovanni Capoccia and R. Daniel Kelemen, “The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism,” *World Politics* 59, no. 3 (2007): 348.

post-neoliberalism might falsely suggest that the right is dead, with little chance of a comeback. Still, increasing problems of criminality and public security, as well as possible changes in the price of commodities on international markets, could mean that the left soon suffers electoral defeat. In conclusion, the debate on post-neoliberalism is an interesting academic exercise, but it should not give the impression that neoliberalism and the right are obsolete.