Post Neoliberalism: Rebuilding and Reclaiming the State in Latin America

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Abstract
The role of the state is development is an increasingly important issue for developing countries as they deal with the consequences of global financial crisis. In Latin America, ‘post neoliberalism’ emerged prior to the 2008 crisis as a way of rebuilding state capacity. But, as we argue here, post neoliberalism comprises both policies to encourage and manage economic growth and, simultaneously, to reclaim states for social groups that have been left behind. We understand post neoliberalism, therefore, to be not simply the ‘return of the state’ in terms of the economy management but also a call for a new kind of democratic politics. We argue that post neoliberal policies are associated with stronger growth and declining poverty. But we also note some of the fragilities that are inherent in post neoliberal projects, including the tensions that arise from export-dependent growth and budget limits for social expenditure. In making our argument, we draw on the examples of Bolivia, Ecuador and Argentina in particular.

Key words
Post neoliberalism; Ecuador; Bolivia; Argentina; export dependence; natural resources.
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The new millennium in Latin America has witnessed a series of political transitions from the Right/Right of Centre to Left/Left of Centre (Panizza 2005, 2009). Governments committed to more democratic economic management, deeper and broader popular representation, redistribution and better and more accessible public services took office in Venezuela in 1998, Brazil in 2002, 2006 and 2010, Argentina in 2003 and 2008, Uruguay in 2004, Bolivia in 2005, Ecuador in 2006 and Paraguay in 2008. The rise of the New Left is an indication that the more cautious, consensual and pro-elite democracies that characterized the early stages of democratization are over. Instead, claims are being made that Latin America’s political economy should be focused on the needs of ordinary people of the region. This shift is often characterized as a move away from neoliberalism to post neoliberalism (Hershberg and Rosen 2006; Grugel and Riggirozzi 2007, 2009, MacDonald and Ruckert 2010).

What does this new political economy consist of and can it be delivered? Sceptics might be forgiven for cynicism with regard to whether the Left in Latin America can deliver reforms of political and economic significance at all, given the region’s history of ‘busts of exaggerated optimism interspersed with long periods of disappointment’ (The Economist, 9 September 2010) combined with the very real challenges of satisfying working and lower middle classes demands for greater equality in the context of economies that remain driven by integration into global markets and external investment. The difficulties in the way of radical change mean that it is very easy to dismiss the possibilities of a secure post-neoliberal future. But, notwithstanding the obstacles in the way of change, the fact is that the debate over how best to deliver growth, wellbeing and human development has been reopened in Latin America and it coheres around demands for ‘more state’ and ‘less market’ (Foxley 2010). Our task in this paper is to explore in more detail what ‘more state’ and ‘less market’ is understood to consist of. In so doing, we draw on principally on the examples of Bolivia, Ecuador and Argentina in particular, and Venezuela to a lesser extent. The governments of Rafael Correa in Ecuador, Evo Morales in Bolivia and Nestor Kirchner and Cristina Fernandez in Argentina are explicit in their
insistence that they represent a break with the past unlike, for example, the Centre-left governments in Brazil and Chile under where continuity in policy and working with the grain of orthodox policy have been much more marked, while Hugo Chavez in Venezuela has openly proclaimed a revolutionary republic.

We begin with an attempt to clarify the terms of the discussion by exploring the background and the emergence of post neoliberal projects. In so doing we make a distinction between post neoliberal policies that seek to ‘rebuild’ the role of the state in relation to the market, and post neoliberal aspirations to ‘reclaim’ the state by and for socially and economically excluded communities and groups. All the post neoliberal governments we discuss here share a commitment to both rebuilding and reclaiming the state, although they do so in sometimes different ways. In short, we understand post neoliberalism to be not simply the ‘return of the state’ in terms of management of the economy (Grugel and Riggirozzi 2007) but also as a call for a new kind of democratic politics, based on local traditions and communities, a fresh understanding of citizenship and an attempt to renegotiate the pact between the state and society.

The Context

Even in the core of the global economy, doubts are being expressed as to the long term wisdom of excessive market freedom and extreme financial deregulation in the wake of the financial crisis in Europe and North America (Gamble 2010; Sachs 2010). Green, King and Miller-Dawkins (2010), in their review of the impact of the 2008 global economic crisis on the developing world, point to the importance of the state in mediating the effects of the crisis through efficient spending, support for workers and social policies to extend protection in times of urgent need. In Latin America, the value of an unmediated market and uncontrolled deregulation was questioned significantly before 2008. Most visibly in Argentina after the 2001 financial crisis, a combination of counter-cyclical policies and an extended range of social programmes have been introduced in Latin America over the last decade. Indeed, it is possible to argue that, in rejecting the excesses of market governance from the mid 2000s, Latin America was actually ahead of the curve. The loss of certainty in Latin America about the wisdom of orthodox, market-led strategies for development has led to the adoption
of mixed and often pragmatic policy responses that envisage a more dynamic role for the state. It is not yet clear that these changes represent a paradigm shift in regional development policy and perhaps to expect otherwise at this early stage would be unrealistic. As Haggard (1990: 23) indicates, development strategies are rarely clear-cut; they ‘emerge by default; trial-and-error; and compromise; and take years to crystallize; and are often plagued by internal consistencies’. Although it is only with the benefit of hindsight that we can fully determine when and whether dominant ideas about development change, the post neoliberal experiment in parts of Latin America is nevertheless a possible example of the more dynamic and constructive role of the state in development that Green, King and Miller-Dawkins (2010) call for.

What, then, is ‘post neoliberalism’? As the very name indicates, is not a complete rupture with either the politics of the economics of the immediate past. Post neoliberalism is not a rejection of either democracy or the market; it is a reaction against the neoliberal ideas that came to dominate mainstream thinking in the last two decades of the twentieth century and the market democracies that accompanied the introduction of liberal economics. To summarize briefly what is now well-known, the combined effects of the end of communism, the dramatic collapse of economies in the developing world in the wake of the debt crisis of the early 1980s and the rise of global finance in the 1980s and 1990s contributed to the ‘triumph’ of liberal ideas about the centrality of the markets and the inexorable spread of capitalism (Biersteker 1990). There was, consequently, little if any disagreement amongst mainstream thinkers that development depended, above all, on loosening the restrictions on the market. The result was a convergence amongst business, international aid agencies, financial institutions and governing elites that development required rolling back the state and that lent authority to the task (Babb 2009). In this highly politicized climate, resisting the forward march of the market came to seem almost impossibly idealist.

The template for Latin America’s engagement with neoliberalism was the Washington Consensus, the name itself is an indication of how far neoliberalism was leveraged and supported by the political and economic authority of the US and the international financial institutions. The Washington Consensus set out to transform economic practices across Latin America via a range of policies from the privatization of public assets to cuts in public expenditure and it played well at a time of conservative and
timid democratization when the ‘excesses’ of the Left were blamed for having provoked the extreme violence that engulfed much of the region in the 1960s and 1970s. There is some evidence to suggest that liberal economics did indeed limit (or at least hold up to the light) corrupt state practices (Wise 2003). But overall, the immediate political (as well as economic) impact of the Washington Consensus on Latin America’s nascent democracies was negative. It led to the introduction of highly executive, undemocratic and non-consultative procedures within government, reduced access to the state and deepened poverty, heightened social and economic exclusion and increased social tensions. The attempt to locate citizenship and identities through market relations proved particularly difficult in a region with strong traditions of both corporatist and social movement-based forms of organisation. There were periodic episodes of resistance and unrest at the attempts to undermine traditional patterns of community or belonging in Mexico, Venezuela, Bolivia, Ecuador, Brazil and, eventually, Argentina. Indeed, in the end it was the difficulty of reconciling neoliberalism with popular expectations of a new era of inclusive, democratic politics, rather than a failure of its strictly economic rationale, that has led to its unravelling, as governments committed to change gradually took office.

The fact that leftist governments took office across much of Latin America in the early years of the twenty first century is, on the face of it, hardly surprising. Poverty rates barely dropped between throughout the high period of neoliberalism (from 48.3 per cent in 1990 to 44 per cent in 2002), as welfare was systematically squeezed and inclusion reduced to those who could pay for health, good schooling and social security (ECLAC 2010a). Moreover, despite the introduction of poverty reduction policies, significant numbers of people were still left behind, including poor children and women and indigenous groups (ECLAC 2010a) and inequality intensified. As the problems associated with free markets spiralled, two trends were clearly visible by 2001. First an intellectual agenda emerged around a fresh set of ideas to stimulate both economy growth and human development, leading to the introduction of new and often contingent policies that rebuild and extend the role of the state. And secondly, a set of citizenship claims were staked that sought to reclaim the state for reasons of morality, identity and democracy, rather than efficiency. The result is a critique of unmediated marketization (with the suggestion that the state should do a better job in terms of regulation, the provision of public goods and distribution)
combined with a greater emphasis on the inclusion of previously excluded groups and the significance of ethnic politics (Lee van Cott 2005). Tockman (2010) captures this potent mix when he refers to the ideational sources of post neoliberalism as a combination of Keynesianist welfare politics and socialism or social democracy (see also Panizza 2009).

Popular demands to rebuild and reclaim the state, then, underpin post neoliberalism; but the mix is different in each case. Popular mobilization against the routinized dynamics of exclusionary economic policies brought down the limited democracies, based on elite pacts, of both Bolivia and Venezuela. In Bolivia, protest against the privatization of water in 2000 (the so-called ‘Water War’) and gas in 2003 (the ‘Gas War’ in 2003) led to the dramatic collapse of the Gonzalo Sánchez de Lozada’s second presidential term in October 2003 and brought Evo Morales, indigenous leader of the union of coca producers, and the Movimiento al Socialismo (MAS) to power. Similarly, Ecuador’s indigenous movements, Movimiento Indio Pachakutik (MIP) and CONAIE, had spearheaded opposition to neoliberalism and demonstrated their power of veto by forcing three neoliberal administrations – Abdalá Bucaram in 1997; Jamil Mahuad in 2001; and Lucio Gutiérrez, in 2005 – from office (Sader 2008). Rafael Correa was elected with the support of indigenous groups in 2007, explicitly promising to bring to an end the country’s ‘long night’ of neoliberal adjustment. In Venezuela, in contrast, Hugo Chávez’s electoral victory in 1998 was based principally on his excoriating opposition to the two main parties Acción Democrática and COPEI, which had alternated in office since the Punto Fijo agreement in 1958, and a promise to refound the Republic in line with the vision of the Independence hero, Simon Bolivar, rather than explicit anti-neoliberal sentiment. Finally, in Argentina, complete economic collapse in December 2001 led to astonishingly abrupt pauperization, road blocks, factory take-overs and the rise of cross-class demands for a new strategy for growth, better political leadership and the introduction of comprehensive anti-poverty policies (Feijoo 2001; Dinerstein 2003; Riggirozzi 2009).

To sum up, in all four countries, post-neoliberalism combines an attempt to refocus the direction and the purpose of the economy in crucial ways through for example, state spending or increased taxation (Grugel and Riggirozzi 2007, 2009) with a political project for change. It is not simply an attempt to ‘bring the state’ back into
the management of the economy. Political support for post neoliberal governments are rooted in widespread social demands for renewed democracy, accountability, local inclusion and the creation of more effective institutionalized channels of communication between the government and the governed. It combines the articulation of new foundational ideas about the ‘good society’, community and belonging that resonate with quite different social groups, along with economic programmes for change that tend, in practice, to be contingent and unfixed. Post neoliberalism aspires to a radical redistribution of political power away from traditional elites; but it also proposes policy reforms that work with the grain of the global economy. The strength of post neoliberalism lies in its broad popular appeal; its weaknesses are the potential inconsistencies between the economic programme and the political aspirations attached to it.

**Rebuilding the State**

Neoliberalism was supposed to address the underlying problems in Latin American capitalism by naturalizing the market. Across the region, neoliberal states pushed the commodification of land and natural resources in ways that severely disrupted small scale, local businesses and the public sector, transformed labour markets and withdrew price and other forms of subsidies that poor communities depended on. Concern at the extent of deregulation, and the social costs it entailed, was evident as early as the end of the 1990s, even in some mainstream global institutions such as the World Bank (Chorev and Babb 2009) and the Inter-American Bank (Birdsall and de la Torre 2001). The IADB expressed its concern with the failure to tackle the poverty and social exclusion that proliferated in the region in the 1990s and set out a new approach to growth based a more pro-active state in a landmark study, *The Politics of Policies* (IADB 2006). ECLAC restated its commitment to growth with equity and called for a new focus on production partnerships between the state and business (see ECLAC 2007), in an arrangement that Leiva (2008) calls ‘neo-structuralism’. These technical, economistic approaches hardly proposed a dramatic break with the past. But they nonetheless marked a departure from the whole-hearted faith in the market typical of the early years of the decade and they opened up a space for intellectual debate beyond the parameters of the Washington Consensus.
The impact of these shifts inside regional development organizations has been deeply felt, particularly in those countries where state-centric development or import substituting industrialization, which had been demonized in the 1980s and 1990s as profoundly inefficient, was itself being re-assessed. In Argentina in particular, it gradually became clear that the ‘failure’ of ISI owed at least as much to the economic shocks of the early 1970s as to the ‘problem’ of the state and that, in fact, the ‘ISI of the 1950s and 1960s was not that bad at fostering growth’ (Taylor 1999: 5). It is hardly surprising, in this context, that the recovery from the spectacular economic meltdown of 2001 depended on the ‘return of the state’ and an evocation of the ‘golden years’ of industrial national development in the middle years of the twentieth century (Riggiozzi 2009). Politically, the governments of Nestor Kirchner and Cristina Fernandez have, steadily since 2002, sought to re-create the (sometimes tense) alliance between industrialists, labour and the public sector that was typical of Peronist economic expansion in the 1940s-1960s, whilst economically, the state has pioneered a gradual but steady influence over key sectors of the economy. This includes limited nationalizations – most emblematically of the national airline, Aerolineas Argentinas, and water provision in Buenos Aires – along with price controls on energy and transport and attempts to manage the internal market for some key household goods, including meat, as a way of controlling inflation. Argentina is not unique either in seeking some to exert a degree of control over the market and to stimulate it: Bolivia, for example, has increased public investments from $629 million in 2005 to $1,103 in 2007, with much of it spent on services and road building to facilitate both economic growth and national integration (Gray Molina 2008). It is this kind of planned development that has led Macdonald and Ruckert (2010) to speak of the ‘developmentalist state’ being back in Latin America.

In contrast to the earlier period of ISI, this re-enactment of state developmentalism is combined with fiscal conservatism. Argentina, Venezuela and Ecuador have all taken conscious decisions to seek independence from international institutions and private creditors through policies of ‘des-en endeudamiento’ (getting out of debt) (Cooper and Momani 2005; Bresser Pereira 2007). This has had two far-reaching consequences: first all three governments have supported the creation of alternative source of external finance though the creation of regional arrangements such as the Banco del Sur and have sought greater cooperation and joint projects in energy and
infrastructure to avoid paying high international prices and maximize investments in road and services. And secondly, it has meant that the resources for social programmes have been limited and universal coverage simply impossible to imagine. The implications of this for the relationship between post neoliberal governments and some of their supporters are discussed below.

What makes this kind of fiscal conservatism particularly interesting is that it is being implemented at a time of remarkable growth, thanks to an export boom. Latin America achieved its best economic performance in 2007 as a result of the global demand for energy, food and commodities (ECLAC 2007). Although the crisis disrupted export-led growth in 2008 and 2009, when regional exports fell abruptly in the order of 24 per cent and mining exports fell by a spectacular 42.3 per cent, the region’s economy grew 6 per cent overall, with mining exports up by 29 per cent in 2010 (ECLAC 2010a). The high price of the region’s exports now is due to rising demand from China, and to a lesser extent India, for energy and minerals, cementing a relationship between Latin America and the emerging economies. According to ECLAC (2010b: 13) China was the destination of 19.3 per cent per cent of the region’s exports in 2010, in contrast to only 7.6 per cent in 2009. Between 2000 and 2004 Argentina’s sales to China grew by 143.4 per cent, Brazil’s by 79.9 per cent, Chile’s by 58.5 per cent, Peru’s, by 13.1 per cent and Mexico’s, by 11.7 per cent. Chinese exports to Latin America, meanwhile, jumped by an annual rate of 42 per cent to US$ 21.668 billion, which was higher than the growth rates for exports to the rest of the world (ECLAC 2004: 184). China has even jointed the Inter-American Development Bank (IADB), contributing US$350 million and paving the way for Chinese capital to invest in the infrastructural expansion that is taking place across the region. China has also negotiated a US$12 billion development fund in Venezuela, and lent Ecuador US$1 billion to build a hydroelectric plant (Romero and Barrionuevo 2009).

In other words, renewed state activism sits alongside a strategy for growth based on the export of primary commodities and, therefore, on the consolidation of export dependence. What is more, according to ECLAC (2009), the regional export boom is due to rising prices; it is not the result of value-added in Latin America. This situation is genuinely without precedent in recent history and it marks a break with the pre-ISI
export period when the value of Latin American’s primary export’s declined steadily because of declining terms of trade, with the region’s chief market centred on the US (Jenkins and Dussel Peters 2010). For this reason, Gudynas (2010) talks of the ‘new extractivism’, meaning the intensive and extensive exploitation of natural resources and export of primary goods, consciously supported by regional states.

The new extractivism is designed to increase the volume of government revenue that derive from natural resources and ensure a higher rate of return for the state and it is most in evidence in the resource-rich Andean countries. In Bolivia, despite proclamations of a ‘nationalization’ of gas, the government of Evo Morales actually pursued a new pact with private corporations that would establish majority (but not outright) ownership for the state and, at the same time, sought to redefine corporate responsibilities and increase state revenues (Rochlin 2007). Meanwhile, in Ecuador, where oil represents 40 per cent of all exports, already, in 2006, brought one of the largest oil fields, Occidental Petroleum, a US company, had been brought into national ownership in a move supported by oil unions and indigenous organisations. It is not surprising that the election of Rafael Correa in 2007 increased expectations that a new wave of oil nationalisations would take place. But, having campaigned on the issue of limiting open cast mining and reducing the scale of natural resource exploitation, the government quickly shifted to the view that oil exploitation would provide the only realistic route to increasing revenues quickly (Bebbington and Humphreys Bebbington 2010). Despite the radical and environmental rhetoric, then, Correa opted not to nationalize the oil fields but to adopt a series of measures in order to maximize income to the Treasury without disrupting oil production (Wiesbrot and Sandoval 2009, cited in Tockman 2010; Bebbington and Humphrey Bebbington 2010). This has included legislation to increase the government’s share of windfall profits and the introduction of higher taxes on oil production. The threat of expropriation has sometimes been used strategically as a tool to renegotiate contracts with multinational companies, but it has gradually become clear that this is not going to happen. Instead, the government signed new concessions in 2010 with oil companies ranging from Spain’s REPSOL to Chile’s ENAP and China’s PetroOriental, which will bring in $1.27bn investment. Companies have agreed to pay a flat fee for oil production, increasing Ecuador’s share in oil profits and releasing it from the insecurity of global oil prices (Financial Times 24 November 2010).
Companies refusing to sign the new contract, such as the US-owned Nobel Energy, are to be expropriated with compensation and their concessions offered to other companies for exploitation.

The new state activism, in short, has resulted in a more visible and proactive state in the economy; but it is not based around particularly radical or even innovative economic policies. Indeed, they are sometimes portrayed as more interventionist than they really are since any state intervention after years of roll back can come to seem very significant. Moreover, there is a real risk that the emphasis on mining expansion is particular is aggravating environmental degradation. Yet Latin American countries could be said to have little choice but to squeeze the export sector, if they wish to pursue growth and raise money for redistribution. Social programmes have to be paid for. If governments are unwilling or unable to borrow – hardly surprising, given the debt crises that have derailed the region in the past - the only other alternative would be to raise taxes, possibly prompting social conflict because the region has traditionally under-taxed incomes, wealth and property; tax evasion is rife; and land owners have been bought off by special tax regimes (Lledo, Schneider and Moore 2010). Even increasing taxes on exports has not always been easy. Conflicts over tax policy between the Fernandez government and agricultural exporters have been sharp in Argentina. In Ecuador and Bolivia, foreign investors have borne the brunt of rising taxes and they have largely been able and willing to accommodate the higher tax burden. Instead, however, Correa has run into conflict with environmental groups and indigenous communities opposed to mining expansion, especially given his promise on election that he would fundamentally restructure the economy rather than deepening the country’s dependence on oil.

The key question to be asked about new role of the state in the economy is not whether it heralds the beginning of a socialist economy; patently it does not. More pertinently, we need to know whether the gamble of growth through expansion of primary exports will lead to stable growth. Social policies, industrial subsidies and infrastructural spending all ultimately depend on the extraction of revenue from exports of primary commodities. Encouraging export dependence is a very significant shift for the Latin American Left. If the increased revenue is used to fund sufficiently ambitious social policies that reduce poverty and inequality, post neoliberal
governments may be able to square the circle of satisfying internal demands in the context of export economies that are owned either by foreign companies or by a mix of foreign companies and the local landed elite. But there are risks attached. The first related to the extent to which Left governments can protect its core electorate, given that there are clear limits on how far governments can shape the detail of labour contracts and wages. At the same time, state regulation of the export sector tends to focus on increasing tax revenues; governments tend to shy away from health and safety reforms, which might hamper productivity through raising wages or thinking about the environmental costs of export production. And, although exports are increasing, so are the prices of some imports and the cost of basic food goods are also increasing; additionally, in Argentina at least, there are concerns about the impact of Chinese manufactured goods in jobs (Lopez and Ramos 2010). Secondly, as ECLAC (2008) pointed out, growth through the export sector has certain intrinsic weaknesses which have proved problematic for Latin America in the past. It could be said that the current wave of export-led growth is hiding resource dependence rather than reducing it and growth led by primary production will not incentivize diversification or provide for the long term transformation regional economies. It may even promote de-industrialization over the long term (Jenkins and Dussel Peters 2010). Economically, then, post-neoliberalism may just distribute the benefits of dependence better than neoliberalism; but it is still a politics reflective of the ‘paradox of plenty’ (Karl 1997), ensuring Latin America remains dependent on export markets, rather than a strategy that genuinely transforms and diversifies the economic base in a more equitable way over the long term or one that genuinely creates new forms of ownership.

Reclaiming the State

The new post neoliberal economic strategies cannot simply be assessed in terms of whether they will ‘work’ economically; just as important is the issue of whether they are acceptable to the groups that voted post neoliberal governments into office in protest at the social exclusion that accompanied the intensification of the market. The consequences of marketization on the daily lives of the poor and the middle classes in Argentina, Venezuela, Ecuador and Bolivia were multiple. Security became a serious concern across cities; and violence increased in poor neighborhoods as communities began to disintegrate under the weight of poverty. Auyero (2007) notes the
disintegration of community life in Argentina in the 1990s as work no longer guaranteed ‘getting by’. Those who were worst hit by the withdrawal of the state were of course those who were already struggling to cope and there is evidence that the reforms pushed some of the region’s middle class into poverty (Portes and Hoffman 2003). For other middle class families, declining investments in public education and health cut away at their standards of living and social mobility. For indigenous groups meanwhile, the encroachment of traditional land and the loss of livelihoods with the intensification of export production resulted in disruption and often pauperization (ECLAC 2010a). Part of the electoral and popular appeal of post neoliberalism, then, is its cross-class, cross-cultural promise of prioritizing the needs of ordinary people through a programme of deeper and more extensive citizenship or ‘reclaiming’ the state for the people.

Reclaiming the state began with the rejection of a generation of political leaders who controlled the transitions to democracy in the 1980s and 1990s – and who were also responsible for the introduction of neoliberalism. That they are trusted no longer is clear from the political street slogans in the early 2000s: in Argentina ‘Out with them all’ and in Bolivia ‘They all must go!’ But as well as more moral leadership, post neoliberalism also demands greater democracy, a recognition of the importance of identity politics and a more social state. This more inclusive state is imagined in multi-scalar ways. One important idea is that of a continental identity: that Latin American peoples belong to a common space, as well as to their own communities and nation states. This is visible in new trans-societal cooperation in welfare projects, workers cooperatives, and the creation of regionally-anchored health, education and energy production systems that not only impact on human development but also create a new sense of belonging, identity and inclusion (Bohm, Dinerstein and Spicer 2010; Murh 2010). Politically, this is best expressed through the ALBA which is a dramatic departure from the region’s more usual approach to regional integration. In contrast to proposals for ‘new’ regionalism in the 1990s in which Latin American economies competed against each other to lock in deregulation and attract US investment, ALBA proposes a space of mutual exchange and cooperation and exchange that redraws the political map of South and Central and the Caribbean on the basis of sharing resources and decentralizing power (Riggirozzi and Tussie forthcoming). ALBA is ultimately underpinned by the notion that Latin America is,
after all, a culturally distinct area within the Americas – in sharp contrast to earlier versions of new regionalism that located Latin America as part of the Americas and that posited development through locking in linkages to the North American economy (Grugel 1996; Phillips 2003). The new continentalism is not merely a political project sponsored by states; it builds from the bottom up as indigenous identities cross, and organizations cooperate across, state boundaries (Laurie, Andolina and Radcliffe 2003). Indeed the new continentalism draws on the resurgence of local and ethnic identities that have emerged since democratization and that increasingly resist the commodification of land and demand a devolution of power as a way of reassert control over their communities (Tockman 2010). Meanwhile, neighborhood committees and labour organizations have emerged in cities such as Buenos Aires or Caracas, stimulated in Argentina by the 2001 crisis and in Venezuela by the political reforms associated with Chavez.

In short, post-neoliberal governments are under pressure to reflect and respond to, social demands for new forms of belonging. One way these claims have been formally acknowledged these new claims on the state is through re-writing the constitution in order to establish new citizenship rights and set out the state’s responsibilities. Venezuela proclaimed the ‘Fifth Republic’ in 1999 which explicitly set out to break with the politics of the past and sets out multicultural entitlements as well as defining new state responsibilities in the areas of health, housing and provision. Ecuador’s new constitution in 2008 also set out new rights and welfare entitlements, as well as asserting the importance of the state in the economy, as did Bolivia’s more contested constitution, finally approved in 2009. In all three cases, the new constitution reflects not just a symbolic investment in ordinary people and indigenous groups but an attempt at historical reparation. The new constitutions have led to the introduction of new forms of representation and deliberation, broader use of referendums, the creation of new seats for indigenous representatives in legislative bodies, autonomous control of territories and management of resources, and other deliberative policies (Tockman 2010: 25); additionally in Ecuador, the voting age has been lowered to 16.

Of course, strengthening citizenship rights and creating channels for voice carry with them the potential to backfire. What if the demands for inclusion cannot be delivered? There are at least two major potential areas where popular dissatisfaction with
government policies could create serious conflict. The first, in Bolivia and Ecuador especially, is around the management of natural resources. As we have shown above, governments in both countries seek to maximise income from (and therefore production of) oil and gas as a way of increasing income into the state. Indigenous communities are wary of oil and gas exploitation which can sometimes take place on land they hold sacred. Moreover, for indigenous communities, their very identity can be expressed in relationship with natural resources and their relationship with the land goes beyond a discussion of how best to profit economically from it. It is for this reason that the debate about ownership of natural resources has triggered such massive popular uprisings. As leader of the protests in 2003, Evo Morales called for a ‘new Bolivian public’ to the country’s natural resources and argued that the struggle to ‘reclaim our natural resources’ was a continuation of the fight against ‘500 years’ of indigenous oppression, or the ‘culture of life represented by the indigenous people’ against the ‘culture of death represented by the West’ (Morales 2005). Without wishing to labour the point, it is clear that there is a real potential for disagreement between governments that have accepted exploitation of natural resources as a way to increase revenue and their supporters, many of whom would prefer the introduction of policies to protect indigenous land.

The second potential point of conflict coheres around the social welfare agenda: can post-neoliberal states address the poverty legacy successfully and, in particular, can they move beyond the targeted policies of the 1990s and early 2000s to deliver policies that reduce the deep-seated inequalities that characterize the region? Stokes (2009) argues that what links all the various post neoliberal governments is a commitment to more expansive public spending. But given that poverty still stood at 33 per cent in 2010 (ECLAC 2010a), governments will still have difficult decisions to make. Moreover, they are doing so in a climate of social movement mobilization that demanding an unprecedented commitment to social citizenship and welfare on the part of their governments. Governments have responded – but only to a degree. In Venezuela, where resources are of course most abundant, an impressive series of poverty alleviation programmes have been underway since the 1990s. These include the introduction of universal education and health care through what are termed decentralised ‘missions’ (Misiones) that replace state-led programmes. Programmes range from Misión Ribas (adult education) and Misión Sucre (university scholarships)
to Misión Vuelvan Caras (economic cooperatives), Misión Guaicaipuro (indigenous land titling), Misión Barrio Adentro (community health), Misión Mercal (subsidised food markets) and Misión Milagro (eye operations, which provides free surgery in Cuba to Venezuelan and other Latin American citizens) (see Kozloff 2008). Such policies are bureaucratically novel in that they try to shift funding decisions away from the central state to communities and use community organizations (linked to Chavez) to deliver policy. More pertinently, whatever their success, the social needs of poor communities have accumulated for so long that it is hard for spending to match them, even in Venezuela. The demand for social housing especially in Caracas, has led recently to a wave of squatting in middle class areas of the city, for example, a process that the government cannot really control and that is exacerbating the already tense relationships between residents of poor neighborhoods and the wealthy in the city.

Meanwhile, Bolivia and Ecuador have increased the number of programmes and resources for welfare, using the inflow of resources from export taxes. In both countries, new initiatives build on already existing targeted, cash-transfer programmes. In Bolivia, the new programmes include a cash transfer scheme for school age children introduced in 2006, linked to school attendance. The Juan Pinto programme, as it is called, reaches over a million children. There is also a programme for the elderly that provides some coverage for those without, or with a very low, pension (Gray Molina 2008). Bolivia has also benefited from a kind of ‘transnationalised welfarism’ – subsidies from Venezuela for the extension of social programmes. In Argentina, targeted cash transfers were introduced in the wake of the 2001 crisis through the Unemployed Men and Women Heads of Households Programme (Programmea Jefas y Jefes de Hogares Desempleados). Jefes y Jefas after poverty rose from 28 per cent in May 1998 to a staggering 38 per cent by October 2001, and still further to an alarming 57.5 per cent a year later. Unemployment also rose from 13 per cent to nearly 20 per cent during that period (World Bank 2003: 5). Jefes y Jefas was initially viewed as a time-limited solution to resolve the worst effects of the crisis. However, it quickly became apparent that a return to economic growth notwithstanding, the poverty legacy of the 1990s, followed by the rapid pauperization after the crash, demanded more concerted government action. In response, Argentina also introduced a targeted programme for children, the
Universal Child Benefit (*Asignación Universal por Hijo*). Introduced in 2010 and worth nearly $10 million, it will provide around 180 Argentine pesos (45 US$) a month for around 5 million children and families (Cogliandro 2010). As with most targeted child payments, AUH demands school attendance. The programme is significant in that, really for the first time, the government is extending welfare programmes to children and to workers who are not unionised. In fact, numerically most beneficiaries will be in the informal or self-employed sectors (*Pagina 12*, 2 December 2010), groups that were active in the protests of 2001.

At one level, these programmes are very effective. Poverty has certainly declined since the mid 2000s and most especially since 2006 (Lusting and McCloud 2009; Lopez-Calva and Lustig 2010). According to ECLAC (2010: 13) the percentage of people living below the poverty line in all four countries fell dramatically. Poverty in Argentina has now retreated to its ‘normal’ level of around 11 per cent from a peak of over 45 per cent in 2002. In Bolivia, poverty went down from 62 per cent to 54 in the same period. The percentage of Venezuelans living below the poverty line fell from nearly per cent in 1999 to 27.6 in 2008; while in Ecuador, the number of people living in poverty has fallen by around 10 per cent in the last seven years,. Inequality seems also to be reduced; by as much as 18 per cent in Venezuela and, more moderately in Argentina (by 10 per cent) and Bolivia (8 per cent) (ECLAC 2010a). It could also be argued that these policies are a signal of government commitment to welfare and they send a signal through that the state is on the side of the very poor and will, more broadly, try and arbitrate fairly and effectively between the interests of different social groups rather than be captured by elite groups (Mosley, Chiripanhura, Grugel, Fiess and Thirkell-White forthcoming). Furthermore, the new cash transfer programmes, in particular those that release funds for education attendance and health care are almost certainly reaching groups not previously reached by welfare programmes (UNDP 2010). As Green, King and Miller-Dawkins (2010) suggest, extending cash transfer programmes works in the short run. But, from the perspective of building citizenship – rather than the anti-poverty effects of the programmes – the programmes have some shortcomings. In particular, policies based on targeting and incentives do not produce the kind of in-depth redistribution that post neoliberal concepts of citizenship demands (Cortes 2009). Rather than challenging targeted social spending, post neoliberal governments have in practice focused simply on extending coverage.
Cortes (2009) and others (LoVuolo and Yanes 2010) in particular suggest that if the social programmes continue to act as a substitute for the introduction of a progressive system of taxation they will not challenge the privilege, deference and social hierarchy that underpinned the neoliberal order. As such, they are unlikely to satisfy the electoral constituencies of the New Left in the long term.

**Conclusion**

In the end scholarly opinions about post neoliberalism come down to some extent to views about state agency and policy choice in an era of globalization. Those who take the view that globalization has effectively ended any chance of meaningful state action in the economy or social policy and make the adoption of economically orthodox policies – even by committed Left governments – inevitable reject the idea of post neoliberalism as impossible. Even when demands for enhanced, bottom-up citizenship are expressed they see them as bound to go unsatisfied. But if we take a more nuanced view of the state, where choices can be meaningful even in conditions of uncertainty and global integration, then post neoliberalism can be understood as the expression of real, if limited, agency and contingent choices. Its study offers a window for the exploration of the ways emerging markets such as China are reshaping political economies of development in Latin America and a discussion of how far state activism can re-activate growth through modest economic reform, pragmatic and moderate management of the external sector and expansionist social policies. Moreover, it forces us to examine how far attempts to promote ‘better’ and more just management of the economy from the top are compatible with bottom-up demands for more ‘ownership’ of the state by ordinary people. As such, the post neoliberal experiments – for in the end, they are not all cut from the same cloth – are of interest not only in Latin America but beyond.

We have argued that post neoliberal governance in Venezuela, Ecuador, Bolivia and Argentina should be understood in the context of national aspirations for growth and democracy; post neoliberalism is not so much an attempt to return to state capitalism as to refashion the identity of the state, redefine collective responsibilities and rethink who development is for. In all four countries, it attempts more than merely the introduction of counter-cyclical policies or moderately enhanced social programmes.
It is best understood simultaneously as a cluster of ideas and strategies propose a more dynamic and moral state, better and more nationalist economic management and, above all, a more inclusive nation. There is a tension that runs through post-neoliberalism in terms of how far rebuilding the state so as to manage the economy better will enhance or conflict with attempts to reclaim the state for the poor. On the one hand, the ‘return of the state’ has brought greater discursive respect for Latin America’s working people, indigenous cultures and independent traditions; and it has set in place really very pragmatic policies that steer the economy towards a mix of public and private ownership in some key sectors, while leaving most of the economic infrastructure untouched. Equally, there are potential economic, social and political pitfalls associated with export-dependent growth. The future remains uncertain.

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