

Latin America's Response to Neoliberalism and Globalization

RICHARD L. HARRIS

Latin American development is conditioned by US influence, the increasing power of the transnational corporations and the constraints imposed by the international financial institutions. Nevertheless, in recent years a movement resisting neoliberalism and globalization has begun to emerge, as evidenced in the political turn to the Left to be seen in several countries and the multiplication of progressive networks and organizations in civil society. Within this context, Latin America has the opportunity to pursue greater regional integration as a means of building a world which is multipolar and more just.

Richard L Harris: Professor of Global Studies at California State University, Monterey Bay; Managing Editor of the *Journal of Developing Societies* (SAGE India); and Coordinating Editor of *Latin American Perspectives* (SAGE USA).

Key Words: Globalization, Integration, Capitalism, United States, Latin America.

The economic, political and social development of the Latin American and Caribbean countries is obstructed by the power relations and international structures that regulate the world capitalist system. The structures of this system provide a hierarchical political and economic exoskeleton that constrains all national efforts to pursue any significant degree of self-directed, inward-oriented, balanced and environmentally sustainable development. Indeed, the geopolitical power structures that preserve and support the world capitalist system have made it almost impossible for the governments of the core as well as the peripheral countries in this system to pursue a path of

inward-oriented, equitable, democratically controlled and environmentally sustainable development (Amin 2001b:20).

Since the 1980s, inter-American relations and the economic, political and social development of the Latin American and Caribbean states have been shaped by these geopolitical structures and the neoliberal strategic agenda put forward by the government of the United States of America (USA), the major transnational corporations and the three major international financial institutions (IFIs) that operate in the Latin American and Caribbean region (Harris and Nef, 2008). This later group of IFIs includes the International Monetary Fund (IMF), the World Bank, and the Inter-American Development Bank (IDB). The policies of these IFIs based in Washington generally follow the dictates of the government of the USA due to the controlling influence that it exercises over these institutions. Their agenda for the Latin American and Caribbean region gives priority to promoting and protecting the interests of the major investors and transnational corporations that are largely based in the USA and operate in the region. It also serves to maintain and strengthen the geopolitical hegemony of the USA over the Western Hemisphere (Harris and Nef).

But conditions are changing. Washington's neoliberal agenda for controlling the capitalist development of the Western Hemisphere and maintaining US hegemony over the region is increasingly threatened by a progressive alternative agenda for the regional integration of the Latin American and Caribbean countries that has begun to gain widespread support in the region. This alternative agenda for the region calls for the autonomous economic development of the region free of the hegemonic control and influence of the USA and the IFIs based in Washington. Not only does this type of development pose a fundamental threat to the hegemony of the USA in the region, it threatens the dominance of transnational capital throughout the Americas. Moreover, it also poses a significant threat to the global expansion and integration of the world capitalist system in general and to the global hegemonic coalition led by the government and transnational corporations of the USA.

Today, political and economic strategies are being developed for moving from the prevailing export-oriented neoliberal model of economic development to new inward-oriented models of sustainable development, tailored to the diverse conditions, economic capacities, political structures, natural endowments and cultural values of the societies involved. Moreover, a growing number of international and regional civil society organizations have emerged in recent years to create such alternatives.

What the forums, networks, programs, and activities of these various types of organizations reveal is that there is a growing international network of organizations and social movements committed to promoting new, more equitable forms of international cooperation and regulation that support inward-oriented and sustainable development as well as genuine democracy at the regional and national levels. At the same time, these organizations argue that the present global trading regime that has been erected under the WTO should and can be replaced by a new global trading system that replaces the present system of so-called free but in fact unfair trade, with a system that ensures «fair trade» and promotes South-South economic exchange and cooperation.

Most of the progressive alternatives advocated by these organizations and the new left-leaning governments that have been elected to office in the region give priority to aligning the external relations of the countries in the region to the internal needs of the majority of the population. That is to say, decisions about what to export and what to import should be aligned with the needs of the population rather than the interests of transnational capitalists and transnational corporations or the hegemonic interests of the USA. Some of these alternative strategies involve what Walden Bello (2002) has referred to as «deglobalization.» That is to say, they involve unlinking the economies of these peripheral capitalist societies from the advanced capitalist centers of the world economy, particularly in the USA. They also involve throwing off the constraints that have been imposed upon the economic policies and structures of these countries by the IFIs (IMF, World Bank, and IDB), the WTO and the other agents and regulatory regimes that regulate the world capitalist system.

In fact, there appears to be growing interest throughout Latin America in revivifying the Pan-American ideal of unification, currently perhaps best expressed in Hugo Chávez' Bolivarian dream of turning South America into a regional economic hegemon (DeLong, 2005). The governments of Bolivia, Cuba, Ecuador, Nicaragua and Uruguay have indicated they want to join the government of Venezuela in creating a regional union. It has been proposed that this coalescing continental confederation should shift the region's extra-continental trade towards Europe, Asia and South Africa and away from North America. The prospect of this happening appears to have alarmed Washington more than the increasing number of electoral triumphs of leftist politicians in the region (DeLong).

There has also been considerable talk in the region about creating a single currency for the South American countries that would be modeled on and perhaps tied to the Euro rather than the US Dollar. This discussion is symptomatic of what appears to be

an emerging desire to create an integrated economic and political community that is strikingly different from the type of hemispheric economic integration scheme being pursued by the Washington and its allies in the region (DeLong). Moreover, there is an increasing tendency in the region to find alternatives to trading with the USA. In particular, several Latin American nations (Brazil, Cuba, Venezuela and Chile) have been strengthening their economic relations with Asia, particularly with China.

But the widespread popular opposition to neoliberalism and so-called globalization, and the shift to the Left in the region's politics, represent much more than a serious challenge to US hegemony, they also represent a serious threat to the existing pattern of capitalist development in the region. Central to Washington's strategy for the hemisphere has been the imposition of a neoliberal model of capitalist development on the region which involves the increasing integration of the region's economies into a hemispheric 'free trade' area or rather a trade bloc that is dominated by the USA. This project is itself an essential part of the strategy of the USA for the domination of the global economy by its transnational corporations. The restructuring of the economies of the region under the mantra of neoliberalism and the banner of globalization has been aimed at giving the USA-based transnational corporations and investors free reign within the region and a strong hemispheric base from which to dominate the world economy.

In opposition to the neoliberal, polyarchical and globalizing model of development that has been imposed by the government of the USA and its allies in the region, the growing movement for an alternative form of development that is both genuinely democratic, equitable and environmentally sustainable appears to be gaining ground in various parts of Latin America and the Caribbean. This alternative model of development requires the reorganization and realignment of the existing economies in the region.

It also requires the replacement of the existing political regimes, which serve the interests of the transnational bloc of social forces that are behind the integration of the region into the new global circuits of accumulation and production that the major transnational corporations and the IFIs have been constructing since the 1970s. In addition to fundamental economic changes, most of the existing pseudo-democratic political regimes in the region need to be thoroughly democratized so that they are responsive to and capable of serving the needs and interests of the majority of the people rather

than the ruling polyarchies and the transnational corporations operating in the region.

An essential requirement for realigning the region's economies so that they produce people-centered and environmentally sustainable development is the integration of these economies into a regional economic and political union that has the resources, structures and the power to operate independently of the government of the USA and the transnational corporations based in the USA as well as in the European Union and Japan. If this type of regional integration takes place, it will enable the Latin American and Caribbean states to break free of the hegemonic influence of the USA, and reverse the denationalization ('globalization') of the Latin American and Caribbean economies.

Instead of the corporate-driven hemispheric integration of the region under the hegemony of the USA, a new system of regional economic cooperation and both equitable as well as environmentally sustainable development is desperately needed to improve the lives of the vast majority of the people living in Latin America and the Caribbean. This type of regional, equitable and sustainable development can only be successfully carried out by truly democratically elected political leaders with broad-based popular support who are sincerely committed to achieving this alternative rather than the elitist neoliberal model. It probably will also require democratic socialist political institutions and structures of production and distribution.

Regionalism has been the dream of the democratic left for some time. The European Union has its origins in the French socialist dream of ending Franco-German enmity through unifying Europe, and African regionalism was the vision of African socialists such as Julius Nyerere of Tanzania who saw regional integration as the only means to progress beyond tribalism and colonialism and create a united and democratic Africa (Faux, 2001:4). Viewed from the perspective of those who want to create a people-centered, democratic, equitable and environmentally sustainable social order in the Americas, the corporate-dominated process of capitalist pseudo-globalization taking place in the region and around the world urgently needs to be replaced by what Samir Amin has referred to as a new system of «pluricentric regulated globalization» (Amin, 2001a).

This alternative form of globalization requires the development of regional economic and political unions in Africa, Asia, Latin America, the Caribbean, the Middle East and elsewhere, which collaboratively promote people-centered, democratic and environmentally sustainable forms of development on a regional basis. According to

Amin, these regional unions of states are needed to collaborate as partners in collectively regulating the global restructuring of the world economy for the benefit of the vast majority of humanity rather than the transnational corporations and the northern centers of the world capitalist system in the USA, Europe and Japan.

This type of regional-based regulative order is needed to regulate and redirect international economic, social, and political relations so that these relations serve the interests and needs of the vast majority of the world's population. The present power structures and regulatory regime of the world capitalist system support the transnational corporate-driven restructuring and denationalization of the economies of both the societies at the core and in the periphery of this system.

The Latin American and Caribbean countries need to 'de-link' step-by-step from this exploitative and inequitable system. They need to redirect and restructure their economies so that they serve the needs of the majority of their people while also protecting their natural resources and ecosystems. The alternative policies of economic, political and social development proposed and in some cases adopted by the new leftist leaders, the progressive civil society organizations and their supporters, combined with the project of regional integration associated with the new Unión de Naciones Suramericanas (UNASUR), are significant indications of unprecedented and profound transformation unfolding in the Americas.

A growing number of civil society organizations and social movements throughout the Americas are pressuring the governments of the region to follow what the progressive civil society networks such as the Alianza Social Continental/ Hemispheric Social Alliance (ASC/HSA) describes as a regional model of integration that supports the environmentally sustainable and democratic development of all the societies in the region (see ASC-HSA, 2006). The ASC/HSA also contends that the UNASUR project and the Bolivarian dream of unification is threatened by the so-called free trade agreements that Washington has negotiated with Chile, Colombia, Peru, the Central American countries and the Dominican Republic.

As the ASC/HSA makes clear in its documents and public information campaigns, these agreements compromise the national sovereignty, obstruct the local production of medicines, threaten public health, facilitate the profit-driven privatization of water and vital services such as health and sanitation, and threaten the survival of indigenous cultures, biodiversity, food sovereignty, and local control over natural resour-

ces. The «Alternatives for the Americas» proposal developed by this inter-American network of progressive civil society organizations and social movements calls on all governments in the region to subordinate trade and investments to sustainability and environmental protection as well as social justice and local democratic control over economic and social development (ASC/HSA 2002:5).

The growing number and political influence of these kinds of networks, organizations and movements provide unquestionable evidence of the emergence of the social forces and political conditions that Panitch (1996:89) and others (Harris, 1995:301-302; Jonas and McCaughan, 1994) predicted in the 1990s would arise in opposition to neoliberalism, corporate-dominated pseudo globalization and the extension and consolidation of the hegemony of the USA. It now seems increasingly possible that these forces and the political mobilization that they have helped to create will transform the political regimes in the region as well as the nature of inter-American relations, bring about the regional integration of the Latin American countries and free these countries from US hegemony and the form of 'turbo-capitalism' to which they have been subjected. At this point, we can only speak in general terms about the new model(s) of development that will replace the neoliberal model of uneven and inequitable development that has pillaged most of the region.

The alternative(s) will need to be people-centered, genuinely democratic, more inward-oriented and environmentally sustainable. Moreover, this alternative mode of development will have to be coupled with an effective international strategy aimed at democratizing the world economy and the regulation of the agents and processes of globalization. The latter will require increasing South-South collaboration and what Amin has called «pluricentric regulated globalization» under the aegis of regional unions such as the proposed UNASUR.

This alternative course of development and international strategy presupposes the formation of a cohesive coalition of Latin American states that will bring about the kind of alternative regional integration mentioned above. This approach to regional integration must for the foreseeable future exclude the USA. It should also be led by Brazil, and involve trade and alliances with China, India and South Africa as well as other regional powers (such as Russia, Indonesia, and Iran). Inter-regional collaboration and alliances will be necessary to mobilize the political power and the consensus needed for restructuring the global economy and shifting the balance of political power at the global level away from the hegemonic triad of the USA, Europe and Japan. The present global hegemonic coalition led by the USA will have to be replaced by a new multipolar alliance of regional unions, largely centered in the global South. This

type of alliance will be absolutely necessary if the states involved in creating the alternative regional integration of Latin America and the Caribbean are to succeed in overcoming the relentless opposition of the USA, short of some kind of unforeseen and highly improbable regime change in Washington.

Of course, there are other alternatives. Brazil could become the China of South America. It is already in the process of transitioning from what the realist theorists in international relations call a «middle power» to a «regional power». And Brazil could more or less go it alone (without joining/leading a counter-hegemonic alliance in the Americas). It could side-step regional integration and ally with the other so-called BRIC states (Russia, India and China) to form a counter-hegemonic alliance of regional powers at the global level that challenge the current hegemonic global triad of the USA, European Union and Japan. However, it is in the enlightened self-interest of Brazil's leaders (and the best interests of the peoples of the Americas) for Brazil to play the leading role in the democratic integration of Latin America and the Caribbean as well as a leading role in creating a strategic inter-regional alliance within the global South with other middle and regional powers such as India and South Africa, and possibly Iran and Indonesia in the next decade or two.

So far, the leadership of Brazil has not chosen definitively to follow either one of these strategies. On the one hand, Lula's government has played a leading role in blocking the hegemonic strategy of hemispheric economic integration pursued by the USA and its allies in the region. The Brazilian government has also supported the UNASUR initiative (although not with as much enthusiasm and support as it could). On the other hand, it has also acted unilaterally to explore strategic relationships with China, India and South Africa. In each case, the Brazilian government has followed the principles of peripheral realism and has carefully avoided antagonizing the USA.

It is too soon to determine what will be the outcome of the recent trilateral India-Brazil-South Africa (IBSA) initiative, which is aimed at promoting South-South cooperation in many areas and the formulation of common positions on important international issues (IBSA 2006). According to official IBSA documents, one of the main objectives of this trilateral initiative is «to promote cooperation in a broad range of areas, namely agriculture, climate change, culture, defense, education, energy, health, information society, science and technology, social development, trade and investment, tourism and transport.» Hopefully, this initiative will establish the basis for increasing collaboration between these three states at the global level while at the same

time promote increasing inter-regional trade. Both of these outcomes could promote the establishment of the kind of pluricentric system of regional unions and inter-regional counter-hegemonic alliance that Amin and others believe are possible in the present historical conjuncture.

The hegemonic coalition that dominates the world capitalist system and world politics is led by the triad of the USA, EU and Japan. This essay has suggested that this hegemonic triad and the global regime that it has imposed on the world can and should be replaced by a multipolar inter-regional regime that fosters the democratization of the world system and a new form of «pluricentric regulated globalization.» This type of global inter-regional regime is needed to guarantee fair terms of trade between the regions and the states within regions. At the same time, there must be a profound deepening of democratization in all spheres (political, economic and social) and at all levels (local, national, regional and global) to make sure that social justice and equity, environmental sustainability, the provision of primary health care and human security for all become the top priorities of development throughout the region and the world. In this context, Latin America can make a major contribution to the establishment of an alternative global order by successfully creating the first regional union in the global South that is based on fair terms of trade, democratization, social justice and environmentally sustainable forms of economic and social development. ☐

References

- Alianza Social Continental/Hemispheric Social Alliance (ASC/HAS). 2006. «Civil Society Organizations on the Road to the Construction of the South American Community of Nations.» Presentation presented to the Ministers and Vice-ministers of the South American Community of Nations in Santiago, Chile, 22 November, 2006, Available at: <www.asc-hsa.org/article.php3?id_article=443>.
- Amin, Samir.. 2001a. «Imperialism and Globalization.» *Monthly Review* 53, no. 2, (June 2001), Available at: <http://www.monthlyreview.org/0601amin.htm>
- _____. 2001b. 'Globalism or Apartheid on a Global Scale.' Paper presented at the World Conference Against Racism, Durban, South Africa, August, 2001, Available at: <http://forum-alternatives.net/eng/index>
- Bello, Walden. 2002. *De-globalization: Ideas for a New World Economy*. (London: Zed Books, 2002)
- DeLong, S. 2005. «Venezuela and the Latin American New Left.» Council on Hemispheric Affairs Memorandum to the Press, Number 05.26, 8 March 2005, Available at: <http://www.coha.org/NEW_PRESS_RELEASES/New_Press_Releases_2005/05.26%20Venezuela%20and%20the%20New%20Left%20the%20one.htm>.
- Faux, Jeff, «The Global Alternative,» *The American Prospect*, 12, no.12 (July 2001), Available at: <<http://www.prospect.org/print-firendly/V12/12/faux-j.html>> (1 December 2003)

- Harris, Richard. 1995. «The Global Context of Contemporary Latin American Affairs,» in *Capital, Power and Inequality in Latin America*, eds., Sandor Halebsky and Richard Harris (Boulder, CO: Westview, 1995), 279-304.
- Harris, Richard and Jorge Nef, eds. 2008. *Capital, Power, and Inequality in Latin America and the Caribbean*. Lanham, Maryland: Rowan and Littlefield Publishers.
- The India-Brazil-South Africa (IBSA) tri-lateral commission website contains the official 2006 documents that established the IBSA initiative. Available at: <http://www.ibsa-trilateral.org/about_us.html>.
- Jonas, Susanne and Edward McCaughan. 1994. *Latin America Faces the Twenty-First Century: Reconstructing a Social Justice Agenda* (Boulder, CO: Westview, 1994)
- Panitch, Leon. 1996. «Globalization, States and Left Strategies,» *Social Justice*, 23, nos. 1 & 2:79-89.