

NEOLIBERALISM AND REACTIONS TO IT

Alexandre César Cunha Leite

State University of Paraíba–UEPB

Latin American Responses to Neo-Liberalism: Strategies and Struggles. Edited by Vibeke Andersson and Steen Fryba Christensen. Skjernvej, Denmark: Aalborg University Press, 2012. Pp. 199. \$49.00 paper. ISBN: 9788771120677.

Neoliberalism, Social Exclusion, and Social Movements: Resistance and Dissent in Mexico's Sugar Industry. By Donna L. Chollett. Lanham, MD: Lexington Books, 2013. Pp. xii + 239. \$85.00 cloth. ISBN: 9780739182253.

Models of Economic Liberalization: Business, Workers, and Compensation in Latin America, Spain, and Portugal. By Sebastián Etchemendy. New York: Cambridge University Press, 2011. Pp. xi + 361. \$99.00 cloth. ISBN: 9780521763127.

Neoliberalism, Interrupted: Social Change and Contested Governance in Contemporary Latin America. Edited by Mark Goodale and Nancy Postero. Stanford, CA: Stanford University Press, 2013. Pp. xvi + 317. \$27.95 paper. ISBN: 9780804784535.

Neoliberalism and Commodity Production in Mexico. Edited by Thomas Weaver, James B. Greenberg, William L. Alexander, and Anne Browning-Aiken. Boulder: University Press of Colorado, 2012. Pp. xi + 354. \$65.00 cloth. ISBN: 9781607321712.

Neoliberalism swept through Latin America just as countries there made transitions to democracy in the 1980s and 1990s, and it shaped the policies that newly democratic governments chose. The works under review assess that trend, highlighting its detrimental effects on the economies and societies where neoliberal practices were adopted without proper critical analysis or the adaptations necessary for their application in diverse and complex contexts. Importantly, the books also show that social movements have arisen as a simultaneous expression of dissent, rebellion, and, above all, reaction to the negative economic and social effects of these often undifferentiated and uncontextualized neoliberal practices.

The authors of the books under review are unanimous in stressing that neoliberal practices have been harshly criticized by Latin American societies. Publics have faced the tough challenge of resisting and responding to the results of the neoliberal economic modus operandi, which caused severe social problems at the micro and macro levels, affecting not only communities and workers but also businesspeople and entrepreneurs. The critical tone of these volumes stands in stark contrast to earlier economic literature that promoted neoliberal policies as a kind of cure-all for the region's economic woes. These new works stress instead

that national economies and their constituent sectors are embedded in a political and economic environment of interdependence and thus are to one degree or another subject to external occurrences that influence behaviors, decision making, and the economy as a whole. The volumes under review suggest that the adoption of neoliberal policies, even at different times and in varied economic, political, and social structures, has accentuated the ripple effects of external problems in domestic environments.

The present essay is structured around themes that emerge in two recent single-author studies (Sebastián Etchemendy's *Models of Economic Liberalization* and Donna L. Chollett's *Neoliberalism, Social Exclusion, and Social Movements*) and three edited volumes (*Neoliberalism, Interrupted*, edited by Mark Goodale and Nancy Postero; *Latin American Responses to Neoliberalism*, edited by Vibeke Andersson and Steen Fryba Christensen; and *Neoliberalism and Commodity Production in Mexico*, edited by Thomas Weaver, James B. Greenberg, William L. Alexander, and Anne Browning-Aiken). This review first highlights the methodological proposal latent in three of the five books, and the theoretical conceptualization and derivative characterization of neoliberalism that is similar across all of the works. Second, it deals with the economic and social consequences of the adoption of neoliberal practices. The essay closes with consideration of the movements that arose in response to neoliberalism. The shared understanding in these books is that neoliberal practices are detrimental to national economies and citizens, and their results are rightly perceived as derisory when evaluated against their initial proposals and targets.

Illustrative cases must suffice in this review as it will not be possible to cover in detail the many cases introduced by these authors. Neoliberal policies were not adopted at the same historical moment among all of the countries treated, but some proximity between them can be observed. It should also be stressed here that neoliberal globalization is ongoing and increasingly is shifting from the productive to the financial sphere, where the cycle of detrimental social, political, and economic effects may be repeated.

NEOLIBERALISM AND ITS CONSEQUENCES: BEYOND AN ECONOMIC METHODOLOGY

It is widely perceived in academic and political circles that neoliberalism is linked exclusively to economic issues and political practices that modify the integrated management of a nation's macroeconomic environment, notably its economic foundations. The preface by Greenberg, Weaver, Browning-Aiken, and Alexander indicates, "Neoliberalism is an economic philosophy that holds that free markets provide the most efficient solutions to economic and social problems and governments should not interfere with them" (Weaver et al., vii). Its creators and supporters argue that removing protectionist barriers to free trade, promoting privatization of national enterprises, and acting on the attraction of foreign capital (facilitating capital's mobility and encouraging less government intervention, toward the creation of a deregulated environment) would generate a new and more efficient *modus operandi* for economic activity. Neoliberal practices were expected to provide growth and sustainable development for developing and/or

emerging nations. The neoliberal path to reduce existing inequalities worldwide would be completed, they argued, if these practices were combined with control of public accounts to induce a gradual reduction of public spending, specifically reductions in social programs, as these would be harmless in the face of the growth spurt neoliberalism would provide.

Nevertheless, as Weaver and colleagues make clear, analysis of neoliberal practices is not so simple; the adoption of neoliberalism can bring detrimental consequences. Their book's first sentence is iconic in this sense: "There are natural disasters, and then there is neoliberalism" (vii). The works under review add new variables to assist in understanding neoliberalism beyond the technical analysis of its foundations, its means of intervention, and its economic and social consequences. Within these works lies a methodological proposal for analyzing the consequences of the adoption of neoliberal practices. Borrowing from anthropology, the authors seek to understand the social aspects of resistance movements and reactions to the deleterious effects observed after years of damage originated by the adoption of neoliberal practices. These resistance movements are widely disseminated throughout countries like Spain and Portugal (Etchemendy), Mexico (Weaver et al.; Chollett), and Latin American countries farther south, including Chile (Etchemendy; Goodale and Postero; Andersson and Christensen).

An initial contribution these books make is to broaden the concept of "commodity." This conceptual focus on commodities stems, in part, from a well-established tradition in anthropology that has produced many classic works and continues to inspire contemporary studies.¹ However, the authors amend the concept "commodity" in two respects. First, they project the understanding that commodities are not only things but also goods in a broad sense. As Weaver and colleagues explain, in a capitalist system "labor is also a commodity, subject to allocation, appropriation, sale, and migration" (14). Embedded in a capitalist world economy, the labor factor enters a chain of commodity production with links backward and forward, surpassing the regional level to become part of a global market of goods. Second, the value creation chain takes place simultaneously at local and global levels (Goodale and Postero, 10 and 255; Chollett, 18) and therefore is influenced by human relationships within the production chain that are increasingly fragmented. Neoliberalism forces this type of organization because it benefits the capitalist production system. This perspective is easily discerned in some contributions in Weaver et al., and in Chollett and Goodale and Postero. In contrast, Etchemendy, despite presenting a concern about workers in general, leans toward a technical economic assessment.

Studying Mexican rural populations from various regions, Weaver's contributors and Chollett each in their own way seek to portray, endogenously, the consequences and reactions to neoliberalism. Weaver and colleagues address what they term the "disaster in rural Mexico" (ix), examining the effects of neoliberal

1. See for example the perspective presented in Arjun Appadurai, ed., *The Social Life of Things: Commodities in Cultural Perspective* (Cambridge: Cambridge University Press, 1996); and Mary Douglas and Baron Isherwood, *The World of Goods: Towards an Anthropology of Consumption*, rev. ed. (1979; New York: Routledge, 1996).

policies on the production and distribution of basic goods. By considering the policy recommendations and operationalization of neoliberal practices disseminated by institutions such as the World Bank and the International Monetary Fund (IMF), the authors not only document the catastrophic effects of the North American Free Trade Agreement (NAFTA) but also introduce a distinct methodological proposal by interrogating the term “commodity” as it is applied in a capitalist system. They demonstrate that labor is a commodity: it is allocated, moved, bought, and sold like any other commodity.

Weaver et al., Chollett, and Goodale and Postero all direct an anthropological and largely ethnographic gaze upon the deep consequences of neoliberalism in Mexican localities, evoking an “anthropology of place” that enters the daily life of those affected by neoliberal practices. According to Weaver et al., “Neoliberalism has transformed the Mexican economy by altering the mobility and composition of local and international forms of capital” and also by “changing the biophysical properties of ecosystems” (ix) through an uncontrolled acceleration of urbanization and social class transformation.

Chollett takes a complementary perspective of “Global-Local” dynamics (17–20), contributing a close case analysis of Mexico’s sugar industry near Puruarán in the state of Michoacán to better understand neoliberal globalization and its consequent social reactions. Chollett rejects the conceptual dichotomy between global and local as supposedly distinct spheres, arguing that we render a biased reading or make a methodological error if we examine the global without considering the local or the local without considering it as part of a global dynamic. She studies this interconnected “global-local” as a social field, seeking “to explicate how social movements arise out of submerged networks and how the dynamics within this social field contribute (or not in this case) to movement maintenance” (Chollett, 19).

These contributions allow us to note that a methodological framework that goes beyond an analytical model confined to specific areas (whether economic, political, or social) or a specific theoretical point of view can contribute to a more comprehensive understanding of the consequences of adopting neoliberal policies. These works demonstrate that neoliberal reforms should not be measured solely by their economic and political outcomes but also through other variables and dynamic components, which collectively provide a more complex understanding of the problem and the proper framework in which to analyze it. Moreover, these broader analyses are capable of highlighting neoliberalism’s potential to influence and intervene in the social environment of communities, cities, regions, and nations. The works under review make clear that the adoption of neoliberal policies and practices has transformed societies in their essence. Where neoliberalism has been adopted as a solution to disparity and inequality and as a promise to solve poverty and misery, a hybrid movement of disappointment, endurance, and reaction to such practices can be observed in the face of the insignificant or even detrimental results delivered after twenty and, in some cases, thirty years of experimentation.

The principles guiding Chile’s neoliberal modernization project during the 1970s and 1980s provided a taste of things to come. The 1973 military coup headed

by Augusto Pinochet oversaw the dismantling of the labor and welfare regimes associated with Chile's developmentalist model (1924–1973) and the implementation through ruthless means of an early version of the market-based strategy of development later known as the Washington Consensus (Goodale and Postero, 205), including privatization, reduction of the welfare state, economic policy guided by the market, and other austerity recommendations. These became entrenched across Latin America as a new political logic.² During the 1980s and 1990s, neoliberal discourse intensified with its advertisement by core countries as a means for overcoming underdevelopment. In concrete terms, its recipe proposed policies that would supposedly solve serious economic problems such as significant public deficits, high inflation rates, balance of payments deficits, delays in the productive sector, and, mainly, unequal income distribution. These problems would be rectified by the adoption of the policies recommended by the Bretton Woods international financial institutions, namely the International Monetary Fund and the World Bank. Over nearly two decades, a spreading effect of this discourse could be observed in a large portion of Western countries that were, and still are, on the margins of global capitalism. Applied in a global structure mainly controlled by core countries, the measures proposed in neoliberal discourse reinforced existing hegemonic positions within the international division of labor.

At its core, neoliberalism consists of a fundamentalist perspective on the market and a theoretical framework defined by a “right-wing economic philosophy that emphasizes *laissez-faire* free markets, free trade and private property and at the same time is deeply distrustful of government intervention and regulation” (Weaver et al., 1). The attractiveness of the neoliberal proposal rests in the certainty that its adoption strengthens principles that are held dear by Locke, Ricardo, Hayek, and other founders and followers of liberalism, and that are understood to embody principles such as liberty, individualism, democracy, and entrepreneurship. A positive narrative was built around neoliberal practices by having liberal political principles as a foundation. That is, the essential principles of liberalism have been transported to the economic realm, creating a liberal proposal that, in the twentieth century, was called neoliberalism.

Neoliberalism's premises of a free market and free trade are “sold” to decision makers as fundamentals for obtaining positive economic results. Proponents of *laissez-faire* economic policy argue that the market can only reach a balance between the allocation of inputs, the production of goods, and pricing through the acceptance of a free market of goods and services and a self-regulating system. Chollett defines neoliberalism as a “set of doctrines and assumptions that define policies designed to expand the role of market at the expenses of the state's intervention in the economy” (17). Among the policies to be adopted are economic opening, which can be understood as the sum of the opening of the goods and services market and the capital market. This opening involves economic liber-

2. See Veronica Schild's chapter in Goodale and Postero, “Care and Punishment in Latin America: The Gendered Neoliberalization of the Chilean State” (chapter 8, p. 196). Only in the late 1990s, and especially with the government of Michelle Bachelet (2000–2006), did the neoliberal proposal lose its strength as Chilean political rationality.

alization, withdrawing protectionist mechanisms built by national governments during earlier industrialization periods. Previous economic literature had endorsed those protectionist mechanisms as a means by which supposedly “backward” economies could develop. The view then was that industrialization would be possible only with extensive state involvement, especially in countries undergoing late industrialization, which would face deteriorated conditions of competition in international trade.³ That is, the state should create and/or provide minimal structural conditions that would ensure the industrial sector’s development. Investments in this sector would then ignite a multiplier effect of investments, setting economic gears in motion. This interventionist system was expected to protect the national productive sector, but it simultaneously built a protectionist barrier that prevented the market from functioning according to the neoliberal conception. In order for the neoliberal model to go forward, this protection had to be dismantled, a demand that echoed other historical moments such as the British demand for the opening of colonial markets.

Two related topics in the works under review merit special attention: the view on economic liberalization proposed by Etchemendy, and the deleterious effects of Mexico’s adoption of NAFTA as analyzed in the works of Weaver et al. and Chollett.

Etchemendy analyzes models (and effects) of economic liberalization derived from the neoliberal recipe, noting three types or models of economic liberalization in neoliberal globalization (9). The author grounds his models in a typology whose outcome is determined by the combination of three values/categories of defining features: the nature of the decision process, understood here as the “policymaking style in which the state formulates the major restructuring plan above but is willing to bargain about aspects of their implementation” (9–10); the menu of compensatory measures available to the policy makers; and the target actors of compensatory policies. In establishing this division, Etchemendy enumerates three analytical models. The first model he calls “statist,” illustrated by the cases of Spain in the period 1982–1986 and Brazil from Fernando Collor de Mello’s government at the beginning of the 1990s through the conclusion of Fernando Henrique Cardoso’s government in 2002. The predominant features of the statist model are state guidance (i.e., government responsibility for establishing, leading, and subsidizing national policies) and, subsequently, the statist nature of policy making that is subsidized by the state in order to reduce deleterious effects. The main actors to be rewarded in this model are domestic industrial groups and individual companies that control the country’s capital flow and influence workers’ behavior. Etchemendy’s second model is “corporatist,” represented by

3. Import substitution industrialization or the import substitution process was analyzed in classic texts such as Maria da Conceição Tavares, *Da substituição de importações ao capitalismo financeiro* (Rio de Janeiro: Brasiliense, 1982); Celso Furtado, *O mito do desenvolvimento econômico* (São Paulo: Círculo do Livro, 1974); Celso Furtado, *A economia latino-americana: Formação histórica e problemas contemporâneos* (São Paulo: Cia. das Letras, 1976); and last but not least, Raúl Prebisch, *El desarrollo económico de la América Latina y algunos de sus principales problemas* (Santiago: ECLAC, 1949), http://prebisch.cepal.org/sites/default/files/2013/prebisch_el_desarrollo_eco.pdf.

the cases of Portugal in 1985–1995 and Argentina in 1989–1999. It differs from the statist model due to the nature of decision making, which rests in “concertation,” meaning that the drivers of this process are interest groups relevant to the nation’s political, economic, and social structure. The model’s compensation measures are restricted to market deregulation (which supposedly would bring gains for the state and for some market-privileged participants), and its main actors are domestic companies (the winners of this market-restructuring movement). Finally, in the third “market” model, exemplified by the cases of Chile in the Pinochet period of 1973–1983, and Peru under Fujimori, 1990–1999, the nature of political decision making is unilaterally statist (closed and centralized) and is characterized by the adoption of subsidized compensatory measures designed to ease society’s discontent. The main actors engaged with these compensation measures are exogenous: outsiders who are unemployed or poor workers in the informal sector who either had been employed in the distant past or had never made it to the formal sector or stable employment.

Supported by analytical criteria centered on decision makers, forms of compensation, and agents or actors involved in these compensatory measures, Etchemendy draws noteworthy conclusions. Having as a point of departure the uniform neoliberal proposal of macroeconomic stabilization (which involves trade and financial liberalization, monetary tightening via interests or an alternative instrument of monetary policy, and various forms of exchange rate anchors), Etchemendy observes that the results of this recipe’s adoption differed significantly among the countries studied. It could be that these differences arose due to different adoption criteria among the countries, but the varying policy outcomes might instead have resulted from the diversity of types of beneficiaries, benefits, and compensation mechanisms that the countries used (258). None of the liberalization attempts achieved success in social inclusion, since social programs (where they existed at all) had little impact on the unemployed population and on those living in extreme poverty. These economies’ industrial sectors were highly affected because the intensity of restrictive policies surpassed their compensatory measures. When associated with the economic opening process, privatization created “national champions,” enterprises which were still directly related to state control. Service sectors in countries like Argentina, Portugal, Mexico, Brazil, and Chile (among others analyzed) were harshly hit, pauperizing the services provided to those most in need (304–305). Cognizant of the emerging proposal for a social agenda, which would deal more directly with the derivative problems of neoliberal policies, Etchemendy concludes with recommendations for further study focused on the methodology of comparative policy analysis, as well as deeper evaluation of each case.

Both Chollett and Weaver et al. highlight the neoliberal legacy for the Mexican economy and especially certain agricultural sectors (sugar, mangos, grapes, maize, and fishing, among others). In comparison with the other works reviewed here, these are more attentive to the influence of international organizations such as the World Bank and the International Monetary Fund, and regional trade agreements such as NAFTA. Moreover, one of their major contributions is the use

of a broader concept of commodities that is more appropriate to their methodology and in tune with their proposal to understand the harmful effects of and reactions to neoliberalism in Mexico.

Chollett (85–86) contends that NAFTA was imposed on Mexico, which was then made stagnant by its foreign debt. NAFTA established the obligation to adopt structural adjustment measures such as privatization and market opening as prerequisites for the agreement's implementation on January 1, 1994. Sticking to her understanding of global-local relationships, Chollett finds that "privatization and market opening share an intrinsic linkage, because both were conditions for restructuring the Mexican economy" (85); these obligatory conditions had global roots but local consequences, since "privatization and 'free trade' under NAFTA sent shock waves all the way from IMF to the sugar mill in Puruarán" (85).

According to Chollett, not only NAFTA's adoption but, above all, Mexico's close relationship and interdependence with the United States were detrimental to the Mexican economy, as "under pressure from the United States, last-minute modifications to NAFTA provide[d] U.S. sugar producers with a decided advantage" (87). The productive reconfiguration, the internal effects on Mexican production and the flow of trade between these countries was brutally changed after NAFTA's implementation. For Chollett, NAFTA caused a real catastrophe for Mexico's sugar sector (largely responsible for the dynamics of the Mexican rural economy). Understood as a transnational trade agreement, NAFTA "imposes a verticality and encompasses class inequalities across three nations" (Chollett, 87). Weaver et al. (330–333) also argue that the Mexican agricultural sector was affected by NAFTA. Agricultural producers saw the productive advantages gradually migrate to the United States and Canada; less competitive sectors were undermined, and the free market favored those who enjoyed direct competitive advantage. Landowners, miners, fishermen, and even owners of water supplies were quickly absorbed by foreign competition.

The human effect of these policies was devastating. While the free trade and openness to foreign competition heralded by neoliberal ideology promised improvement in services, what was seen in Mexico was the collapse of key service sectors, such as education and health. Goodale and Postero present similar indicators for the cases of Brazil, Argentina, Ecuador, Colombia, and others. Broadly speaking, all the works under review agree that when the neoliberal proposal (with its principles of market opening and economic liberalization) is adopted in peripheral Western countries (that is, those located outside Western capitalist centers), perverse economic effects are inflicted in those societies and serious social outcomes are seen.

The political environment did not remain static in the face of this neoliberal disaster. In Latin America, and also in countries like Portugal and Spain (portrayed as outliers to the European and American centers), social movements have arisen as reactions against the consequences of neoliberalism. These consequences have a mixed political, economic, and social character; thus post-neoliberal policy proposals (such as post-neoliberal regionalism and new forms of economic integration) have drawn the attention of social, political, and economic analysts. Movements showcasing discontent are under way, led by national governments that

have recognized their recent mistakes and are looking for a response to protect their economy's essential sectors, as well as their citizens.

MOVEMENTS IN REACTION TO NEOLIBERALISM

A variety of movements have arisen in reaction to the deleterious consequences of the neoliberal experience, and these are depicted in different ways in the volumes under review. Goodale and Postero as well as Andersson and Christensen claim that the dynamics of development of some Latin American countries has become heterogeneous. A new political and ideological perception has shown the anachronism of neoliberal proposals, especially in terms of their human impact, and some countries are trying to reduce the negative effects of financial capitalism and neoliberal policies.

Goodale and Postero employ a methodology of scenario analysis performed by looking at an event as a complex whole, a methodological instrument more common to the field of anthropology (1–3). As stated by the researchers, in the past decade, Latin America has served as a global laboratory in which new forms of governance and economic structures have been developed in response to the effects of a new neoliberal order. Reactive social and political movements have emerged in various countries as a kind of negative response to this scenario of deterioration, the legacy of neoliberal policies and practices. For Goodale and Postero, the region has staged a reactive moment; countries such as Ecuador, Bolivia, Venezuela, and Nicaragua are “the exceptions that prove the general rule that global consolidation of late capitalism through neoliberalism has been merely, if revealingly, interrupted in Latin America” (1). They argue that such interruptions deserve special treatment, a place of great academic importance, since they constitute a promising horizon of possibilities for political, economic, and social reactions. Therefore, for these authors, “*Neoliberalism, Interrupted* revolves around case studies of everyday lives of people and their institutions, caught up in moments of social change and process of contested governance” (2). Goodale and Postero suggest that reflecting on the meaning, consequences, and possibilities of regional responses to the hegemonic articulation of neoliberalism contributes to the creation of alternative lives.

Andersson and Christensen similarly argue that “neoliberal policies introduced under strong influence from the US and international organizations have impacted Latin American countries considerably.” Further, the policies “created some unintended consequences as for example Brazil and Uruguay delinking from US and neo-liberalism and opting for regionalism” (10). The forms of reaction present in this post-neoliberal scenario are diverse. Christensen relates the alternative way that Brazil, mainly under Lula’s government, led an integration strategy in South America, especially at the subregional level. Brazil would act “as a leader in South America” and, curiously, even though arousing skepticism from its regional partners would still be well regarded by the United States and European Union. The Brazilian challenge would be to resolve the regional doubts about its role as a facilitator of regional development under the aegis of South-South cooperation.

The timing of reaction movements against neoliberalism varies. Weaver and colleagues (293–296) identify the 1990s as the beginning of post-neoliberal reactions in Mexico. This timing differs from other Latin American countries, but as elsewhere, Mexico experienced a more active movement in the economic and social strata of subaltern groups. Anti-neoliberal reaction movements are not confined to Latin America. Researchers have documented current social movements scattered around the globe. Their participants have demanded change, and some have begun to exercise changes, even if in a slow and fragmented way, gradually modifying the effects generated by neoliberal policies. Governments, too, have sought ways to respond to the imposed neoliberal model. Bolivia, Brazil, Venezuela, Uruguay, and Argentina are illustrative of Latin American countries that have adopted social inclusion policies to reduce the harmful effects of neoliberal practices.

Despite the ongoing and active presence of anti-neoliberal reactive movements in Latin America, the neoliberal narrative remains dominant. Goodale and Postero write, “neoliberalism’ remains a powerful discursive framework within which these different moments of crisis and even rupture play out” (3). Although recognizing neoliberal discursive power, the authors discussed here suggest that in Latin America we have glimpsed a possibility of ideological freedom from neoliberalism.