

Latin America in the Global Political Economy: Association, Adaptation and Resistance

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States, Banks and Crisis - Emerging Finance Capitalism in Mexico and Turkey

By Thomas Marois

Cheltenham: Edward Elgar Publishing Ltd., 2012, 288 pages, £80.00, ISBN: 9780857938572.

Counter-globalization and Socialism in the 21st Century. The Bolivarian Alliance for the Peoples of Our America

Edited By Thomas Muhr

New York: Routledge, 2013, 250 pages, £90.00, ISBN: 9780415669078.

The Political Economy of Space in the Americas. The New Pax Americana

By Alejandra Roncallo

New York: Routledge, 2014, 212 pages, £90.00, ISBN: 9780415671545.

During the last several years, Latin America has been presented as a complex and enduring interaction between social forces and anti-hegemonic attempts from particular nation-states to resist the expansion of the market-based global political economy. The emergence of the New-Left, the increasing role of social movements, and the development of a new strategic regionalism as exemplified by the Bolivarian Alliance for the Peoples of Our America (ALBA), have all played a key role in supporting a

counter-hegemonic vision of Latin America. These factors has pushed for a post-neoliberal path grounded on a new role of the state not only as market regulator, but also as a social and economic actor, thus limiting the scope of the transnational companies –including those who are close to the U.S. interests-, opening new spaces for national businessmen and, empowering actors from popular and minority strata.

However, the region's leftist or "populist" general tendency since the 2000s

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does not represent the overall developmental models and regional institutions of Latin America in the context of the global political economy. On the contrary, during the few last years, Latin-American countries have faced the forces of economic global interdependence in three ways: association, adaptation, and resistance. Three recent, important studies elucidate how the region has evolved from the developmental to the post-neoliberal age, explaining the interplay of local, national, regional and global dynamics from a critical and radical perspective.¹ Nonetheless, these texts capture an incomplete and partial narrative about Latin America, which describe a polarization between neoliberal and leftist's stances, leaving small room for middle ground interpretations.

Inspired by a Marxian comparative approach and implementing an “incorporated comparison research strategy,” Thomas Marois focuses on the concept of emerging finance capitalism to compare two peripheral cases in the world economy: Mexico and Turkey. In general terms, the transition to neoliberalism and the reforms of the 1990s culminated in a new phase called emerging finance capitalism. This stage represents a new form of state–society relationship specific to peripheral capitalism, which is defined by a fusion of the interests of domestic and foreign financial capital in the state apparatus to the detriment of labor.² Central to his work is the role of financial capital in shaping the relations between finance, the state, and capitalist devel-

opment. The author detects a series of commonalities between Mexico and Turkey, such as the historical path the countries have taken in regard to social relations and the role of the state, and in their neoliberal strategies of development. He argues that the countries' peripheral place in the global political economy makes them examples of subordinate nations within the international hierarchy of states. His arguments are explained on the trajectory of the bank sector in the broader context of the social relations between the state, private business, and foreign investors. Contrary to the neoliberal literature, the emerging finance capitalism requires strong state capabilities to make strategic interventions in times of crisis by socializing the financial risks, as well as making constant interventions on behalf of financial capital, such as beneficial regulations or conduct privatizations.³

Counter-globalization and Socialism in the 21st Century is a book edited by Thomas Muhr about the Bolivarian Alliance for the Peoples of Our America–Peoples' Trade Treaty (ALBA-TCP), one of the most relevant expressions of counter-hegemonic resistance in the region. The main aim of the work is to show an example of resistance against global capitalism and the building of a new socialism, taking Latin America as exemplary of collective, dialectic, multidimensional, pluriscalar processes driven by governments and social forces.⁴

In search for answers about counter-hegemonic efforts in Latin Amer-

ica, the book presents a series of articles that can be included within the wide framework of Critical Globalization Theory next to the David Harvey's co-evolutionary theory of social change.⁵ Among the most relevant reflections about ALBA-TCP, Muhr explains the struggle between the hegemonic center and the "state-in-revolution" actors in the context of a counterhegemonic global pluriscalar war of position in several dimensions such as social relations, relations to nature, legal and institutional arrangements and administrative structures, production and labor processes, and mental conceptions of the world, among others. Eduardo Chacón describes the basic pillars of the alternative understanding of the region as a whole, while Jennifer Martinez explores the double-turn in counter-hegemony from nation-centered resistance against U.S. imperialism and global neoliberal capitalism, to the creation of an alternative and autonomous space sustained by social movements. Helen Yaffe posits ALBA-TCP as an example of Cuba's internationalist and welfare-based development model and Maribel Aponte-Garcia presents the new strategic regionalism as a crossroads of the state-centric old regionalism, post-developmental regionalism and the construction of sovereignty and geopolitical identity in the region. Finally, among others articles, Antulio Rosales and Manuel Cerezal present the case of the Unified System for Regional Compensation (SUCRE) –an alternative regional currency to replace the U.S. dollar- as a case of regional responses

to the capitalist economy and US hegemony. As a review to the author's arguments, even if the ALBA-TCP can be considered an example of a counter-hegemonic strategic initiative, there still blind spots to evaluate. First, the relative weight of the ALBA-TCP countries in the overall Latin America scenario besides the ideological narrative. Second, the actual capacity of Venezuela, Ecuador, and Bolivia to achieve a long-term project beyond this particular political moment. Finally, the different interpretations of democracy in the regional and domestic realm.

The third book, written by Alejandra Roncallo, tries to decode the sources of the new regional order characterized by U.S. hegemony. Under the concept of a *New Paz Americana*, the author assesses the global political economy of hegemony in Latin America, analyzing its mechanisms at the multi-scalar level, and examining their impact in a test case: Bolivia. She interprets the social construction of the mechanisms of hegemony in the region by setting up a theoretical framework based on the method of historical structures (Robert Cox) and a conceptualization about the production of space (Henri Lefebvre and critical geographers). She defines the region's historical structures as a particular configuration of social forces, dividing it into class, gender and ethnicity, while space is segmented in several scales, from the global to the body level⁶. Starting from a grounded theory, a critical approach "from below," the book is divided into two general parts. In the first, she ex-

plains the mechanisms of hegemony operating at multi-scalar levels (from global to national) on different dimensions (economic, political and military) from the Old to the New *Pax Americana*. In the second part, based on ethnographic research and literature review, Roncallo evaluates the Bolivian case before and after the rise to power of Evo Morales, who initiated the transformation of the country towards a plurinational, de-colonized state.

Along these works, I found three relevant commonalities: the dialects between the progressive expansion of global capitalism with the support of U.S. hegemony and the initiatives –successful or not– to oppose it; a historical break between the state-led developmental strategy and the transition to neoliberalism capitalism; and the search for alternatives to the neoliberal hegemony.

The global capitalism can be seen as the last phase of capital accumulation, which has relied on financial capital to determine social relations favoring capital instead of labor. Next to the global economic system, the United States hegemony enforces the system by means of its political, economic and military power. This hegemony has been imposed gradually, stage by stage. For example, Roncallo delineates the implementation of the New *American Pax* in four phases: market reforms (1980s), good governance (1990s), poverty reduction (2000s) and the disembedding of security in the Obama years. Marois identifies the changes in bank

reforms in Mexico and Turkey during the neoliberal years as a result of successive crises, for example after the “Tequila” Crisis or the Turkey 2001 crisis. Nonetheless, the expansion of neoliberal reforms in Latin America has caused social and political mobilization against this model, although the outcomes have been diverse. These cases can be interpreted as examples of Polanyi’s “double movement” of society against capitalism.⁷ In dependent countries such as Mexico, or in the Chilean case, the neoliberal developmental strategy is still ongoing, marked by strong cohesion among the elites and foreign investors, and a weak organization of labor. In a number of other countries, however, social mobilization has incited a more pragmatic approach to –or even radical orientation against– neoliberalism and the U.S. hegemony. In the radical case, we find the ALBA-TCP countries such as Venezuela, Bolivia and Ecuador working for a counter-hegemonic project, while the Southern Cone countries (Argentina, Brazil and Uruguay) has followed a more moderate strategies, linked to pragmatic positions. In this sense, the “pragmatic way” tries to preset itself far from the neoliberalism programs but without excessive pretensions to change “the system” or frontally oppose U.S. interests in the region. One of the weaknesses in this first point is that all of the authors overestimate the U.S. role in the region as a hegemon. Even if they recognize that there is a change in the shape and intensity of this hegemony, this perspective loses to catch the complexity of the domestic processes of the U.S. interests.

A second commonality among the authors is their identification of the division between the old state developmental policies and the neoliberal reforms that shaped the regions' current developmental strategies. Marois identifies the developmental stage in Mexico and Turkey as "highly exploitative productive, political, and social relations that disproportionately benefited wealthy family groups, even if organized labor made relative distributional gains."⁸ The author highlights the authoritarian, anti-democratic, and repressive character of the developmental state that benefits domestic, private business interests, leaving the labor force as a minor social actor. Roncallo identifies these two politico-economic strategies with the Old and New *American Pax*. The old regional order fueled the establishment of developmental states based on corporatism and an import-substitution (ISI) economic model to prevent the rise of communism in the region. Under this paradigm, states control the workers class from above through the organization of labor and union organizations⁹. The New *Pax Americana* broke the social and economic contract of the developmental states due to the increasing prevalence in the period of "Non-hegemonic conditions" (1964-1982).¹⁰ This new era refers to the "ongoing reconstruction of the American-led hegemony based on the last four ten-year developmental planning 'stages' of the new global political economy."¹¹ While the "old order" tried to control organized labor, the new one seeks to control life from above through the commod-

ification of natural resources, communication and culture.¹² One of the problems of this perspective is that the authors do not identify different graduations in the kind of political economic models in the "old" and the "new" order, while omitting the present, successful developmental synthesis that partially "obeys" the U.S. liberal order, as in the Brazilian case.

Lastly, these authors attempt to describe, reach and recommend practical and theoretical alternatives to the neoliberal economy in the regional and global arena. She sees in Evo Morales and the re-foundation of Bolivia as an indigenous nation, an example of a more humane world order.¹³ Cooperative development rooted in solidarity and complementarity are principles that inspire both the ALBA-TCP and SUCRE initiatives, and can lead to a new pluralist international order.¹⁴ Despite his pessimism, Marois envisions a non-capitalist social economy that will finally end the oppressive social relations of emerging finance capitalism.¹⁵

The texts agree that Latin America, as a peripheral region, has an important role to play in the global political economy. Three general ideas are relevant for the selected texts. First, the main economies of the region may be characterized by developmental and neoliberal experiences, setting aside the exceptional case of Cuba. Second, the neoliberal era has produced a counter-wave against the "Washington consensus," well-known for its policies advocating privatization, liberalization, and deregulation that

have “restructured the state’s relationship to capital and labor in ways favorable to market-oriented development and accumulation as well as to competitive individualism.”¹⁶ However, the authors agree that the counter-wave is not linear. Third, the region offers different politico-economic models that revisit old debates about dependence, autonomy and liberation. Nowadays, the neoliberal, neo-developmental and counter-hegemonic projects represent the politico-economic model for the role of association, adaptation and resistance to the global political economy. In the selected texts, the neoliberal model is represented by Mexico while the ALBA-TCP offers the best example of a counter-hegemonic approach.

In the context of a critical Marxian understanding of capitalism, he argues that neoliberalism aims to restore the predominance of capital over labor, by imposing an institutional framework characterized by strong private property rights, free markets, and free trade.¹⁷ Under this paradigm, the relation between capital and labor is unbalanced and foreign capital gains a greater share in the local market, displacing domestic capital. The sources of financing are vital for both public and private actors, which leads to dependency between the national economy and international private finance networks and international financial institutions. One of the key findings of the emerging finance capitalism is that the state is not only an important actor under neoliberal rule, but also a fundamental player in its capacity to institutionalize the social relations in

which capital prevails over labor, to socialize losses and to secure profit. According to Marois, the transition of Mexico to neoliberalism has been shaped by the “state and government elites restructuring state, bank, and labor relationships of power and re-institutionalizing these in ways beneficial to capital accumulation in general and to financial capital in particular.”¹⁸ The first neoliberal reform is also connected with the widening of the political system beyond the hegemony of the PRI. In this case, the political changes came after the economic reforms. Finally, in the context of the regional and global political economy, Mexico decided to join the North American Free Trade Agreement (NAFTA) since 1994. Since the 1990s, Mexico maintains a pro-market approach in the multilateral fora, as recently demonstrated in the G-20 and the MIKTA group meetings.

The counter-hegemonic model looks to Cuba as a model of welfare-based development, human development, and ideological internationalism based on socialist principles in which popular legitimacy is not based on a notion of representative democracy but rather on a people-based aspiration of justice.¹⁹ The ALBA-TCP model is more a “revolutionary democracy” with a “state-in-revolution” rather than a revolutionary state. Among the salient characteristics of these countries, it is important to highlight the lack of an industry-based state developmental strategy before the neoliberal period; the possession of a huge quantity of hydrocarbon energy resources; the historically high de-

gree of inequality; and the permanent polarization between the “popular classes” and the traditional oligarchies. On a global scale, these countries have a secondary role, but they try to oppose the liberal-capitalist ontology of individualism²⁰ by establishing a more human,²¹ plural and equal world,²² in addition to developing counter-hegemonic alliances and boosting South-South Cooperation. In this framework, the ALBA-TCP is the main place of resistance and counter-hegemonic efforts. Nonetheless, in line with the current flexible global environment, the main members of ALBA-TCP have also developed multiple activities in different regional forums. For example, ALBA members such as Bolivia, Venezuela and Ecuador are also members of the Union of South American Nations (UNASUR), while Venezuela has achieved MERCOSUR membership (the Southern Common Market). The overlapping of membership between different regional organizations has raised criticism about the coherence of the countries’ foreign policy between ideological and pragmatic choices.²³ The counter-hegemonic positions show mixed approaches, attempting both to contest the American hegemony, and to adapt themselves to the established regional order because the costs of straying too far from the political center are high.

In sum, the critical political economy approach sees Latin America as a space of developmental heritage, neoliberal reforms, and political and economic initiatives against U.S. hegemony and the global capitalist

economy. In addition, Latin America provides interesting clues to re-think about the polarization of politico-economic models –expressed also through regional organizations– during the last decade, between neo-liberal globalist and critical counter-hegemonic approaches. The selected books successfully explore the sources, mechanisms and institutions of both segments but fail to make a comprehensive explanation of the middle ground. Between the ALBA-TCP and the emerging financial capitalism, lies a wide hybrid space. In this context, the comparative political economy literature can help to provide a more comprehensive panoramic view of regional trends during the last several years. The Marxian political economy shows us a particular picture of the region but, to understand Latin America’s place in the current political economy we need to look at a broader picture. ■

Endnotes

1. See: Thomas Marois, *States, Banks and Crisis - Emerging Finance Capitalism in Mexico and Turkey*, (Cheltenham: Edward Elgar Publishing Ltd., 2012); Thomas Muhr (Ed.), *Counter-globalization and Socialism in the 21st Century. The Bolivarian Alliance for the Peoples of Our America*, (New York: Routledge, 2013); and Alejandra Roncallo, *The Political Economy of Space in the Americas. The New Pax Americana*, (New York: Routledge, 2014).
2. Marois, *States, Banks and Crisis - Emerging Finance Capitalism in Mexico and Turkey*, p. 14.
3. *Ibid.* p. 205.
4. Muhr (Ed.) *Counter-globalization and Socialism in the 21st Century. The Bolivarian Alliance for the Peoples of Our America*, p. 21.
5. *Ibid.* p. 2.
6. Roncallo, *The Political Economy of Space in the Americas. The New Pax Americana*, p. 8.

7. Ibid., p. 100.
8. Marois, *States, Banks and Crisis - Emerging Finance Capitalism in Mexico and Turkey*, p. 68.
9. Roncallo, *The Political Economy of Space in the Americas. The New Pax Americana*, pp. 153; 164.
10. In my opinion, the period of "Non-hegemonic conditions" ended in 1973 with the Allende Coup, and the start of the first neoliberal wave began with initial pro-market reforms in Chile.
11. Roncallo, *The Political Economy of Space in the Americas. The New Pax Americana*, p. 155.
12. Ibid. p. 164.
13. Ibid. p. 141.
14. Muhr (Ed.) *Counter-globalization and socialism in the 21st Century. The Bolivarian Alliance for the Peoples of Our America*, p. 150.
15. Marois, *States, Banks and Crisis - Emerging Finance Capitalism in Mexico and Turkey*, p. 214.
16. Ibid. p. 13.
17. Ibid. p. 13.
18. Ibid. p. 97.
19. Muhr (Ed.) *Counter-globalization and socialism in the 21st Century. The Bolivarian Alliance for the Peoples of Our America*, p. 116.
20. Ibid. p.56.
21. Roncallo, *The Political Economy of Space in the Americas. The New Pax Americana*, p. 151.
22. Muhr (Ed.) *Counter-globalization and socialism in the 21st Century. The Bolivarian Alliance for the Peoples of Our America*, p. 116.
23. Roncallo, *The Political Economy of Space in the Americas. The New Pax Americana*, p. 209.