

**The Decline of Neoliberalism and the
Role of Social Movements in Latin America**

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I. Introduction

This paper sets out to first examine how neoliberalism arose as an ideology and then came to dominate economic policies across the globe, especially in the Third World¹. The roots of this are related to ideological struggle, in particular, the Mount Pélerin Group, and the theoretical debate between Keynesians and monetarists within economics. Secondly, the paper presents the changes in the world economy that allowed this neo-laissez-faire perspective to gain acceptance both among economists but also by political forces of the right, exemplified by Ronald Reagan and Margaret Thatcher in the early 1980s. The rise of neoliberalism will first be evaluated as an ideology followed by the identification of factors that facilitated its rise as the dominant model: the accumulation crisis of the 70s, the debt crisis of the 1980s, the strong influence of the IMF and the Washington Consensus.

Eventually, the political elites of the Third World came to be major advocates for neoliberal policies, for example in Latin America: Salinas de Gortari, Menem, Collor de Mello, employing a rhetoric referring to modernizing reforms, breaking free of old exhausted, closed state-dominated systems of the past and moving forward through liberalizing reforms for a new and modern economy, more integrated with the modern world.

The advocates of such policies, using free trade and free market rhetoric, were able to gain acceptance especially with the support of the media. Using the argument that there is no alternative (TINA)² was able to convince many populations, of the legitimacy and worthwhile aspect of such a shift and the futility of trying something else. However, after 20 years or more, and various crises, such as in Mexico, Asia, Russia, Brazil and Argentina, the claims and allegations of the neoliberals can be compared with reality, and thereby exposing much of the false rhetoric. During the last two decades or more, the neoliberal model has dominated economic policies in Latin America and in general, has produced lower wages, an increase in unemployment and poverty for the majority of Latin Americans, as well as financial crises and depressions.

¹ Although this term is seen by many as inadequate or outdated, the standard substitutes, such as 'developing' countries, less industrialized countries, the periphery or dependent economies all have their problems as well. In my opinion, the key aspect is their dependence on the IMF.

² TINA or There Is No Alternative (to unbridled capitalism) was made popular by Margaret Thatcher in the early 1980s.

Although neoliberal policies still dominate the world and Latin America, there has been a clear and marked decline of the political acceptance of such policies. This is reflected in the swing to the left in elections of recent years: Chavez in Venezuela, Lula in Brazil, Kirchner in Argentina, Vazquez in Uruguay, and the recent election of Morales in Bolivia; a clear expression of the rejection of the neoliberal model and a willingness to try alternatives.

Lastly, the current conundrum is evaluated; in spite of populations in Latin America rejecting the neoliberal model, the elected leaders continue to implement neoliberal policies, thus accommodating local and foreign elites and Washington, as opposed to the electorate that brought them into power. This is producing an increasing disappointment and at times, depolitization, as in the case of Brazil, but also a recognition on the part of the people that maybe a strategy other than just elections every 4-5 years is necessary to fight for their own interests. Such an historical conjuncture suggests the need for the role of social movements to grow even more than they have in recent years, as they, not parties, such as the PT (Partido de Trabalhadores/ Workers Party) in Brazil, are crucial for pressuring 'alternative' governments to break with the neoliberal model. In this paper, the case studies of Argentina and Mexico are presented, considering both the impact of neoliberal policies and the response by social movements. In addition, the social movements in other countries of Latin America are considered, such as in Brazil, Ecuador and Bolivia.

II. Capitalism, Globalization and the Current Period of Neoliberal Globalization

In order to understand the current period- neoliberal globalization, one needs to start with an historical evaluation of capitalism and globalization in general. Capitalism, which has existed for at least 3 centuries, has always had an inherent drive to expand extensively and intensively; it is a system that requires endless accumulation and expansion. Globalization, as such, has always been a feature of capitalism. Therefore, when speaking of globalization in general terms we are talking about a long-term secular trend – the geographic expansion of capitalism to gradually encompass the entire world.

Although globalization was always a feature of capitalism and present in its development, there are periods where globalization is more prevalent than others. Namely, it is important to recognize similarities between different periods of

capitalism, but it is also necessary to recognize the differences between such periods. For example, at the end of the 19th century, an imperialist division of the world took place, especially by the dominant powers of Europe that divided up the world, in particular, Africa. That period, like today, is associated with an expansion of trade and more open economies and an emphasis on the supply of raw materials.

Since the 1980s, the world is experiencing a period of globalization, which is more accurately described as neoliberal globalization. Neoliberal globalization is the renovation of economic liberalism, as a response to the world economic crisis at the end of the 1960s and beginning of the 1970s. But it is also necessary to recognize the role of transnational corporations (TNCs) and productive transformations in the workplace, in this period, which is in part a result of the accumulation crisis of the 1970s.

III. The Rise of Neoliberalism

1. Ideological Dimension

The interests of laissez-faire are always present in capitalism, though the conditions change depending on the context. For example, the social barriers to capital as identified by Adam Smith during the period of liberalism of the 18th century are distinct from those of the 20th century. In any case, there are always the defenders of the liberty of capital. The importance of the free movement of capital is argued for, not the free movement of people; NAFTA is a case in point. In this regard when referring to laissez-faire, it should really be called laissez-faire pour capital!

An example of such defenders of laissez-faire was the Mount Pèlerin group, established in 1947, in Switzerland. This group includes well-known names, such as Milton Friedman, Hayek, von Mises, Popper, etc. In a certain sense, this group was a reaction to the development of the welfare state and also the importance of communism and socialism and progressive movements during that period. Politically, this group is quite reactionary, anti-communist and actively supported fascists such as Pinochet, the Chilean dictator. The influence of 'the Chicago boys', followers of Milton Friedman, is well documented in the case of Chile.

2. Theoretical Dimension

The dimension of economic theory is associated with the debates between monetarists, most notably, Milton Friedman and the Keynesians (e.g., Samuelson, Hicks, Victoria Chick) especially with respect to the role of the State in the

functioning of the economy, and thus with regards to fiscal and monetary policies. Keynesians were associated with the defense of social programs and also anti-cyclical policies aimed at achieving full employment. As long as there weren't serious crises, the Welfare State continued to have political support. However, at the end of the 1960s and the beginning of the 1970s, a world crisis arose, associated with the relative decline of the U.S. and the dollar.

3. Real Economy Dimension

The 1970s was arguably a classic case of an accumulation crisis, due to a decline in the rate of profit.³ This is in general terms, and does not suggest that it is not important to identify and analyze concrete specifics that were also crucial during this period. The U.S. lost its capacity to compete as before, and thus to keep the dollar strong, in part because of the lack of productivity growth but also the public deficit, which increased significantly due to the military expenditures of the Vietnam War. A decisive moment was just after France and other European countries pressured the U.S. to break with the gold convertibility of the dollar in 1971.

Thus, the profitability crisis during the 1970s, led to a period of stagnation and also deindustrialization. However, the economic problems were not just in the U.S., but were evident in most advanced economies, and thus led to a world recession. A new phenomenon occurred in this period, which was the combination of stagnation and inflation, which came to be known as stagflation. This was used as a strong criticism against the Phillips Curve, defended by Keynesians. It had been argued that during a recessionary period with high rates of unemployment, that inflation would continue to be low, and that only during periods of growth and lower unemployment would there be a concern for inflation. Thus, during the 1970s, with a period of high unemployment and inflation, the phenomena of stagflation undermined the Keynesian view and resulted in the rise of both monetarists and supply-siders. Another area of attack by the Monetarists against the Keynesians was with respect to the role of the state in the economy. A concrete outcome of this battle in the field of economic theory was the shift to monetarists in government, starting with Paul Volker becoming Chairman of the Fed at the end of the Carter government, and then followed by Reagan in the U.S. and Thatcher in Great Britain, officially inaugurating the period of neoliberalism.

³ See for example, Mandel (1975), Shaikh (1987).

Petrodollars, the IMF and the Shift from Industry to Finance

Due primarily to the profitability crisis in industry, but also due to the high price of oil, which generated excess petrodollars, there was a great deal of capital seeking higher profits than what industry could yield, thus resulting in a significant transfer of capital from industry to financial markets. International financial markets played a particularly strong role from that point on, during the 1980s, 90s and till today. A shift began in the 1980s away from foreign direct investment (FDI) and towards more speculative investment. After the increase in the price of oil, there were excess petrodollars, which were being recycled by international banks and through the IMF and World Bank, increasing external debt of many countries of the Third World. In certain cases, such as Brazil, Mexico, and South Korea, this debt increased by a factor of 3-5 times, and was used for the expansion of industry, not anticipating the changes that were coming in just a few years.

Import Substitution Industrialization

One of the main points in the neoliberal discourse is with respect to the role of the state; they argued that it would be better to reduce the role of the state in the functioning of the economy. Thus criticizing public enterprises, claiming the need to privatize them and also criticizing the developmentalist state, which implemented an industrial policy and specifically the import substitution industrialization (ISI)⁴ model of development. Many have said that ISI caused corruption and inefficient firms and thus slowed growth. Beyond a doubt, there were problems of corruption, but it has continued, if not having become worse during the neoliberal period. In any case, economic growth was stronger during the decades of the 1960s and 70s compared to the 1980s and 90s. Many say that ISI became exhausted and that there was a need to remove subsidies and institutional support for industry. It can be argued, that the ISI model of development was not exhausted but rather a particular form of ISI with its problems of abuse and corruption and the particular role of foreign TNCs, was the cause of the economic crises during that period.

The Debt Crisis, the IMF and Structural Adjustment Programs (SAPs)

Unfortunately, as a number of third world countries were deepening their level of industrialization and building up infrastructure often with support of loans from the IMF and World Bank, the rules of the game changed as monetarists came to hold

⁴ Import substitution industrialization is basically a set of policies geared toward reducing the dependence of countries on manufacturing imports by expanding local industry and internal demand.

sway and push toward austerity and structural adjustment programs. During the 1980s, this influence led to imposed recessions both in the core economies as well as in the Third world, especially after the Mexican debt crisis of 1982-83. The IMF used the debt crisis as an excuse for pushing countries to adopt SAPs or, in other words, neoliberal policies. The three basic pillars of neoliberalism are trade liberalization, financial deregulation and privatizations of public enterprises. A fourth pillar, which is increasingly being pushed for today, is the flexibilization of labor.

During the 1980s, various politicians began to defend neoliberal policies using a universalistic discourse or rhetoric about the need for a modern economy. In the case of Mexico, former President Salinas de Gortari, had been arguing that Mexico could not continue to be in conflict with its neighbor to the north, but had to find ways to have a cooperative and beneficial relationship between the two countries, and thus eventually arrived at NAFTA, which will be discussed further below.

Perspective of the Elites

Why did the elites change from economic nationalism and convert into advocates of neoliberalism? Firstly, there always exists a division between the elites of agriculture and industry, which has roots in the oligarchies of the past and present. Thus, it is evident that it was an advantage for many of them, though not all, to shift their personal portfolios. Without a doubt, they were influenced and attracted by the growing role of international financial markets and in particular, the push for expansion in 'emerging markets'. In material terms, one has to recognize the personal investments of the elites, not only the firms or banks, which they represent. For example, in the case of Argentina, the agro-industrialists were the very same *patria financiera* or 'financial fatherland' since the end of the 1970s. Many of the elites and associated firms also prospered from the privatizations and financial speculation within their own countries.

There were also many new opportunities for investment outside their national economies. There is a need once again to recognize the role of TNCs with strong support from international institutions and also within each country, wielding economic power greater than many countries, for example, 40% of all world exports belong to the 100 largest TNCs.

4. Political Dimension

It is also important to recognize how the neoliberal perspective, though often not explicitly referred to, was not only accepted by the elites, but also by the

populations of several countries. Consider, for example, the support received by Fujimori in Peru (even to this day) or Menem in Argentina, recently re-elected as a senator. Part of this derives from the TINA perspective advanced by Thatcher, as mentioned above. Unfortunately, given the nature of negotiations with the IMF, at times it can seem like there is no alternative.

Another sinister aspect and especially within the academy of economics is the argument of orthodox neoliberals that there is only one correct worldview economically (*pensamento único*). It is argued that one cannot use another paradigm, be it Keynesian, Neo-Ricardian or Marxist. This closed-minded philosophy plays a strong role and continues to be active to this day, but not as strongly as before several neoliberal crises occurred in the 1990s: Mexico in 1994, Southeast Asia in 1996-97, Russia in 1998, Brazil in 1999, Ecuador in 2000 and Argentina in 2001-2003.

Currently, there has been two decades of neoliberal policies in place for most countries of Latin America and in several cases, such as Argentina and Chile, for over 30 years, implying that enough time has gone by to make a sober evaluation regarding the results of such policies. After this chain of financial crises, the general problems of the neoliberal model have become more evident, even for mainstream economists, such as George Stiglitz and Paul Krugman, among others.

IV Neoliberalism in Power: Claims vs. Reality

Advocates of neoliberal 'reforms' argued that through the opening up the economy and moving away from state-led development, Latin America would be able to achieve expansion in trade and investment and thus, achieve increases in growth of GNP as well as growth of GNP per capita. This in turn, would lead to improved levels of income and wages, and subsequently lower unemployment and poverty. It can be argued that the historical turning point was the Mexican debt crisis of 1982, after which, many countries in Latin America began to implement neoliberal policies.

The main yardstick used when considering development by neoclassical economics is that of GNP growth, and it was argued that through neoliberal policies, countries would be able to surpass the economic performance experienced with the 'sluggish' inward-oriented import substitution industrialization (ISI) model of development.

As it turns out, the rates of growth since the early 1980s have been around 1-2% and often negative, including depressions in Argentina and Mexico, compared to growth rates of often 5-6% during the ISI period. Due to significant increases in population, the recent growth rates for GNP per capita have been even lower and very often negative (ECLAC, 2004). Through the 1980s, real wage rates tended to decline, though the 1990s have seen mixed results, increases often followed by declines. In the case of Argentina, as of the mid-1990s, real wages were not even 60% of the level of the mid-1970s when the shift to neoliberal policies began. In the case of Mexico, manufacturing real wages were only 70% of their level in 1980.

The overall level of urban unemployment for Latin America was down to 7.3% in 1990, but this grew to 10.8% overall by 2003, with cases like Argentina growing from 7.4 in 1990 to 19.7 in 2002, and Colombia from 10.5 in 1990 growing to 17.6% in 2002 (ECLAC, 2004), both examples of more industrialized countries.⁵ Unfortunately, the information on unemployment in rural areas is more difficult to measure and thus often not reported, though in general, the employment situation is even worse in rural areas.

The overall level of poverty for Latin America was 40.5% in 1980, and then grew to 48.3% in 1990, but has seen an improvement dropping to 44% in 2002. Although the poverty level in rural areas experienced similar behavior, the results are far from encouraging: the poverty level went from 59.9% in 1980, up to 65.4% in 1990 and then improving to 61.8% in 2002. There has also been a similar pattern for overall levels of indigence, going from 18.6% in 1980, growing to 22.5% in 1990 and then declining to 19.4% in 2002.

Related to the problem of poverty, there has been a notable increase in informal employment, with lower wages and less stable income, and this has been particularly evident in times of crisis. For example, in Buenos Aires and surroundings (*Gran Buenos Aires*) informal employment grew to reach 38% of all employment by 1999 and such jobs are estimated to have incomes 45% less than formal employment (Rapoport, 2000: 1021).

Mainstream economist often argue that neoliberal reforms will lead to a burst of growth that will initially cause an increase in inequality, but then the trickledown effect should reverse such a trend over time. In examining the shifts in income

⁵ It should also be pointed out that there are serious concerns about governments underestimating unemployment, e.g., Mexico.

inequality for Latin America from the mid-1980s to 2002-2003, there has been a clear tendency for worsening inequality, though with certain exceptions, such as Colombia and the Dominican Republic. Significant increases in income inequality occurred for Costa Rica, Mexico, Venezuela and Argentina, with the latter being the most marked, e.g., the top decile went from 30.9% of national income in 1980 to 40.7 in 2002.

Although the statistics just presented are clear evidence of a worsening economic situation for Latin America overall, it is necessary to recognize that there have been some improvements for certain countries. For example, El Salvador and Guatemala experienced steady declines in unemployment from 1990-2003. There were also significant reductions in poverty for Brazil, El Salvador, Guatemala, Panama and most notably, Chile, where poverty declined from 45.1% in 1987 down to 18.8% in 2003.

In the next two subsections, the case studies of two of the most industrialized countries in Latin America, Argentina and Mexico, are presented. In the case of Argentina, the experiment with neoliberalism began earlier than most countries, back in 1976 when the military junta came to power. In the following section, the quarter century experiment of neoliberalism in Argentina is assessed, having gone from a dictatorship, through two waves of deindustrialization and then into a depression.

Argentina's Quarter Century Experiment with Neoliberalism⁶

After experiencing the worst economic crisis in its history with the hyperinflation and recession of 1989, Argentina has now set yet a new historical mark not only for its own history, but also for the world's, having experienced the largest debt default by any country ever in 2002.⁷ In order to understand how Argentina could go from one of the most 'developed' countries of the 'Third World', and a poster child for neoliberalism, to reach the crisis of 2001 and enter a depression in 2002 requires an historical perspective evaluating the quarter century of neoliberalism in Argentina, going back to the military coup of 1976.

After the military junta came to power in March of 1976, they carried out a transformation called the Process of National Reorganization (*El Proceso de*

⁶ For a more extensive evaluation of Argentina's neoliberal experiment, see Cooney, 2005a.

⁷ It is interesting to note that this is not the first time that Argentina suspended payment on its foreign debt; the first time was in 1891, during another period of globalization.

Reorganización Nacional), which was a reactionary political and economic agenda. This was evident in the economic policies implemented by the junta with its new Economics Minister, Martínez de Hoz. The junta intended to make a shift away from manufacturing industry and towards agro-industry. They argued that the rent from agriculture, primarily beef and grains, was no longer going to be used as a subsidy for industry, but rather for the development of other value-added agro-industry.

There are three key factors, which explain this approach by the junta. One represented a shift toward agro-industry as opposed to industrial manufacturing. The junta was being more supportive of the landowning oligarchy as opposed to manufacturing industry. At an institutional level, this was reflected in the government allying itself more with the Argentine Rural Society (*Sociedad Rural Argentina*, SRA), which represents the landowning oligarchy, than with the Industrial Union of Argentina (*Union Industrial de Argentina*, UIA), which represents the industrialists.

The second factor reflected the junta's obsession with stamping out dissent in general, but especially among organized workers. The military was strongly anti-communist and anti-worker, and did not hesitate to carry out repression against unions especially with the memory of strikes in Rosario and Córdoba in the late 1960s and early 1970s and especially, the *Cordobazo* in 1969.⁸ The junta was committed to eliminating the industrial park in Argentina because it was seen as facilitating labor unrest.

The third factor is related to relations with Washington, the IMF and accommodating multinational capital, since transnational corporations (TNCs) would benefit if Argentina concentrated on producing primary products and agro-industry, thus leaving automobile, steel and heavy manufacturing to imports or from local production by the TNCs.

From the middle of the 1960s, Argentina had been experiencing a new phenomena- the growth of industrial manufacturing exports. In fact they had reached over two thirds of all exports in 1973 (Kosacoff and Azpiazu, 1989: 109). However, after the military coup, as a result of neoliberal economic policies, Argentina began its first wave of deindustrialization. The economic and social policies pursued by the military government had a very negative impact on Argentine industry, especially manufacturing. Between 1975 and 1981, the manufacturing share of the GDP

⁸ The *Cordobazo* was a working class-led rebellion which lasted roughly a week in the major city of Córdoba.

declined from 29 to 22%, industrial employment declined by more than 36% and industrial production as a whole went down by 17% (See Smith, 1989: 251-253).

In the context of the debt crisis of the 1980s, the democratically elected government of Alfonsín was not able to maintain heterodox economic policies, to a large extent, because of the IMF pressure and the eventual crisis of hyperinflation.⁹ As a result, Argentina was willing to accept a change and became convinced by the rhetoric of Menem and the fear of hyperinflation to try another economic model. Thus, the convertibility plan of parity of the dollar and peso and the economic plan of the new economics minister (Domingo Cavallo) -the *Plan Cavallo* were implemented. Many dollars came out of the mattresses and for a time the situation improved, inflation was held in check, the peso was strong, and foreign investment grew (though much of it speculative) and things seemed to stabilize for many Argentines. Unfortunately, the Cavallo Plan was practically the same as the military junta, rooted in neoliberal freedom for capital: free trade, financial deregulation, privatizations and also the flexibilization of labor.

One aspect of the Cavallo Plan implemented in 1991 was the financial deregulation, after which, Argentina became much more vulnerable to financial fluctuations and this became evident later on after the crises in Mexico, Asia, Russia, and Brazil. A second aspect of the Cavallo Plan was trade liberalization, which involved major reduction of tariff and non-tariff barriers and with convertibility caused major problems with respect to Argentina's trade balance. The consistent and substantial imbalance between exports and imports resulted in an accumulated trade deficit of over \$US 18 billion between 1991 and 1999 (INDEC, 2005). For example, during the Menem years, goods production declined from 52% of GDP in 1989 to 32.3% in 1998, and services grew from 48.8% in 1989 to 62.2% in 1998. Even more significant, manufacturing as a share of GDP went from 30.9% in 1989 down to 17.1% in 1998 (Rapoport, 2000: 1026).

These statistics constitute evidence of the second wave of deindustrialization in Argentina, which had slowed under the Alfonsín government. However, since 1976 there continued to be the emphasis on agro-industry and the lack of a national industrial policy to promote technological change within Argentina. The Menem government, just as the military government, claimed that it was committed to trade

⁹ For a more in-depth discussion of the Alfonsín years, see Cooney, 2005a.

liberalization through tariff reduction and the elimination of tariff barriers, in order to force Argentine industry to be able to compete internationally. This fairy tale formula rooted in the myth of 'free trade' unfortunately held sway during the 1990s in Argentina. For a quarter century, there has been a serious disarticulation of Argentine industry, increasing the difficulty for manufacturing to compete in an ever more globalized world market. This is both reflected in the growing dependence on consumer and capital goods imports, and the extent to which Argentina's exports are dominated by raw materials and agricultural products.

At present, Argentina is much more dependent on the exports of agricultural products and thus the fluctuations of world market prices: 25% of Argentina's exports are seed-oil and related products, which has been their main export since the 1980s, having replaced beef. The prices for these exports were stable until 1996, but afterwards Argentina was producing and exporting more in physical terms, but earning less in dollars, due to the drop in world prices. This had a particularly deleterious effect on Argentina's trade balance.

The third aspect of the Cavallo Plan was privatizations (\$US 23 billion between 91-98) increasing unemployment, especially in the provinces of Argentina. Between 1991-1992 alone, more than 10,000 state employees were laid off. This was a strong factor in pressuring wages to go down. It is during this period when the unemployed workers movement, commonly referred to as the *piqueteros*, began and which continues to be the most important social movement in Argentina, in spite of the repression by the government.

Although many claimed that the main problem for Argentina was convertibility, it can be argued that the foreign debt was the most significant problem, given the fact that it doubled between 1993 and 2001, going from \$US 70 billion to \$US 141 billion. The component that was growing the most was interest payments: during the 1990s, Argentina paid more than US\$ 60 billion and in 2000 alone they were almost US\$ 10 billion dollars (Weisbrot and Baker, 2002: 4).

Thus, after 4 years of recession, falling reserves, and the IMF refusing to make a payment at the end of 2001, there was a sharpening of the crisis, resulting in the resignations of President De la Rúa and Economics Minister Cavallo, and after the devaluation of the peso to 25% of its previous value, the default on the debt and then depression. During 2002, Argentina's GDP fell almost 12%, and unemployment reached 30%, with underemployment even more, but the most revealing was that

over half of the Argentine population was below the official poverty line. Argentina had been a country with a large middle class, but despite high growth rates in recent years, the situation for the middle class is not about to return to how it had been. This is probably the clearest case of the failure of the neoliberal model, given the fact that Argentina was one of the richest countries of the Third World, but after a quarter century of neoliberal policies and following the recommendations of the IMF, Argentina endured two waves of deindustrialization followed by a depression.

Case Study of Mexico and NAFTA¹⁰

After experiencing the debt crisis of 1982, Mexico began to implement neoliberal policies, the principal ones being: trade liberalization, financial deregulation and privatizations. In 1985, Mexico signed a bilateral agreement on subsidies and countervailing duties and then joined GATT (the precursor to the WTO) in 1986 after years of resisting. This involved the elimination of policies designed to protect Mexican domestic producers from the competition of larger TNCs with which they were generally at a disadvantage with. However, the most significant changes with respect to trade liberalization came with the signing of NAFTA in 1994 (see section on NAFTA and Trade below).

Financial Deregulation

Historically, the next major neoliberal policy shift was a new law in May of 1989, involving major changes concerning foreign investment in Mexico. This entailed the elimination of many of the regulations designed to protect domestic industry that had been in place since 1973 when the Law to Promote Mexican Investment and Regulate Foreign Investment was established. Many of the regulations that were removed in 1989 were predominantly related to ownership and restrictions on the repatriation of profits and royalties. After the shift in investment rules in 1989, the discussion of a North American Free Trade Agreement began in earnest. Mexico has also seen major increases in foreign direct investment in recent years, growing from levels of under US\$ 2 billion a year through the first half of the 1980s to averaging over US \$ 17 billion since 2000 with a peak of over US \$ 27 billion in 2001.

¹⁰ For a full assessment of the results of two decades of neoliberalism in Mexico, see Cooney, 2005b.

Privatizations

Since the mid 80s there has been a major push by the IMF and other international institutions for countries to privatize public enterprises, arguing that they are not operated efficiently and that the revenue received will be useful in generating a fiscal surplus. In the case of Mexico, a total of US \$31.4 billion was received for Mexican privatizations between 1990 and 1998.

As a result, between 1982 and 1996, 1155 state enterprises were reduced down to 185. These included railways, telephone, natural gas distribution, electrical energy providers, satellites and shipping port administration, airports, sugar refineries and banks. A major downside to privatizations is the increase in unemployment caused by laying off all the former state employees. For example, during the period 1982-1993, the public enterprises reduced the number of paid jobs by 429 thousand and 765,730 workers were laid off. After 1993, several thousand workers were also added to this list (Ortega, 2002).

In addition to privatizing public enterprises, Mexico also privatized its social security system. This was approved in 1995, and as of 1996 the pension systems, Mexican Institute for Social Security (IMSS) and the Institute of Security and Social Services for State Workers (ISSSTE) were privatized. This affected the 36 million, 478 thousand contributors that have IMSS and in the future the 9 million 42 thousand contributors of the ISSSTE. In total this constituted over 50% of Mexico's population in 1996.

NAFTA and Trade liberalization

Although NAFTA is associated with trade, fifty percent of the actual document deals with issues of investment and thus it reflects the neoliberal policies of both trade and financial liberalization. NAFTA is the legal framework, which greatly strengthened the neoliberal shift that had been taking place within Mexico, but specifically formalized the greatly increased degree of economic integration that had been developing between Mexico and the US. The main elements deal with the liberalization of trade through major tariff reductions, and significant removal of non-tariff barriers, and greater flexibility for foreign investment, reflecting NAFTA's emphasis on the rights of corporations, often at the expense of citizen's rights.

As Mexico pursued a neoliberal export-led model of development combined with NAFTA, the extent to which Mexico was integrated with the world economy clearly grew. For example, their share of world exports doubled, increasing from

0.9% in 1980 to 1.8% by 1996, and in the case of the share of world imports, it increased from 1.1% in 1980 to 1.5% in 1996 (Guillén Romo, 2002: 75). In addition, trade as a percentage of GNP grew from 28.1% during the period 1980-85 to 37% between 1985-93 and reaching 75.7% for the period between 1994-2001. Despite this advance in terms of trade, Mexico's trade balance has been problematic during the last fifteen years, accumulating a deficit of almost US\$ 95 billion (INEGI, 2005). Unfortunately, this is an expected outcome of NAFTA and trade liberalization. The only years with a trade surplus were 1995-1997, and this was clearly due to the depression after the peso crisis of 1994, which, undoubtedly was the worst result of the neoliberal model for Mexico.

Peso Crisis

In 1994-95, Mexico experienced its worst economic depression ever as GDP declined by over 6% and GDP per capita by 8.6% in 1995. This crisis period witnessed major drops in consumption and credit and thus major increases in bankruptcies. According to LaBotz, up to two-thirds of Mexicans were either unemployed or underemployed in 1995 and of the 36 million economically active population only 9.37 had permanent full time jobs (LaBotz, 1997). There had been a decline of real wages of 27% between 1994 and 1996 and this was still 37% below the level of 1980 (EPI, 1997: 14). Fortunately, there has since been some recovery of real wages, but the real wage in manufacturing in 2004 is still only 70% of the level in 1980.

The combination of a growing informal economy, increasing unemployment and declining wages all contribute to the increase in the number of people living in poverty, which peaked at 75% after the Peso crisis (Barkin and Rosen, 1997: 24) and 40.8 percent of Mexicans in extreme poverty or indigence (UNDP, 1996). After the peso crisis, the situation clearly improved, however, the poverty level is still 39.4% in 2002 (ECLAC, 2004).

Maquiladoras, Labor and the Environment¹¹

It is interesting to note that while Mexico was suffering a depression, the *maquiladora* industry grew by 30%, mainly due to the wage differential: \$4.75 per hour in the US compared to 41 cents an hour in Mexico. Within manufacturing, the difference is sometimes a factor of 16. Although the growth of *maquiladoras* slowed

¹¹ For an analysis of the Peso Crisis and the expansion of the maquiladora industry, and subsequent impacts on labor and the environment, see Cooney, 2001.

with a shift of over 200,00 jobs to China in 2001, *maquiladora* employment had reached approximately 33% of all manufacturing jobs in Mexico.

If the future for Mexican labor is reflected in what took place in the *maquiladora* industry since NAFTA came into effect, the future is not very attractive, given the poor track record of TNCs operating in Mexico. The TNCs have violated a range of labor rights, related to wages, workshop control, overtime and benefits, protection from physical or sexual abuse, and health and safety concerns. Examples of the worst excesses by management are: sexual harassment, being forced to accommodate incessant speedups, being denied the right to go to the bathroom, or to drink water, being forced to work overtime, etc. (Peña, 1997). Even though the labor laws in Mexico are stronger than the US in certain respects, the level of enforcement is notably less. Despite the existence of NAFTA's labor side accord, none of the workers involved in official complaints made to the North American Agreement on Labor Cooperation (NAALC) -more than 200 in total- were reinstated or compensated for serious labor rights violations (EPI, 1997: 18). Furthermore, none of the twenty cases have resulted in fines against the offending country.

Another set of issues is related to discrimination abuses based on gender. Although the percentage has decreased to below 60 percent, the majority of *maquiladora* workers are women most of whom are in their twenties. Most *maquiladora* workers are single daughters helping to support their families. As with other complaints and labor issues, the labor side accord is seen by many as a failure when addressing the issue of sex discrimination. It is routine for pregnancy tests to be administered in *maquiladoras*, and if positive, women are fired on the spot.

As environmentalists feared, the TNCs have not been held to the same environmental standards as the same type plants in the US. This means that transnational firms are usually able to get away with not providing basic safety equipment, such as gloves and masks, or installing ventilation systems, thereby jeopardizing workers' health and safety (Support Committee for *Maquiladora* Workers Newsletter, 1996-98). They are often lax about installing required air pollution control devices, properly disposing of waste, or simply using lower cost processes which generate more hazardous waste or pollution for the surrounding environment. In summary, the environmental situation has worsened significantly since NAFTA went into effect. The Mexican government seems to turn a blind eye to the violation by these TNCs of labor and environmental laws.

Those that have benefited the most from the expansion of the maquiladora industry are the TNCs operating maquiladora plants in the northern border region. To a lesser extent, the Mexican government benefits due to the foreign exchange generated by the maquiladoras. Understandably, the TNCs reap the greatest benefit since as capitalist firms; their primary goal -accumulation- is achieved through maximizing profitability. With respect to the TNC-dominated maquiladora plants in Mexico, the balance sheet of recent years weighs heavily in favor of the TNCs compared to the interests of Mexican workers.

For the sake of balance, one should identify, however few, the positive results of neoliberal policies and NAFTA in spite of the overall negative consequences they have yielded for the majority of Mexicans. Without a doubt many firms in specific industries have benefited and not only by reducing wages or income for their workers. The problem is that these cases are rather few. Without a doubt the elites of Latin America have increased their wealth in general, and the number of millionaires increased, doubling between 1984-94 for Mexico, though declining somewhat after the crisis of 1995. With respect to the border region, the number of Mexican engineers and managers has increased and led to higher levels of skills and experience than would have been the case without NAFTA. Unfortunately, this is a very small number of people compared to those that have experienced a worsening of their economic or health situation.

V. The Decline of Neoliberalism

The examples of Argentina and Mexico are rather illustrative in demonstrating the failure of neoliberal policies to improve the standard of living as they proclaimed they would. Instead, they led to greater inequality, lower real wages, increases in unemployment and poverty and a greater level of precariousness and instability for the majority of their populations. The case of Argentina is perhaps the most significant since it had one of the highest standard of living for a Third world country, and in spite of following the Washington Consensus even more than most Latin American countries, was really shafted by the IMF and Washington. Such an example extends far beyond the borders of Argentina, since it sends a signal to other countries that when you follow the IMF mandates and even accommodate the US, you can end up in a depression like Argentina with over 60% of your population below the poverty line. Perhaps the arrogance of the Bush administration has

caused the populations of Latin America to entertain a more critical view, enabling them to see more clearly that the possibilities of real development are not going to be accomplished by continuing the neoliberal model.

The inability of neoliberal policies to provide an improvement of the standard of living for the majority of the populations in Latin America has led to a clear rejection of such policies and a willingness to try an alternative. Political candidates that campaigned as critics of neoliberalism have done well in recent elections in Latin America, especially in South America, for example, the elections of leaders such as Chavez, Lula, Kirchner, Gutierrez, Vazquez, and most recently, Evo Morales.

Unfortunately, many of these 'opposition' leaders are continuing the 'neoliberal model' they were critical of during their campaigns. They attempt to defend the continuation of neoliberal policies as maintaining 'stability' and that one cannot expect too much to change or improve in so little time. It is argued that there is too much risk to make any serious changes and that if you do, the international, primarily financial, institutions will cause you to pay the price. This is basically a form of blackmail by the IMF and international finance, but it is internalized by local elites and ends up being an apologetic defense of the status quo.

In the case of Argentina, although Kirchner started out doing many of the right things on the human rights front and criticizing the IMF in his public speeches, his government has actually accommodated the IMF to a substantial degree. Despite confrontations with the IMF, Argentina has still been forced to maintain a budget surplus of 3-3.5%. This is economically irrational; when a country is coming out of a depression it is not the time to start saving, but when you should make use of previous savings or borrow. At an individual level, when you lose your job, you don't start to save, you use what you saved or get a loan from a friend or relative. If any core country were to experience a depression at the current time, they would not be forced to have a budget surplus. Unfortunately, few economists will admit that Argentina or Mexico have experienced depressions, as this would tarnish the image of capitalism.

An important issue when evaluating the possibilities of going beyond neoliberalism is that of internal and external constraints faced by individual countries. The possibility of development that doesn't just make the elites richer but improves the situation of the poor and workers in general requires at a minimum, a substantial

renegotiation of the debt with the IMF and also the carrying out of a redistribution of wealth in favor of the working classes. The neoliberal model has produced the exact opposite: wealth redistribution to the benefit of the capitalist classes.

The issue of the budget surplus is crucial, since if a country could use 3.5 or 4.5% of GNP to advance social programs to help the poor, reduce poverty and hunger, then real development has much more of a chance, but when used to just pay off a debt that will NEVER be fully paid off, it makes no economic sense. This is both an economic struggle and a political struggle, both within a country and internationally. It is often argued that serious renegotiation of the debt is impossible, but this is just a form of TINA. Consider the scenario, where Brazil, Argentina, and Mexico were to work in unison to demand a renegotiation of their debts. These are not three banana republics, but the three largest economies in Latin America and the three largest Third World debts¹², and such a challenge would have to be taken seriously by the international financial community. Unfortunately, such a scenario does not seem to be very likely in the short term, given the track record of the Lula government and Mexico's relation to the US.

As these 'opposition' governments argue that they must play it safe and not rock the boat they are not responding to the will of the people but letting the IMF or Washington Consensus blackmail them or better yet, their country, of course with the support of local elites. They are continuing Thatcher's argument that there is no alternative (TINA), just like their predecessors they criticized, be it Fernando Henrique Cardoso in Brazil or Menem in Argentina, though Kirchner deserves much more credit than Lula.

The problem is that such governments have become influenced or pressured economically by TNCs and Washington, and also integrated with the local elites that continue to benefit from the neoliberal strategy. The issue is that in order to have such politicians do the 'right thing', they have to be subject to pressure other than by the IMF, Washington and foreign and local elites. Thus, there is a need for another pressure on these governments, and that is the pressure from social movements, such as the MST and Sem Teto in Brazil, the *piqueteros* in Argentina, the *cocaleros* (cocoa growers) in Bolivia, or CONAIE in Ecuador.

¹² Although China has the second largest debt among non-G7 countries, it is not considered a Third World country, though many socio-economic conditions fit with such a categorization at present.

VI. The Role of Social Movements going beyond Neoliberalism

There is a long history of social movements in Latin America and especially in recent decades, struggling for a return to democracy. During the last 15 years or so, there has been a growing emphasis on breaking from the neoliberal economic and social model, and substantial growth of several new movements. The success and growth of social movements and their increased influence can become problematic. There will be attempts to either co-opt them and their leaders or actively repress them, to prevent them from being a growing opposition force, challenging the government's policies. Unfortunately, this has also been the case with several of the newly elected center-left governments in Latin America. Brief descriptions of several social movements battling against neoliberal policies in Argentina, Mexico, Brazil, Bolivia and Ecuador are presented below.

Argentina

Through the crisis of recent years, Argentina broke new ground in the arena of both economics and politics. People taking to the streets for the first time in many years and the development of autonomous and grassroots politics. The development of the *piquetero* movement or unemployed workers began during the period of Menem and especially with all the layoffs that were a result of the privatizations of public enterprises in many of the provinces, not to mention the general trend of deindustrialization that occurred under the Menem government through the 1990s. Their main tactic and thus the origin of the name *piqueteros*, was to carry out pickets or blockades of major highways and streets, preventing goods from reaching the capital. This movement grew steadily through the 1990s and was instrumental in the insurrection of 2001 and has continued. At the same time, there have been problems of division and cooptation, as well as many politicians seeking to repress their activities. For example, the Federation of Land and Housing (*Federación Tierra y Vivienda-FTV*) which is directed by Luis D'Elía ended up being the *piquetero* arm of the Kirchner government, and in so doing they lost legitimacy in the view of many within the larger *piquetero* movement. Despite fragmentation and a decline in activities, they still constitute the most relevant social movement in Argentina today.

In addition to the *piqueteros*, there was the rise of neighborhood assemblies (*assembleas barriales*), which brought many people, that had not been political since the days of the dictatorship or who had never been political, into politics. Unfortunately, the domination by certain partisan left groups and a growing

pessimism of what seemed possible, led to their substantial decline although some still survive.

Another aspect of social mobilization, though less significant in numbers, is the occupied factories movement. There were estimates of close to 400 takeovers at one point, but with owners and conservative politicians opposition, not to mention the difficulty of taking over failed enterprises, this has been reduced to only 200 or so actively occupied factories or businesses. Some of them have been able to function quite well and there have been efforts to coordinate solidarity among the different entities.

As a result of the economic crisis, there was also the formation of barter clubs, though not a social movement, it is another example of people not relying on companies, banks and the government for their basic economic needs, These have mostly disappeared, given the fact that Argentina is beyond the worst part of the crisis and is experiencing economic recovery. Yet, they serve as another positive example of people taking their destiny into their own hands.

Mexico

A key aim of the Mexican and US elites was to establish a binding legal framework with NAFTA, which would be difficult to change or reverse, even in the face of much criticism and opposition. Nevertheless, prior to the ratification of NAFTA, numerous organizations carried out campaigns in the three countries trying to prevent the passing of the treaty or to insure a stronger role for citizen participation. Unfortunately, many advocates of NAFTA argued in defense of free trade and claimed that NAFTA would lead to an improved situation for all countries and even for the environment. As a result of many of the struggles around the issues of labor and the environment, two side accords were added on to NAFTA, but have basically served as window dressing and contribute to complacency and apathy with respect to the problems that they are supposed to deal with.

As of mid-1997, actual bankruptcies recorded since the signing of NAFTA were estimated at 28,000 (EPI, 1997: iii) though the total has grown substantially since then. One of the main causes of bankruptcies was a lack of credit due to the Peso crisis in 1994, and then subsequent exorbitant interest rates. The most impacted by these changes were small and medium-sized businesses, and farmers. Although there had been signs of social unrest in this sector since 1993, movements such as El Barzón, an alliance of debtors, many of them farmers, gained force and

demanded the renegotiation of their debts. They employed a rather clever strategy of protesting in Washington, which helped reveal to average Mexicans where the powers that affect their lives actually reside. In addition to Barzón, ANIT, the National Association of Transformation Industries, which represents medium-sized and small manufacturers, has been critical of neoliberal excesses since the Peso Crisis, having experienced numerous bankruptcies. Both Barzón and ANIT are examples of social movements critical of neoliberalism, whose base is primarily Mexico's middle class.

As NAFTA was being negotiated, corn was Mexico's most important crop, accounting for 60% of all cultivated land, with 3 million producers (roughly 8% of Mexico's population) constituting 40% of all Mexicans working in agriculture. Thus, NAFTA originally allowed for a 15-year phase-in of the elimination of corn quotas, but the phase-in was reduced to 30 months. However, in order to postpone the social crisis in the countryside, the Mexican government maintained price controls on tortillas and subsidies for tortilla mills up until the end of 1998. As a result of the changes to corn prices and tortilla subsidies, many farmers and peasants have become more active in criticizing the government's policies. In fact, one of the largest demonstrations against the Fox government recently was in Mexico City's Zocalo, by thousands of farmers and peasants from all over Mexico, but especially from the south.

Considering the range of responses in challenging the neoliberal model, perhaps the most recognized was the strategic appearance of the Zapatistas, when they surfaced on January 1st, 1994, the first day that NAFTA went into effect. During the eleven years since they became public, their struggle for improving the quality of lives of the predominantly indigenous population of Chiapas, and their demands for greater democracy, has clearly had its ups and downs. Although the Zapatistas may seem weaker to the outside world than in the mid- to late-nineties, their struggle has been instrumental in bringing the issues and concerns of the indigenous populations of southern Mexico to the attention of the rest of Mexico as well as to the world.

The current cross-country campaign by Marcos and the Zapatistas to raise issues during this election year may come to provide an inspiration for other social movements within Mexico, but at the very least help to raise the consciousness of Mexicans about the neoliberal impacts in the south and in Mexico overall, and at a moment when many progressives fear that the leading candidate, Lopez Obrador of

the leftist party PRD (Partido Revolucionario Democrático) will end up just being a Mexican Lula.

Brazil

Unfortunately, with the PT and Lula coming to power, there has been a major depolitization, even before the crisis of the *mensalão*¹³, which has now generated greater apathy and skepticism in Brazil. While there had been major mobilizations around social and economic issues during the period of the Cardoso government, despite many of the same problems and errant economic policies being maintained, such mobilizations have been noticeably absent under the Lula administration.

The most significant reason for this is the fact that the CUT (Brazil's largest Worker's Confederation) and the PT played a major role in earlier mobilizations, but at present are in the government. Although, one wouldn't expect the PT to organize demonstrations against itself, the level of cooptation of the CUT is quite disturbing. It is not so surprising, however, since many of the leaders are now in the government or with very strong ties to PT politicians in the government. Fortunately, there has been some dissent by the rank and file, and by certain unions under attack, but not enough to make a challenge to the leadership.

At the same time, many social movement organizations remain active, such as the movement for housing (*Sem Teto*) or the movement opposing the FTAA (*Campanha contra ALCA*) and the MST (*Movimento dos Trabalhadores Rurais Sem Terra*), the landless workers' movement. It is in fact the latter that has provided the one ray of light since the PT came to power, as they have pursued a combination of trying to work with the Lula government, but at the same time continuing major mobilizations for land distribution. The MST was crucial in supporting the PT's rise to power, but always maintained a clear independence, and thus when the Lula government continues to drag their feet on the issue of land distribution (achieving only 25% of their original promises), the MST will combine negotiations with major mobilizations. In November, 2005, a report on land distribution had been solicited by a government committee, yet the government chose to use a report drawn up by landowners, demanding the arrests of MST leaders and the characterization of land takeovers as 'terrorism'. This is one of several clear examples of just how far the PT

¹³ The *mensalão* is a scheme designed to finance campaigns through channeling of public funds and paying off of representatives to support the PT in Congress.

has gone from supporting the poor and working classes, to becoming defenders of the major landowners (*latifundarios*)¹⁴ and the Brazilian elite.

Given the upcoming election in 2006, it appears that the government will be increasing the budget for social programs in order to accommodate the working classes and the poor, but it will still maintain the neoliberal approach for the economy as a whole. As a result, and with a non-critical media, it is still quite possible that Lula will be re-elected in spite of the scandal and the betrayal of workers and the poor of Brazil by the PT. The role for social movements should be to try to force the Lula administration to really produce some advances in social programs and to make some shifts away from neoliberal orthodox programs, but that is much more easily said than done.

Bolivia

In recent years, Bolivia has been another example of the power of social movements, but also with problems of division after early success. The organized protests in El Alto, Bolivia forced Sanchez de Lozado to step down in October of 2003 and then Carlos Mesa became president following the popular insurrection throughout 2003. Unfortunately, there was a split over support for the Mesa government. The *cocalero* (coca growers) movement, led by Evo Morales and the Movement Toward Socialism (MAS) party ending up providing support for Mesa. However, the Mesa government sought to isolate core of the October 2003 insurrection: the Bolivian Worker's Central (COB), the landless groups, the Confederation of Campesino Workers (CSUTCB), the Coordination in Defense of Gas and the Federation of Neighborhood Associations of El Alto (FEJUVE). As a result the latter groups were weakened and became critical of Morales and the MAS, suspecting them of being conciliatory with the new government so as to fair better in the December 2004 municipal elections. As it turns out, the MAS was the party receiving the most votes. The concern by other social movements was that this was all part of a plan to launch Morales candidacy for president.

There is also the position of the growing Aymaras indigenous movement, seeking to establish their own constitution. This indigenous movement is even more radicalized than the indigenous movements in Ecuador or Chiapas with respect to their political goals. Overall, the social movements in Bolivia, despite divisions, have

¹⁴ Brazil still has an extremely skewed land distribution, as of 1996, only 1% of the landowners still owned 45% of the land.

been rather effective, having also forced Mesa to step down leading to early elections for December of 2005. The recent election of Morales seems to warrant more optimism than some other recent governments, but time will be the test.

Ecuador

Since 1990, with the Inti Raymi uprising, the Ecuadorian indigenous movement became a serious force in Ecuador. This has been a result of the ability of CONAIE (Confederation of Indigenous Nationalities of Ecuador) to unite the indigenous communities from the highlands, the coast and also the Amazon region. Their mobilizations and uprisings succeeded in toppling two presidents: Abdalá Bucaram in 1997 and Jamil Mahaud in 2000.

After the formation of Pachakutil, created by CONAIE and other movements created, they were able to push for a Constituent Assembly in 1998, but the state was able to use authoritarian mechanisms to effectively sideline popular demands or at most give them lip service. As CONAIE came to work with the Gutierrez administration, divisions in the indigenous movement surfaced and led to major divisions and debates and weakened the movement for several years. However, since the new election of Luis Macas at the CONAIE Congress at the end of 2004, the movement seems to be having resurgence.

Although the descriptions above don't do justice to the history of these movements, they provide an overview of both the new potential of social movements asserting their demands and arriving on the national scene and also the risks and dangers of cooptation with established parties. There has also been the recent election of Vázquez in Uruguay, and the very significant developments in Venezuela since Chavez has been president. There has clearly been a continent-wide shift to the left, and in general, rejecting the continuation of neoliberal policies that have failed the people of Latin America. This has been made possible in part by the efforts and accomplishments of many social movements. However the need to force progressive parties that they helped bring to power to make good on their promises and break from the neoliberal model implies that they must play an even greater role in the future.

VII. Conclusions

This paper began with by examining how neoliberalism arose as an ideology and then came to dominate economic policies across the globe, and in particular, in

Latin America. The comparisons of the claims of neoliberals and the results of two decades of this model in Latin America were then presented. The neoliberal model, in general, resulted in lower wages, higher unemployment, and the majority of Latin American populations experiencing poverty, and financial crises and even depressions. It was argued that the result of recent elections throughout Latin America: Chavez, Lula, Kirchner, Gutierrez, Vázquez, and now Morales in Bolivia, expressed a rejection of the neoliberal model and a willingness to try an alternative.

The current problem for Latin America is that many of the politicians elected by their populations, that expected an alternative to the neoliberal approach, continued the same policies, with the aim of accommodating both foreign and local elites and Washington. This has caused much disappointment and the recognition on the part of the people, of the need of another form, other than just voting, in order to fight for their proper interests.

As argued above, despite the specificities of each country, Latin America has arrived at a new historical conjuncture. The new governments need to be pressured by social movements in order for them to do the right thing. There needs to be serious pressure, if not a threat to stability, to force them to stick to their claims and plans to break from the neoliberal model as they claim leading up to their elections. As the possibility of breaking from the neoliberal model is clearly in the minds of the majority of the populations of Latin America, the will is there, the problem is translating that into a real change, and it appears that this will require an even greater role for social movements in coming years.

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