

POL325: Contemporary Latin American Politics

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1 Development and its Alternatives

1.1 Cristóbal Kay (2018) Modernization and Dependency Theory. From The Routledge Handbook of Latin American Development Julie Cupples, Marcel Palomino-Schalscha, and Manuel Prieto, eds. New York: Routledge, pp 15-28.

1.1.1 Modernization Theory

Historical Context: Emerged in the North (1950s-1960s) during the Cold War. Arose post-WWII as decolonization accelerated.

Core Idea: Development is a transition from a 'traditional' to a 'modern' society. It posits that underdeveloped countries can 'catch up' by replicating the experience of Western, developed countries.

- Change is seen as determined by internal factors

Dualistic Typology:

- **Traditional Societies:** Simple, rural subsistence economy, family labour, primitive technology, low productivity. Characterized by particularism, ascription, and collective orientation. 'Traditionalism' itself is seen as a barrier due to fatalistic outlook.
- **Modern Societies:** Complex, industrial, market-oriented, wage labour, scientific technology, high productivity. Characterized by universalism, achievement orientation, self-orientation, upward social mobility, and rule of law.

Key Theorists and Concepts:

- **Walt W. Rostow (1960):** Proposed five universal stages of economic growth:
 1. The traditional society;
 2. The preconditions for take-off;
 3. **Take-off (the key turning point);**
 4. The drive to maturity;
 5. The age of mass-consumption.
- **Samuel Huntington (1968):** Prioritized **political order and stability** above other modernization goals, concerned that rapid social change could overwhelm political institutions. Critiqued mainstream MT for being too static, arguing all societies combine traditional and modern elements.
- **Other theorists focused on:** Value changes (Moore), personality transformation (Lerner), psychological factors like the desire to achieve (McClelland), and entrepreneurial spirit (Hagen).

Modernization Theory in Latin America:

- Largely absorbed uncritically by Latin American social scientists and policymakers.
- **Gino Germani (1981):** A notable exception who adapted MT. He argued that transition processes create conflicts and 'asynchronies' as different social spheres change at different speeds. However, his work was criticized from a Marxist perspective for failing to address class and ethnic conflicts.

Critique of Modernization Theory (by Andre Gunder Frank):

- Empirically faulty and theoretically weak.
- **Main flaw:** Assumes underdevelopment is an original state and ignores how development and underdevelopment are part of a single process in the formation of the world capitalist system since the 15th century.
- Fails to account for the impact of colonialism and imperialism.

1.1.2 Dependence Theory (DT)

Historical Context: Arose in Latin America in the mid-1960s, challenging MT. Influenced by theories of imperialism and the Latin American structuralist school (ECLAC).

Core Idea: Underdevelopment is not an original state but a ‘**conditioning situation**’ where the economies of some countries (the periphery) are conditioned by the development and expansion of others (the center).

- Development and underdevelopment are seen as two faces of the same historical process of global capitalism.
- It analyzes the link between external (global capitalism) and internal (class structure, politics) factors.

Precursor: Raul Prebisch and ECLAC Structuralism:

- Developed the **center-periphery paradigm**.
- **Prebisch-Singer Thesis:** Argued the international trade system benefits the center at the expense of the periphery due to the long-term deterioration of the periphery’s terms of trade (prices of its primary commodity exports fall relative to the industrial goods it imports).

Main Strands of Dependence Theory:

1. **Structuralist Strand:** Seeks to reform the capitalist system. Uses heterodox development theory concepts.
2. **Marxist Strand:** Argues dependency can only be overcome by overthrowing capitalism and transitioning to socialism. Relies on historical materialism and the labour theory of value.

Key Structuralist Theorists and Concepts:

- **Osvaldo Sunkel:** Focused on how transnational corporations (TNCs) deepen dependence and cause ‘**national disintegration**’. TNCs weaken the national bourgeoisie, fragment society, and shape public policy against the national interest.
- **Celso Furtado:** Analyzed ‘**dependent consumption patterns**’. The consumption habits of the rich, influenced by developed countries, create a wasteful, capital-intensive, and import-demanding industrial structure that perpetuates income concentration and underdevelopment.
- **Fernando Henrique Cardoso and Enzo Faletto:**
 - Emphasized analyzing ‘**situations of dependency**’ rather than a single theory, focusing on internal manifestations.
 - Characterized the process as ‘**dependent development**’, rejecting stagnationist views and acknowledging that economic growth could occur within a dependency framework.
 - Argued a ‘**new dependency**’ emerged under corporatist-authoritarian states controlled by a militarized technocratic bureaucracy.

Key Marxist Theories and Concepts:

- **Theotonio Dos Santos:** Identified a ‘**new character of dependency**’ rooted in industrial and technological dependence. The lack of a domestic capital goods industry and indigenous technological capacity prevents dependent economies from being ‘articulated’ and achieving autonomous development.
- **Ruy Mauro Marini:** Focused on **unequal exchange** (transfer of surplus value to dominate countries) and the resulting **over-exploitation of labour** in dependent countries to maintain profit rates. Also developed the concept of **sub-imperialism**, where a larger dependent country like Brazil under its military regime could engage in imperialist practices toward weaker neighbours to solve its own problems of insufficient internal demand.

- **Andre Gunder Frank:** Coined the phrase “**the development of underdevelopment**”. Argued that the metropolis-satellite linkages constantly recreate underdevelopment. Contended that Latin America has been capitalist since the colonial conquest, challenging the prevailing feudal/semi-feudal characterization and the political strategies based on it. His thesis was famously critiqued by Ernesto Laclau for overemphasizing market circulation while neglecting relations of production.

Decline and Legacy of Dependence Theory: It’s influence waned with the economic crisis of the 1980s and the rise of neoliberalism. Remembered as the **first major challenge to the Eurocentric character of the social sciences** to achieve global influence. It inspired a new generation of scholars to think about development from the perspective of the South.

1.2 Laura Zapata-Cantu and Fernando González (2021) Challenges for Innovation and Sustainable Development in Latin America: The Significance of Institutions and Human Capital. Sustainability.

1.2.1 Innovation and Sustainable Development in Latin America: Core Challenges

Context: Sustainable development is a critical 21st century challenge, compounded by the COVID-19 pandemic which has shifted government and business priorities. Innovation is essential for transitioning to a more sustainable world.

Regional Challenges:

- **High social inequality and poverty** remain significant obstacles.
- The region has a history of **political instability and corruption**, which impacts institutional performance in innovation and sustainability.
- Economies are vulnerable to **commodity price volatility** and uncertainty.
- There is a **marginal contribution to global innovation**, often measured by patent registrations.
- Latin American countries face ongoing issues with nutrition, sanitation, quality education, and economic modernization.

1.2.2 Theoretical Framework for Analysis

Two key theoretical perspectives are used to analyze innovation and sustainable development in the region:

1. **Dynamic Capabilities (DCV):** A framework focusing on a country’s or firm’s ability to adapt and transform in response to a changing environment. It is composed of three core capabilities:
 - **Sensing:** Identifying opportunities and threats by scanning markets and technologies. This aligns with the Global Innovation Index (GII) dimensions of *Institutions* and *Market Sophistication*.
 - **Seizing:** Mobilizing resources to capture opportunities by investing in technology, human capital, and new business models. This aligns with the GII dimensions of *Human capital and research, Infrastructure, and Business sophistication*.
 - **Transforming:** Continuously reconfiguring assets and organizational structures to maintain the competitiveness. This aligns with the GII dimensions of *Knowledge and technology outputs and creative outputs*.
2. **Mission-Oriented Policies:** Systemic public sector initiatives aimed at solving specific societal problems (e.g., climate change) by mobilizing innovation across multiple sectors and actors.
 - These policies define a clear direction, foster collaboration between public and private sectors, and drive technological and systemic change.
 - They require strong institutional support and the development of dynamic capabilities within government to lead change.

1.2.3 Analysis of Latin America's Performance

Innovation (Based on Global Innovation Index 2020):

- **Overall Performance:** The region contributes marginally to global innovation. The analysis covered 15 countries.
- **Performance by Dynamic Capability:**
 - **Sensing (Weak):** The **institutions dimension received the lowest average score**, indicating issues with the political, regulatory, and business environment. Countries with better overall GII scores (e.g., Chile) performed better in this dimension.
 - **Seizing (Mixed):** The **Business Sophistication dimension had the best average score**. However, many countries show a deficit in human capital development and RnD investment, despite having knowledge workers.
 - **Transforming (Partial Success):** Some countries like Costa Rica and Mexico perform relatively well in transforming capabilities (creative and knowledge outputs) but lag in sensing and seizing, suggesting innovation occurs without fully considering environmental changes.
- **Key Deficits:** To improve innovation, Latin America needs to strengthen institutions, increase investment in RnD, develop human capital.

Sustainable Development (Based on Sustainable Development Report 2020):

- **Overall Performance:** Most Latin American countries rank in the middle portion globally. Chile, Costa Rica, Uruguay, and Ecuador are in the top 50 of 166 countries.
- **Regional Priorities (Highest-Ranked SDGs):**
 - SDG 1 (No Poverty);
 - SDG 4 (Quality Education);
 - SDG 13 (Climate Action)
- **Significant Challenges (Lowest-Ranked SDGs):**
 - **SDG 9 (Industry, Innovation, and Infrastructure)** was the lowest-ranked goal in 10 countries.
 - **SDG 10 (Reduced Inequality)** was the lowest-ranked in eight countries, indicating it is not a key priority for most governments in the region.

1.2.4 Proposed Roadmap and Policy Implications

Integrated Approach: Effective strategy requires a systemic approach that aligns strong **institutions, mission-oriented policies, dynamic capabilities, and innovation**.

Role of Institutions: Strong, inclusive institutions are crucial for setting the direction through mission-oriented policies that coordinate public and private actors. Weak institutions make it difficult to address critical problems.

Role of Government (Public Sector):

- Government should not just fix market failures but actively **co-create markets and ecosystems**.
- The public sector must take a leading role in translating societal challenges into concrete missions. This requires competent public agencies and dynamic capabilities within the state.

Human Capital: Substantial investment in education and human resource development is essential to build the skills required for innovation.

Policy Focus: Policies must encourage a shift from a risk-management approach to one focused on seizing opportunities for sustainable innovation.

1.3 Eduardo Gudynas (2013) Debates on Development and its Alternatives in Latin America: A Brief Heterodox Guide, in *Beyond Development: Alternative Visions from Latin America*, M. Lang and D. Mokrani, eds. Quito: Fundación Rosa Luxemburg, pp.15-39.

1.3.1 The Conventional Concept of Development

Definition and Origins: Development is conventionally understood as economic and social progress, often tied to growth, modernization, and higher standards of living. Its modern usage in social sciences solidified after World War II, establishing a division between ‘developed’ and ‘underdeveloped’ nations.

Core Ideas (Mid-20th Century):

- Development became almost synonymous with economic growth.
- It was viewed as a **linear process** where ‘underdeveloped’ countries should emulate Western nations, as described in Rostow’s stages of growth.
- Indicators like Gross Domestic Product (GDP) became primary targets.
- This model legitimized resources exploitation and the destruction of cultures and the environment in the name of progress.

1.3.2 Early Critiques and ‘Development Alternatives’

These critiques question the *methods* of development but often accept its core goal of material progress.

Dependence Theory (1960s-1970s):

- Challenged the linear view, arguing that **underdevelopment is a consequence of development**, not a prior stage.
- Ascribed this condition to colonialism, imperialism, and asymmetrical power relations between the industrial ‘centre’ and the resource-exporting ‘periphery’.
- While critical, this school still prioritized industrialization and economic growth.

Ecological Limits to Growth (1970s):

- The 1972 Club of Rome report, *The Limits to Growth*, argued that **perpetual economic growth is impossible** on a finite planet.
- This report was widely attacked, including by some Latin American intellectuals who saw it as a threat to modernization and the use of the region’s resources.
- A Latin American response, *Catastrophe or New Society? (1975)* argued problems were sociopolitical, not physical, and proposed a socialist model but still defended economic growth, albeit regulated.

Human-Centered Approaches:

- Sought to separate development from purely economic growth and focus on social dimensions.
- Key concepts include:
 - **Another development:** Emphasized meeting basic needs, self-reliance, and endogeneity (defined within each society).
 - **Human scale development (Max Neef):** Focused on people, not objects, and addressed poverty as a plural concept of unmet needs.

Sustainable Development:

- Initially (1980), it meant using renewable resources without exceeding their renewal rates to meet human needs.
- The WCED's 'Our Common Future' (1988) report offered a widely cited by polysemic definition that ultimately **reconciled sustainability with economic growth**, turning opposites into mutually dependent concepts.
- This was criticized for being a 'contradiction in terms' as "nothing physical can grow indefinitely".

1.3.3 The Ideology of Progress and the Post-Development Critique

This school of thought critiques the foundational *ideas* behind development itself.

Development as Ideology: The persistence of development, despite its failures, suggests it functions as an **ideology** – the contemporary expression of the ideology of **progress**. This ideology is shared across conventional liberal, conservative, and socialist thought.

Post-Development:

- A post-structuralist approach that deconstructs development as a **discourse** that shapes thought, institutions, and practices.
- It does not seek 'another development' but rather examines its ecological foundations.

Critique of Modernity: Questioning development requires questioning the project of **Modernity**, which is rooted in:

- A universalizing model based on European culture;
- A linear concept of history as progress from 'backwardness';
- A sharp **duality separating society from Nature**, with Nature being an object for human use.

Coloniality of Power: Modernity was introduced to Latin America via colonialism, imposing certain ideas about society, knowledge, and history while excluding others (e.g., indigenous knowledge systems).

1.3.4 Alternatives to Development

These frameworks seek to move beyond the ideology of progress and the assumptions of Modernity.

Core Concepts:

- They are **post-capitalist and post-socialist**, breaking with the shared ideology of progress.
- They challenge the society/Nature duality, often incorporating biocentric ethics (recognizing Nature's intrinsic view) and relational ontologies.
- They prioritize **well-being in a broad sense**, including collective, spiritual, and ecological dimensions, over material accumulation.
- They require intercultural exchange and the inclusion of other knowledge systems, especially indigenous ones.

Buen Vivir ('Good Living'):

- An example of alternative to development, drawing heavily on Andean indigenous knowledge (e.g., *sumal kawasy*, *suma gamana*) as well as critical Western traditions like biocentrism and feminism.
- It breaks with anthropocentrism and linear progress to focus on community well-being in harmony with Nature.
- It can be understood as a political platform for building social orders free from the constraints of modernity.

1.3.5 Contemporary Context: Progressive Governments and Neoextractivism

Since the late 1990s, many Latin American ‘progressive’ governments have rejected neoliberalism. However, in practice, they largely adhere to a conventional development model based on **economic growth, investment and exports**.

This has led to **progressive neoextractivism**: the intensive exploitation of natural resources (mining, oil), to fund social programs. This model perpetuates environmental and social harm, denies ecological limits, and reproduces core tenants of development myth identified by Furtado decades ago.

2 Governance and Protest in the Twenty-First Century

2.1 Rosalía Cortés (2009) Social Policy in Latin America in the Post-neoliberal Era. In: Jean Grugel and Pía Riggirozzi (eds) Governance after Neoliberalism in Latin America. Palgrave Macmillan, New York.

2.1.1 Introduction to Social Policy Evolution in Latin America

Focus: Social security and labour law reforms since mid-1980s.

Guiding Argument: Governing coalitions determine national economic strategy, influencing service distribution and social protection access.

Mechanisms: State-directed redistribution via institutions covering goods/services, social assistance, insurance, and labour legislations. These shape social protection levels and economic rights distributions.

Aim: Analyze new social policies in an emergent post-neoliberal era.

Context: Regional social policy matrix reshaped by economic liberalization and neoliberal growth paradigm in late 1980s-1990s.

Neoliberal Social Policy: Result of new governing coalitions incorporating business interests (local/global) and International Financial Institutions (IFIs) demands.

2.1.2 Changing Paradigms of Social Policy

Import Substitution Industrialization (ISI) Era (1940s-mid-1970s)

- **Countries:** Larger Latin American countries (Argentina, Brazil, Chile, Mexico).
- **Alliances:** Strengthened political alliances between governing parties, employers, and trade unions.
- **Union Influence:** Trade unions influenced policy, securing social insurance benefits and income policies.
- **Social Policies:** Broad access in education and health with stable budgets and centralized implementation.
- **Problems:** Recurrent financing issues, cyclical downturns, inflation resolved by IFI-sponsored stabilization (wage/expenditure constraints). Led to stagnating investment (infrastructure, health, education) and deteriorating living standards (‘lost decade’ of the 1980s).
- **Neglect:** Social Policies and labour law reinforced government-union links, directed protection mainly to workforce, neglecting rural and poorest populations. This segmented provision created long-term difficulties for universal access to welfare and justice.

End of ISI and Neoliberal Shift (1980s Onwards):

- **Transition:** ISI ended in the 1980s, economic strategies shifted from import substitution to open economies.
- **Governing Coalitions:** New governments eliminated unions from policy debates, adopted IFI strategies, and accommodated local/global business groups.
- **Neoliberal Reforms:**
 - Curtailment of public expenditure;
 - Privatization of social security;
 - Introduction of labour regulation flexibilization
 - **Official View:** Policies would protect the poor from economic transition impacts.
 - **Reality:** Reinforced negative impacts of open markets on labour and living conditions.
- **Business Dominance:** Business interest, supported by IFIs, pushed for reduced state economic regulation and social protection.
- **Corporatism:** In Argentina and Mexico, historic links between governing parties and labour helped contain union opposition, leading to corporatist agreements for reform and social security privatization.
- **Initial Outcomes:** Neoliberal policies and financial liberalization brought immediate price stabilization and short-lived growth (except Chile).
- **Negative Outcomes:** Open markets led to declining output, business closures, and growing unemployment. International financial crises (mid-1990s) exacerbated economic crisis.
- **Stagnation and Inequality:** Prolonged period of stagnation and increasing inequality (1998-2003) contributed to social unrest.
- **Social Movements:** Weakened trade unions meant social movements and civil society organizations represented marginalized groups, demanding better living standards and state intervention.
- **Political Shift:** Led to dramatic political changes; Left-leaning presidents emerged since early 2000s, reflecting demands for change.
- **Post-Neoliberal Era:** Policy mix and macroeconomic reshaping varies by country; attempts to combine social citizenship with market-led policies, or state-centered economy. No consolidated new paradigm, but gradual, tentative alternatives to neoliberalism.

2.1.3 Economic and Social Reform Under Neoliberalism

Paradigm Shift: Economic strategies shifted from import substitution to open economies, reflecting global trends and new governing coalitions.

Governing Coalitions: Eliminated trade unions from policy debates, acquiesced to local/global business demands, adopted IFI strategies.

Neoliberal Social Reform (Key Pillars):

- Curtailment of public expenditure;
- Privatization of social security;
- Flexibilization of labour regulations.

Official vs. Actual Impact: Policies officially aimed to protect the poor, but in fact reinforced negative impacts of open markets on labour and living conditions.

Role of Business/IFIs: Business interests (supported by IFIs) gained dominance, pushing for reduced state regulation and social protection.

Political Maneuvering: In Argentina and Mexico, corporatist agreements (historic links between parties and labour) helped contain union opposition to reforms.

A. Social Security Reforms under Neoliberalism:

- **Privatization:** Began around 1992 (Argentina, Bolivia, Columbia);
- **Shift in Responsibility:** Pensions became an individual responsibility, replacing shared risks with privately managed individual savings accounts.
- **Scheme Structure:** Typically maintained a public basic pensions system and introduced a mandatory, fully financed private scheme with fixed worked contributions and variable benefits.
- **Consequences:** Maintained or deepened earning inequalities and breached the social contract between generations.
- **Limited Initial Opposition:** Existing public schemes had limited coverage (excluding rural and informal workers), so privatization mainly affected formal sector workers. Public schemes were also seen as financially failing, fostering a ‘no-alternative’ view among the urban middle class.
- **IFI Influence:** IFIs favoured pension privatization; debate exists on whether they conditioned loans or indirectly influenced market-oriented models. Domestic support was crucial.
- **Country Examples:**
 - * **Argentina:** Introduced a **mixed system** (Reformed public basic pensions + fully funded second tier managed by unions/private banks) after intense negotiations, gaining union approval through economic benefits.
 - * **Mexico:** Initial social security (IMSS) for ISI-era workers faced bankruptcy by the 1980s, exacerbating poverty. Ministry of Finance pushed for privatization. A 1992 scheme avoided structural change, but the 1995 financial crisis led to a new 1997 scheme: increased retirement benefit threshold, closed the old scheme for new entrants (who joined private schemes), while maintaining privileged pensions for state officials. State’s financing shared increased, eventually shifting all formal labour to the new system.
 - * **Brazil:** Did not follow the region’s privatization pattern due to its segmented labour market. The 1988 Constitution recognized universal social rights, but 1990s economic problems limited expansion. President Cardoso made small changes for private sector workers. Brazil implemented a ‘vertical mass expansion’, extending targeted social assistance to uninsured workers, rather than universal access.
- **Outcomes:** Low coverage persisted (2005: 65% formal, 21% informal workers contributed). Compliance fell. Private management became concentrated, with high administrative costs.

B. Labour Market Reforms under Neoliberalism:

- **Traditional Context:** Labour law was generally protective, guaranteeing employment regularity for formal workers (e.g., penalizing dismissals, limiting fixed-term contracts).
- **Neoliberal Reforms:** Aimed to flexibilize contracts, reduce termination penalties, facilitate outsourcing, and link wage increases to productivity.
- **Impact:** Negatively affected workers’ living standards and increased insecurity.
- **Country Examples:**
 - * **Argentina:** Deep reforms, relaxing dismissal costs and transferring employment responsibilities to state/agencies/subcontractors, with some union support.

- * **Mexico:** Adapted labour costs/discipline without new legislation. Agreements with trade unions (CTM) allowed flexible working, short-term contracts, and subcontracting. Fixed earnings meant real wages dropped 60% over 20 years due to inflation.
- * **Brazil:** 1988 Constitution increased worker protections. President Cardoso's 1998 legislation increased flexible working, limited individual rights, introduced part-time contracts, and removed fixed-term contract limits.
- **Overall Outcomes:** Curtailed individual worker rights, expanded short-term contracts, leading to increased employment and income security. The number of unregistered workers (without basic labour rights) grew.
- **IFI Response:** IADB and World Bank programs provided loans for technical cooperation, training, and public works to manage reform fallout and embed labour market reforms.

2.1.4 Legacy of Economic Social Reform (Neoliberalism)

Economic Performance: Improved export performance, controlled inflation, reduced fiscal deficits. However, output growth fell (from 5.7% to 3.5% annually). Financial liberalization increased vulnerability to foreign funds.

Shrinking State Protection: State intervention reoriented towards targeted assistance, reducing social protection and enhancing the labour market's role in shaping living conditions.

Debate on Social Inequality:

- **Walton (2004):** Neoliberal transformation 'highly beneficial', increased growth without increasing social inequality. Attributed social problems to preexisting inequalities/ineffective institutions, not market reforms. Noted mixed impacts on inequality (Argentina up, Mexico down, Brazil improved).
- **Huber and Solt (2004):** Market reforms yielded disappointing results for social equity and democracy.
- **Contradictory Data:** Labour market and poverty data often contradict Walton's view.
 - **Employment:** Unemployment rose (8.2% to 10.5% 1990-2000), informal employment grew due to manufacturing crisis, privatization, and public sector cuts. Public sector jobs declined.
 - **Job Quality/Security:** Deteriorated, leading to employment instability and income security.
 - **Inequality:** Increased income concentration and widening inequality, with wage differentials between formal/informal sectors and declining informal sector incomes. Income share of poorest 40% fell to 10%.
 - **Poverty:** While poverty dropped early 1990s, by 1999 it was still higher than in the 1980s, and the income of the poor increased less than the non-poor.

Persistent Inequality: High poverty levels attributed to persistent long-term income and asset inequality.

Social Services: Changes reinforced barriers to accessing social services. Administrative reforms insufficient; added financial burden for the poor. Middle/high-income groups shifted to private providers.

- **Brazil (Exception):** Broadened social/political access to services to some extent, but mainly expanded social security within the formal sector, leaving informal workers "out of the system".

Civil Society and Clientelism: Claims that civil society channeled demands of the poor, unlike political parties. However, targeted local programs often reproduced exclusionary practices and facilitated clientelism. Local political leaders controlled beneficiary selection, reinforcing dependency. Not clear if it led to greater voice for the poor.

Overall Conclusion of Neoliberal Era: Economic reforms transformed the social world, with social policy reinforcing (not mediating) economic changes. Weakened labour movements and growing civil society

occurred amidst recession, falling incomes, and shrinking social protection, leading to policy crossroads in the early 21st century.

2.1.5 Emergence of New Economic and Social Strategies (Post-Neoliberal Era)

Context (Post-2003): Favourable global economy (commodity prices, exports) improved fiscal accounts. Crisis of 1998-2003 eroded previous coalitions, leading to Left-leaning government winning elections (Argentina, Brazil, Venezuela, Bolivia, Chile) on anti-neoliberal platforms.

Uncertainty: Unclear how much these new governments will dismantle existing neoliberal programs or create entirely new strategies.

Country-Specific Trends:

- **Argentina:**

- Began labour market re-regulation (2004).
- Reformed retirement system, encouraging return to public system, extended non-contributory pensions.
- Reoriented economic strategy (2002): currency devaluation boosted manufacturing/domestic market, urban employment.
- **Reinstated Collective Bargaining**, revived tripartite council for minimum wages (tripled by 2008).
- **Limitations:** Income policy primarily benefits formal waged workers, neglecting informal/precarious jobs.
- **Targeted Programs:** “Plan Jefes y Jefas de Hogar Desocupados” (cash transfers for household heads with conditions like schooling/vaccination) had broader but still insufficient coverage, with benefit values eroded by inflation.
- **Emerging Model:** Based on a **dichotomy enhancing rights for formal sector workers while neglecting others**, intensifying the formal/informal labour divide. Shift from ‘poverty’ to ‘labour issues’ on policy agenda.

- **Brazil:**

- **Lula da Silva:** Continued social security expansion for formal sector employees while directing expanding to poor families (“moderate reformism”). Unified public/private retirement schemes, reduced public employee benefits.
- **Targeted Programs:** Expanded conditional cash transfer programs (e.g., Bolsa Familia, which absorbed Fome Zero). Bolsa Familia covered 11 million families by 2006, aiming to reduce poverty and incentivize school/health access.
- **Critique:** Coverage expansion may have political motivations.
- **Overall:** Combines neoliberal continuity in social security with new attention to targeted programs, increased minimum wages, and federal centralization of social policy. The overall policy thrust remains largely inherited.

- **Mexico:**

- Social policy continued towards assistance for the vulnerable/poor, away from labour market support. Reflects collapse of ISI social coalition and declining importance of social security/labour rights.
- Prioritizes market role, with interventions restricted to cash transfer programs for the extremely poor.

- **Pioneer in CCTs:** Progresa (later Oportunidades) alleviated extreme poverty through conditional cash transfers (health checks, school attendance). Reached 24% of the population by 2005, showing some success in secondary school enrollment and child nutrition.
- **Limitations:** Less effective for primary school attendance; doesn't solve long-term access to health/education (90% of poor lacked healthcare in 2006).
- **Overall:** Fragmented social policies, with components from both pre- and post-neoliberal paradigms. Social security not fully privatized, education/health decentralized. Focus shifted from workers to extreme poverty.