

Patterns of Change in Latin America

The Contemporary Period

STAGNATION & THE SEARCH FOR A NEW MODEL (1970's-EARLY 1980's)

- **The ISI (Import Substitution Industrialization model) entered in a period of crisis. The possibility to get cutting-edge technology to produce items within the confines of the nation-states of Latin America decreased;**
- **oil prices skyrocketed, and many contracted debt.**
- **FEW DEMOCRACIES EXISTED**
- **MANY MILITARY AND THE SO-CALLED BUREAUCRATIC-AUTHORITARIAN REGIMES EMERGED (on the latter, check p. 51 of the textbook)**

STAGNATION & THE SEARCH FOR A NEW MODEL(1970's-EARLY 1980's)

- **Economic crisis emerged in various countries (e.g. Mexico in 1982).**
- **Developed and developing countries around the world started out a search of new economic models (and ideologies) that could guarantee a path to economic growth. The model available was Neoliberalism.**

Exploring Neoliberalism

Ideology and set of policies

Origins

-In the 1970s, various capitalists countries faced economic stagnation and other economic problems.

-In Great Britain, Friedrich von Hayek (economist) related the crisis to the increasing intervention of the State in the economy that - from his point of view - could even lead to totalitarianism.

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What's Neoliberalism?

Neoliberalism is an IDEOLOGY AND A SET OF PUBLIC POLICIES.

IT IS CONSIDERED THE NATIONAL RESPONSE TO GLOBALIZATION.*

*** DEFINED AS THE CURRENT STAGE OF CAPITALISM CHARACTERIZED BY FLOWS OF CAPITAL, TECHNOLOGY, PEOPLE AND IDEAS UNDER NEW CIRCUMSTANCES].**

What is Neoliberalism?

In the case of Latin American countries, Neoliberalism, as previous modernization approaches (check Walt Whitman Rostow), promised a path to growth and development.

In order to attain such goals, Neoliberalism highlights the critical importance of the “THE HIDDEN HAND OF THE MARKET.”

Main Premises of Neoliberalism

- The construction of an EXPORT-LED ECONOMY. This means that a country should produce whatever items are sellable in the global market (other products should be imported)
- FOREIGN INVESTMENT (including less regulations)
- The signing of FREE TRADE AGREEMENTS
- The consolidation of a 'LEAN STATE' (characterized by streamlining of social welfare policies that may 'waste' the money of the taxpayers.

Main Premises of Neoliberalism

- **PRIVATIZATION / DISMANTLING OF PUBLIC ENTERPRISES**, which were common in Latin America in areas such as oil, utilities, production of foodstuffs, etc.

Note: An exception in the adoption of Neoliberalism in Latin America has been Cuba, a country that after its Revolution of 1959 became a socialist nation.

Neoliberalism & Authoritarianism

Notes

NEOLIBERALISM LINKED TO AUTHORITARIANISM?

Neoliberalism holds a positive view in terms of the generation of democracy since it would generate new organizations independent from the State, and even more competition between political parties. Also the corruption (mismanaged of sources & bribery supposed to be eradicated since it was attributed to actions of governmental actors that neoliberalism would alter.

Yet, the reality in Latin America was more complex. Neoliberalism can be linked to authoritarianism as well; the case-study of Chile can exemplify this phenomenon.

Case Study -Chile

In 1973, a coup d'Etat took place in Chile against President SALVADOR ALLENDE, WHO WAS THE HEAD OF A SOCIALIST REGIME, ELECTED DEMOCRATICALLY in 1970. Check the textbook 208-209 pp., and this clip: <https://www.youtube.com/watch?v=7ZcLbaKBQ1o>

Note: The last chapters of House of Spirits narrate the Coup and its aftermath.

Case Study -Chile

--THEN, NEOLIBERALISM WAS EARLY IMPOSED BY THE AUTHORITARIAN REGIME of AUGUSTO PINOCHET. HE AND HIS ASSOCIATES (influenced by MILTON FRIEDMAN & *THE CHICAGO BOYS*), IMPLEMENTED NEOLIBERAL REFORMS BY THE BOOK.

-THE VIOLENCE IMPOSED AGAINST LABOR UNIONS, POLITICAL PARTIES AND SOCIAL MOVEMENTS “FACILITATED” THIS CHANGE.

-IN 1990, THE REGIME OF PINOCHET WAS DEFEATED BY A PLEBISCITE (A WINDOW OF OPPORTUNITY THAT HE CREATED IN ORDER TO LEGITIMIZE ITS REGIME).

Case Study -Chile

- Here you can get a glimpse of the campaign to defeat Pinochet “with a pencil” during the Plebiscite by watching this clip from the film *NO*. Although this is a fiction movie, it recreates the successful political effort to foster citizens’ participation in the Plebiscite. By voting “no”, THE MAJORITY OF THE CITIZENS WERE ABLE to put Pinochet out of power; plus, IT HELPED that the U.S. stopped supporting his regime.

https://www.youtube.com/watch?v=ApJUk_6hN-s

- After losing the Plebiscite, PINOCHET’S AUTHORITARIAN REGIME FORMALLY ENDED. AS A CONSEQUENCE, ELECTIONS TOOK PLACE.

Case Study -CHILE

AN INTERESTING PHENOMENON TO HIGHLIGHT IN THE CASE-STUDY OF CHILE IS THAT:

Neoliberalism can be implemented by an authoritarian regime.