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Latin America and Global Capitalism: Neoliberal Capitalism and Beyond?

by
Gerardo Otero

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What is popularly known as “neoliberalism” started in the early 1980s, with the administrations of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom. It consisted of a package of state policies meant to transcend the capitalist crisis generated by the exhaustion of the Fordist accumulation regime. Since the post–World War II years, this regime had been predicated on the “virtuous circle” of mass production and mass consumption, which had incorporated the working and middle classes of advanced capitalist countries into the cycle of capital accumulation and the realization of surplus value. A central component of this regime was higher productivity and higher wages, concomitant with working-class struggles and triumphs and the welfare state, which covered substantial portions of the “social wage” (e.g., unemployment and health insurance, increased access to education and other social programs). By the end of the 1960s, nation-state-centered Fordist capitalism had entered a prolonged crisis of profitability. Hence the neoliberal turn was implemented to dismantle or weaken organized labor, eliminate or reduce state subsidies in a number of industries, and scale back welfare-state benefits. International financial institutions such as the International Monetary Fund (IMF) and the World Bank took a central role in disseminating the new creed of market fundamentalism and neoregulation: at the level of the global economy, the point was to liberalize international trade, lower or eliminate barriers to the movement of capital across national borders, and strengthen protections for intellectual property rights and the private sector. Transnational corporations, already strong in the Fordist epoch, became the decided central economic actors.

By the end of the 1990s, a series of articles and books started to argue that the era of the nation-state had ended in favor of a globalized capitalism. With the collapse of state socialism in the Soviet block, even imperialism was supposed to have given way to a borderless “empire,” incorporating the “outside” into the “inside” (Hardt and Negri, 2000: 189). Others criticized Hardt and Negri’s view for being primarily a philosophical abstraction that had little to do with actual social processes. In particular, their view that empire could offer a new peaceful order was shattered by the attacks on U.S. soil on September 11, 2001, and the subsequent wars pursued by the United States in Iraq and Afghanistan. Any semblance of soft U.S. hegemonic power—on behalf of global capitalism or of its own ruling class—was overtaken by unilateral militaristic dominance. Still, Hardt and Negri’s view of a borderless capitalism continues to gain followers.

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In *Latin America and Global Capitalism*, William Robinson sets out to articulate a

or state structure" (48). This causal priority gets Robinson into an analytical straitjacket: globalism prevents him from properly assessing resistance and contestation by

alternative for the masses, one could acknowledge that these artisan-merchants have indeed improved their situation. Such acknowledgment would have been consistent with Robinson's larger point about the incorporation of local bourgeois fractions (indigenous in these cases) into the globalized transnational capitalist class.

Chapter 5, "The Antinomies of Global Capitalism and the Twilight of Neoliberalism," is once again repetitive about the negative impacts of neoliberalism, but it adds two crucial topics. The first is financialization (derivatives, securitization, etc.), and there is a good discussion of how finance capital has become globalized, free from regulation, and largely detached from production. This discussion contains some contradictory statements and tenuous data. The general and valid empirical point is that Latin Americans have produced increasing contributions to global capital accumulation but "have become more impoverished and exploited" (256), except, of course, for some people like Mexico's Carlos Slim, who competes yearly with Bill Gates and Warren Buffet for the first spot as wealthiest man on earth. Contradictory statements regard the degree to which finance capital has become decoupled in valuation from actual production. On p. 257, for instance, Robinson alludes to "the *appearance* of decoupling of financial from productive activity," but on the next page he asserts: "Finance has *in effect* become *decoupled* from production" (258, my emphasis). Granted, "the volume, intensity, and complexity" of global financial transactions have increased "many times over," but this is precisely why in 2008 world capitalism experienced its worst crisis since the Great Depression: bubble bursting is the way in which financial values must be brought into closer relation with production values, although speculation continues. As long as significant decoupling between these values remains, capitalist crises will become more frequent and perhaps deeper, highlighting the parasitic character of finance capital.

The second main theme in Chapter 5 is polyarchy—the best part of the book, although it also contains some conceptual stretching/distortion of Gramsci (Callinicos, 2010) and about "popular movements" in the 1970s (p. 274), which were really vanguardist movements focused on political society and the violent takeover of state power. The most troubling sections are the final ones, which document the increase in U.S. domineering and militaristic impetus. While this trend was heightened during the Bush administration, Obama's sanctioning of the 2009 Honduras coup d'état could be a significant indication of how U.S. imperialism will ultimately respond to the crisis of global capitalism.

The concept of "polyarchy" is taken from Robert Dahl, who originally proposed the term in 1956 to characterize a democratic electoral system like that in the United States. Robinson redefines the concept as "a system in which a small group actually rules, on behalf of capital, and participation in decision making by the majority is confined to choosing among competing elites in tightly controlled electoral processes. Democracy, of course, is antithetical to global capitalism, if we understand it to mean power of the people" (273). While the concept and substantive discussion are both compelling, the choice of a word to designate it is unfortunate: its Greek roots mean "rule by many" (not to mention that several of Dahl's conditions for polyarchy do not hold in Latin America). A more accurate term might have been "democracy of elites" in contradistinction to "societal democracy," Robinson's implicit ideal of radical democracy. "Oligarchy" (rule by the few) would not work, as it has been historically associated with the rule by landlords, the military, and the Catholic Church in Latin America. Still, Robinson's "polyarchy" goes a long way toward demystifying the widely touted "democratic transition" of mainstream political scientists who define "democracy" in a minimalist way, confined to elections (e.g., Drake, 2009).

With his concept of polyarchy, however, Robinson goes too far in the opposite direction in denying that the electoral transition opens up any political opportunities for subordinate groups and classes. Has this transition not made it possible for some of these groups to grow stronger organizationally and in advancing a popular-democratic

agents” (359), the first clause is true enough but the second is patently false. Only organized groups, classes, and/or states are actually “agents” that can affect the future, often in unintended ways. Recognizing the fact of uneven development, with advances in some countries and regions and setbacks in others, would allow for a more nuanced analysis.

But then there is also Robinson’s ambivalence about “reformism.” On one hand, he dismisses the “pink-tide” governments in Latin America (e.g., Lula’s in Brazil, the Kirchners’ in Argentina, Bachelet’s in Chile) as merely moving toward a post-neoliberal development model within global capitalism (which would have to be superseded altogether if it were to count as real change toward democratic socialism) rather than engaging in redistributive measures or in a shift in “basic property and class relations” (292). Never mind that Lula ended his second term in office with over

face value can be perilous for the left; it could well have been intended to frighten the ruling classes and/or legitimize repression. Then, perhaps in an attempt to make all of his arguments fit together within a functionalist whole, Robinson asserts that “multiculturalism becomes the cultural counterpart to neoliberalism in the socioeconomic sphere and polyarchy in the political” (305). And yet, he ends this social-movement case with an optimistic note, however unsupported by his analysis or specific sources: “There is no reason to assume that the ‘insurrectionary Indian’ will not be able to prevail over the ‘authorized Indian’ and push the movement beyond its impasse” (309). In other words, anything goes.

It seems as though each chapter of *Latin America and Global Capitalism*, all very long

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