

# Neoliberalism and its effect on the quality of democracy in latin america argumen...

[Countries](#), [United States](#)



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## **Introduction**

Neo-liberalism or rather neoliberal policies encompass a dominant social, political and economic model built upon the diminished role of the state whose role is relegated to the administration of poverty and the management of social conflict. This is usually meant to ensure the non-interference with corporate profits. This model is further characterized by the abandonment by the state of its roles as the representative and mediator in the midst of other social actors. The effect of such neoliberal policies is that the social territory is left to the mechanisms of the market with no or little interference by the state. Public education, personal and social security, environmental protection, labor rights as well as essential public health programs are left to market mechanisms. This is crucial, coming against the background that it is the state which is the protector of these significant sectors of the economy and caters for the unemployed, the homeless and the economically disenfranchised. Other features of neoliberalism include the easy movement of money and goods across the borders of a country while imposing strict control of the movement of people. In Latin America, neoliberal policies have had a limiting effect on the quality of democracy. In

these scenarios, the South usually avails cheap labor and commodities for consumption in Europe and North America. In this paper, I shall draw upon various literatures to explore neoliberalism in Latin America and its attendant effect on the quality of democracy in this continent. In the first part, this paper shall provide a context of these neoliberal policies in the continent. Next, the paper shall identify a rationale that underpins the revision of these neoliberal policies for the state and government. Finally, the paper shall examine the effect that these neoliberal policies have had on the quality of democracy in Latin America nations.

## **Context**

It is argued in some quarters that neoliberalism traces its origins in the popularly called “ Washington Consensus” which is said to have been nothing more than a class consensus which extends beyond borders. Those who hold this point of view argue that in Latin America, governments that connive with these establishments from the North at most times are representative democracies. Nonetheless, they are only in a form that can be bought by the local elites and other democracy building programs that are sponsored by the Agency for International Development. They then posit that this kind of representative democracy is not the one worth fighting for, as this kind of democracy is only concerned with the control of both economic and political decisions by the local elites. It is the case that military power is sometimes necessary for the establishment of the Washington consensus. However, it is the economic power that has control over the daily affairs of the state. The elites all over the continent exercise their influence through

the media to in a bid to show the masses that neoliberal policies are good for the economy. On the converse, statistics speak differently. In the 1970s most of the countries in the continent had an average economic growth of 4.5% in cumulative gross national product which declined by one percentage point in the following decade. The average growth in Latin America in the 1990s stood at a measly 2.5% Neoliberal policies are even more inimical to the masses taking into account the fact that Latin America nations consists of unequal levels of wealth among people. These neoliberal policies have had the effect of exacerbating economic inequality.

We begin from the context in which neoliberal policies found their way to Latin America. Hectro-Schamis in his article, " Reconceptualizing Latin America Authoritarianism in the 1970s, From Bureaucratic-Authoritarianism to Neo-Conservatism" provides an overview of the situation attending neoliberalism in Latin America. He states that the military coup that was staged in Argentina on the 24th of March 1976 was not much different from the former authoritarian regimes that had ruled the nation. However, Schamis argues that with the passing of time, the authority in Argentina revealed an extremely coercive nature fraught with the banning of political activity, withdrawal of strike rights and the intervention of the military in labor unions. This seismic shift was also coupled with neoliberal policies making market economics the object of policy makers. Throw in another military coup in Chile, which was by then the most socially balanced and politically stable democracy in Latin America and you have an in-tray. The coup, which happened on the 11th of September 1973 was unexpected in all its forms as Chile was hitherto one of the most solid democracies in Latin

America. Following the coup, things changed with General Pinochet employing coercion as his primary weapon. Schamis argues that this was evident in the transformation of a soccer pitch to a concentration camp and in the political economy built upon laissez faire principles. The same situation obtained in another Latin America nation, Uruguay in 1973 when the military banned political parties and labor unions and also dismantled the structure of welfare services. It is clear these military regimes refused to let in any elective representation which would have co-opted potential opposition and stifled dissent. Further, they punished the business sector with monetarist economic policies that were inflexible besides repressing labor unions and organizations. The regimes also saw a need in privatizing public goods and services even in nations like Chile which was a socially balanced nation, thereby creating an acute imbalance of income. Questions arise as to the reasons that informed these changes by the military which radically shifted the orientation to a social order where collective life was to be regulated primarily by market relations.

These questions may be answered best by an examination of Guillermo O'Donnell's writing. It is this exploration that may provide insights into the action by the military regimes and in this process provide a context in which these neoliberal policies became part of the political agenda in Latin America. O'Donnell argues that three Latin American countries namely Bolivia, Argentina and Chile have a common feature-namely that an authoritarian regime caused a crisis that reached to its very zenith. He argues that though the state is the central actor, it only had a tiny hold on the behavior of most actors. Bureaucracy in these countries reached severe

limits of disintegration and ineffectiveness making it impossible to support the national currency. In addition, the defeat of labor unions which was engineered by the military regimes ensured that these unions were unable to resist the neoliberal policies instituted by the authority. The only mode in which the neoliberal policies could be opposed would only be through disaggregate and short lived protests as it was impossible to marshal support as a labor union would do. More so, the capitalist class cannibalized itself and the winners of the fight transformed themselves into financially centered conglomerates in conjunction with other branches of commerce and professions that tend for luxurious consumption.

Albert Fishlow in his paper, "The Latin American State", looks into the reasons underlying the new commitment of reduced state participation evident in Latin America nations particularly among the key sectors of the economy. Fishlow avers that the motivation of this is not much due to an ideological conviction in the merits of this kind of market as it is, from the inefficient macroeconomic policies of the 1980s. He further argues that Latin America is faced by a financial shortfall and not a widespread inefficiency resulting from a misappropriation and misallocation of resources. Fishlow further seeks to distinguish Latin America from Eastern Europe by insisting that reforms do not translate into the elimination of the monopoly of state ownership and structure of central command as in the latter. He is of the view that it is the contest between the micro and macro-economic explanations that shed light on why surface agreements on a reduced role of the state hide a continuing disparity of thoughts in the continent.

We further argue that neoliberal policies have strengthened the

sustainability of democracy in Latin America but limited the quality of democracy. The drastic market reforms made possible by the pursuit of neoliberal policies have ensured the survival of competitive civilian rule through both external and internal consequences. Neoliberalism has opened the Latin American nations to the world economy by exposing them to international pressures for preserving democracy like were the case in the Second World War. In addition, the move to market economics present in neoliberalism has weakened leftist parties besides leading to the weakening of trade unions and reassuring elites. We therefore argue that through this, neoliberalism has helped forestall the undermining of democracy by these elites thus contributing to its continued sustainability. Nonetheless, the same neoliberal policies have had a limiting effect on the quality of democracy. As argued by O'Donnell and Peter Evans, strict economic policies characteristic of neoliberal policies have limited the latitude of government and consequently restricted its range of democratic choice.

Javier Auyero in his paper, "The Logic of Clientelism in Argentina" makes the case that the weakening of political parties as has been the case in these nations has led to the depression of political participation. He further asserts that the same has led to less accountability on the part of the government thereby undermining the quality of democracy. The quality of democracy as affected by neoliberal policies must be distinguished from the First world economies which may seem to suggest that democracy and the market system are conterminous. Rather, democracy must be examined in light of the situation of stark economic inequalities in Latin America. Given this severe social disparity, political liberalism has tended to trigger calls for

state interventionism and social redistribution of wealth. On the contrary, the free market system has been a project by the elite mainly associated with authoritarian rule. A clear tension has thus existed in Latin America between neoliberalism and democracy. It may well be said that neoliberalism has limited the quality of democracy as the social inequalities have led to calls for the dismantling of the very neoliberal policies and has been associated with aristocracy.

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