

Atilio A. Boron*

After the Sacking: Latin American Capitalism at the Beginning of the XXI Century

Do not accept the usual as a natural thing. Because in times of disorder, of organized confusion, of dehumanized humanity, nothing must appear to be natural. Nothing must appear to be impossible to change

Bertolt Brecht

THE CENTRAL CONCERN of this article is to examine the possibilities and limits of a democratic capitalism in peripheral capitalism. Unfortunately, the main issue that we are going to briefly recapitulate, which can be deemed as exceedingly pessimistic by a complacent observer of the Latin American scene, have been emphatically confirmed by the historical developments unfolded in the last quarter of a century in our region.

Let us succinctly revise some of these arguments.

- The struggle for democracy in Latin America, that is to say, the conquest of equality, justice, liberty and citizen participation, is untenable apart from a resolute struggle against the capital's despotism. More democracy implies, necessarily, less capitalism.

- Neoliberalism leads to an ideological conception and a political practice deeply authoritarian in the management of the public affairs. That is why the neoliberal dilemma is not between the state and the market, as it ideologues want us to believe, but between democracy and the market. And their agents don't hesitate to sacrifice the first for the sake of the second.

- The *de facto* predominance of the dominant classes, defeated in the electoral arena but still controlling the commanding heights of the state apparatus, has disappointed the expectations of justice that large social sectors have entrusted to the new democratic order. It will not be long before the ominous sequels of all this are felt.

- The social agents of democracy cannot expect to "democratize the market". In that privileged kingdom of the private interests, the arguments of distributive justice don't fit.

- Latin American capitalism is so reactionary that even the most timid reforms are perceived as dangerous catalysts of revolution and, as such, fiercely fought back by the dominant classes.

- The discourse and the politics of "possibilist realism" are incapable of transforming reality and consummate the glorification of the status quo, consolidating society's inequities and structural injustices and frustrating the popular hopes nurtured by the recovery of democracy.

- Neoliberal policies bring forth the progressive exhaustion of the new democratic regimes. These revert to a pure formality deprived of all meaningful content, a periodical simulacrum of the democratic ideal while social life regress to the paroxysm of a "quasi-Hobbesian" situation of the war of the all against all, of the every one minding only for himself, which opens the doors to all types of aberrant and anomalous situations.

- Marxism is not a collection of fossilized and canonized dogmas, its theoretical and practical "success" guaranteed in advance. Without the creative praxis of men and women who are the real makers of history, the noble utopia designed by Marx can be frustrated, and what today we know as "civilization" can decay into the darkest barbarism.

Quite regrettably, history's unappealable verdict has confirmed the prognosis we drew up more than a decade ago about the course of capitalist development in our region. It was neither a profound pessimism nor a perverse desire for things "to go wrong" in the new historical cycle brought about by the advent of democracies in Latin America. Our forecasts were founded on a

concrete analysis of the nature and dynamics of Latin American capitalisms, and this analysis did not allow to share the illusory predictions formulated by the social sciences' conventional wisdom about the future of the new democracies and the type of society that would sprout out of the cruel processes of capitalist restructuring going on in the region. Just as we have repeatedly asserted in several opportunities, that debate has been settled, and not as a product of a scholastic polemic but as the result of the practical historical developments of our peoples.

In fact, there are no longer doubts about the significance and goals of neoliberal policies; neither as for the limitations of the re-democratization launched under so many hopes in the eighties. The myths that hid the real intentions of such policies vanished in the white-hot furnace of historical practice. What before were theoretical forecasts and postures –strongly combated by the representatives of *pensée unique*, of course– now give place to the distressing reckon up of the sacking, the mournful inventory of the victims that have been left in the lurch, the discouraging balance of the plunder of our riches, and the theft of our dreams. The Washington Consensus pseudo “reformism” was laid bare, and when the battle’s haze and smoke and the false hopes cunningly promoted by the propaganda of the ideological agencies of capital were driven away, what appeared to our eyes was a terrifying landscape. An entire continent devastated by poverty, indigence and social exclusion; the environment assaulted and to a large extent destroyed, sacrificed for the profits of huge monopolies; a shattered society undergoing an accelerated process of social disintegration; an increasingly dependent economy, vulnerable, controlled by foreign firms; a political democracy reduced to a periodical electoral simulacrum in which the people’s mandate (“people” being an expression that has been expelled from the public language and replaced by others more anodyne and deceptive, like the “folks”, “civil society” or the “citizenry”!), not to talk of their hopes and expectations, is systematically ignored by the successive authorities sworn into office after each election. And lastly, in a listing that does not intend to be exhaustive, a state usually pockmarked by corruption, and almost always distressingly powerless to deal with the challenges of our time and to put an end to the anthropophagical vocation of monopolies, big imperialist capital and its allies.

Behind were left all the illusions neatly cultivated by the ideological apparatuses of capital: as predicted by Marxist theory the famous “trickle-down” that according to the neoliberal doctrinaires would prodigally discharge over the homes of the poor part of the wealth accumulated by the richest didn’t occur. In its place, we have seen an unheard-of process of social and economic polarization and the phenomenal increase in the concentration of riches, which led our dominant classes to enrich more and more each day, while the number of poor and indigents that plunged into an unprecedented deprivation in our history skyrocketed. Commercial liberalization, which supposedly was to be corresponded by an equivalent move practiced by the developed economies at the capitalist core turned out to be an autistic gesture, with catastrophic consequences in the levels of employment of our societies. Privatizations hallowed the legal plundering of the public wealth and its transfer to huge monopolies –in many cases state-owned companies of the imperialist metropolis!– that in that way retained, at a shabby price, firms and resources that the countries had accumulated throughout several generations. Lastly, the financial deregulation, exalted by the neoliberal catechism as a sure source of capital inflows for our region, converted most of Latin America and Caribbean’s economies in cheap subsidiaries of that biggest world casino of our times: the international financial system¹.

It is no surprise then to verify the increasing social destabilization of our countries and the worrying signs that speak of the weakness of their painfully recovered democracies. This is a fact usually skipped by those who feel content themselves with just a glance at the appearances and at the most superficial aspects of reality. A shining example of this attitude is found in the numberless papers written by the World Bank or the International Monetary Fund staff extolling the soundness of the economic reforms in Latin America (Edwards, 1997). The fact, instead, is that, beyond formalisms, Latin American democracies have run empty of substance. Not by chance, diverse opinion polls applied in the region record the high frustration rates of citizens as regards the performances of democratic governments. Skepticism, apathy, and indifference with regard to democracy’s institutional devices, grew with no respite in the last years. If this disenchantment persists, it would be scarcely a matter of time before it extends from governments –which are supposed to embody democratic aspirations– to the democratic regime itself. This contagion will be unavoidable insofar as governments, with scarcely slight differences among them, have completely detached themselves from the fate of the citizenry,

widening the gulf dividing rulers and the ruled, and concentrating their efforts to satisfy the demands of the privileged minorities and of a rapacious plutocracy. This regrettable condition now appears as the historical concretion of the democratic conquests and as an example of the free market's virtues.

The political expression of this widespread civic dissatisfaction has been varied: it goes from the Chiapas' Zapatista insurrection of January 1, 1994 to the formidable popular mobilizations of December 19 and 20, 2001, in Argentina, which overthrew Fernando de la Rúa's government and, later, the mass repudiation that blasted, in the presidential elections in Argentina in April 2003, the attempted return to power of the man who has been the paradigm of neoliberal policies in the region, Carlos Saúl Menem. Other milestones in this path have been: the three great indigenous and peasants' mobilizations in Ecuador, which just recently ousted the third president in eight years; the urban protest in Peru which precipitated first Alberto Fujimori's fall and which now holds at bay the government of Alejandro Toledo, blessed from its beginnings by George W. Bush in person during his visit to Peru; the health workers' struggles in El Salvador and the rising popular demonstrations against the Free Trade Agreement in Guatemala and Nicaragua; the Bolivian new popular insurgency, linked to the fight for water and the defense of the autochthonous crops and strategic gas and oil reserves, and against the policies of infinite structural adjustment promoted by the, himself ousted too, president Sánchez de Lozada, a loyal viceroy of the White House who could barely speak Spanish; the crushing defeat suffered by the candidate of "neoliberal continuism" in Brazil, José Serra, in the hands of Luis Inácio "Lula" da Silva, with a clear popular mandate, unfortunately not honored yet, of abandoning those nefarious policies; the consolidation of Hugo Chávez in Venezuela's presidency, legitimized by an endless string of electoral victories notwithstanding the contrived conspiracy, with the White House's consent and organizational and financial support, by the most reactionaries and corrupted sectors of the Venezuelan society; the constitution of a striking protest movement in the Mexico of Vicente Fox, "The countryside can no longer hold" (*El campo no aguanta más*), against the neoliberal policies incited in the NAFTA and, more recently, the huge popular mobilization in Mexico City which forced the government to drop the charges of the phony legal process against López Obrador.

In the following pages we will try to bring forward an overview of the transformations that have come about in Latin American societies in recent years and that rest at the foundations of their tremulous political superstructures.

Nature and extents of neoliberal "reformism"

The decade of the eighties has witnessed a veritable reformist wave, which in an unequal way affected almost all the countries of the region. But before presenting the most outstanding outlines of this process it will be convenient to make a short pause to clarify a by no means irrelevant semantic matter.

It so happens that it has become a commonplace to talk about "reforms" to refer to what, in the tradition of western political thought, better responds to the expression "counter-reform". We have explored this theme in another place, so we are not going to make any further considerations on this matter². It is enough for us to say that, actually, the policies executed in our region far from having introduced "reforms" –this is, gradual changes directed towards a greater equality, more social welfare benefits, and an enlarged enjoyment of all sort of freedoms for the whole population, in accordance with the meaning of the word "reform" in the tradition of the political philosophy–, what they did was exactly the opposite: to boost a set of transformations which cut down old civic rights, dramatically reduced the state's social security benefits, and consolidated a much more unjust and unequal society than the one that existed at the beginning of the "reformist" stage. What happens is that neoliberalism's ideological victory is expressed, among other things, by a singular semantic slide that causes words to lose their classic significance and adopt a new one; and in some cases, such as this one, clearly an antithetic meaning. In that sense, the "reforms" suffered by our societies in the last decades were in fact cruel "counter-reforms", unleashing profound processes of social regression. But the word "reform" has such a positive significance that the neoliberal ideologues were not ready to relinquish it into the hands of their adversaries, and they persisted in their claim that neoliberal rulers were the standard bearers of change and innovation, and their opponents a

bunch of nostalgic defenders of a decaying old order that deserved to be buried as soon as possible.

One of the most militant advocates of this peculiar brand of “reformism”, Sebastian Edwards, former chief economist of the World Bank, offered an extraordinarily optimistic version of what has occurred since the eighties: “Halfway through 1993, analysts and international economic media perceived the reforms towards a market policy as a success and proclaimed that several Latin American countries were on the way to convert into a new generation of ‘tigers’. Foreign investments rapidly came near the region and the consultants and studios hastened to analyze the experiences of Chile, Mexico and Argentina with the purpose of learning first-hand how countries that only a couple of years before appeared to have no hopes had become so attractive for the international money”³. According to this peculiar appreciation, Edwards divided the countries of the region into four categories (1997: 18-19):

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The considerable time passed since the beginning of these “reforms” allows us to evaluate in a more complete way their merits and compare them with the promises made by successive “reformers”. It is no longer a discussion about the interpretation of one or two isolated facts or figures, but a much deeper analysis that allows the identification of the long term tendencies nurtured by the new policies implemented since the boom of the neoliberal ideas in the eighties and nineties. Of course, even the most elementary analysis done on this long run structural trends, with whatever methodology, will throw a result that will surely disappoint Edwards and the neoliberal ideologues: ten years after such a jubilant diagnostic, our region has miserably failed to produce a single economic “tiger”, not to talk so of an entire generation of them.

When referring to the reform processes that took place in Brazil, a “late reformer”, according to Edwards, Francisco de Oliveira noted that actually the expression “state reform” was a title that bore little connection with reality. As happened in other countries of the region, under that pompous name it was hidden a well-known and much more pedestrian policy: wholesale public budget cuts, massive lay offs of public servants and dramatic cuts of the labor rights of the survivors. Seen in historical perspective to this was reduced the much-celebrated “rationalization” and “modernization” of the public sector promoted by the governments of the G-7, the IMF, the World Bank and the Inter-American Development Bank (IDB) and carried out by the region’s governments (Sader, 1996: 94-95). A few years later, the same World Bank would lament the deplorable implications of this policy. The state destruction promoted by neoliberalism in order to make room for the market dynamics went so far that at the end of the journey the state apparatus needed to run the countries, under any economic system, was no longer there. In some African countries the decay of the already rudimentary post-colonial state system reached to the point that the WB people realized to their dismay that there was not a single public agency left capable of organizing a rational distribution of the foodstuff coming from the international cooperation to fight famine. The enlightened “sorcerers” of capital began to get worried about how to “bring the state back in”, to paraphrase a well known book dealing with these matters⁵.

Oliveira’s remarks are pertinent for the rest of Latin America, where the state reform was undertaken by governments dominated by a neoliberal zeal which led them first to demonize the state and then to its simple destruction. The consequences of these policies, promoted by the so-called “multilateral economic institutions” –euphemism to name institutions which are neither multilateral nor solely economic but mainly political, like the International Monetary Fund, the World Bank, the Inter-American Development Bank and the World Trade Organization, among others– through the “conditionalities” imposed to indebted nations either too weak to resist foreign pressures or in bankruptcy, were, on the one hand, a dramatic increase of social exclusion in all the countries of the region and, on the other, a worrying debilitation of the democratic impulse that so many hopes had aroused in our countries since the decade of the eighties.

This process took place at a time in which the state as an institution was the object not only of concrete, material attacks (privatizations, budgetary reductions, organizational dismantling and “downsizing”, etc.) but also of doggedly ideological criticisms by which the states was presented to the general public as an incurably corrupt and immoral institution dominated by

selfishly politicians completely detached from the search of the public good, an institution by “nature” inefficient in the management of delicate economic and financial matters and, as if the former were not enough, plagued by populist and demagogic propensities that must be uprooted in order to guarantee the good governance and sound economic policy-making.

However, while these attacks were carried out with renewed fervor, a kind of Hegelian “cunning of reason” gave back to the state the “centrality” and importance that was denied to it in other spheres. Thus, its irreplaceable contribution was paradoxically reaffirmed by a succession of governmental “summits” that against the prevailing neoliberal ethos emphatically underlined the crucial role of the states, and not of markets, in the struggle against poverty (Copenhagen), to promote women’s rights, (Beijing), to control the exorbitant increase of the population (Cairo), or to preserve the biodiversity and the environment for future generations (Rio de Janeiro). In all these cases, in which several crucial civilizational problems today challenging humanity were confronted, the bankruptcy neoliberalism was blatantly evident, to the extent that even its more staunch supporters had to recognize that the “markets magics” don’t have the slightest possibility to solve the crises analyzed in these summits, and that to find a way out of these problems the only alternative was in the hand of concerted state policies.

This certainty, which silently undermined the neoliberal “anti-statism”, acquired even more decisive features when ratified by one the “gurus” of the free-market economic thought, Peter F. Drucker. In an article published in the commemorative number of the 75° anniversary of *Foreign Affairs*, Drucker examines what has happened with the states in the context of globalization. And after verifying the “amazing resistance” of the former to the influences of the latter, he concludes that “in all probability, therefore, the nation-state will survive the globalization of the economy and the information revolution that accompanies it” (Drucker, 1997: 160). Drucker rejects, in this way, the one of the more widespread beliefs of the *pensée unique* of late twentieth century: the illusion of the state extinction, a daydream that has captured not only the minds of intellectuals and ideologues of the right but has also made some important inroads in the thought, supposedly anti-establishment and contesting, as witnessed in the recent production of Michael Hardt and Antonio Negri (2000), and John Holloway (2002)⁶.

In Argentina, this destructive task was literally carried out with unsurpassed meticulousness by several governments, especially after 1989. It is only fair to recognize, though, that the decade presided by Carlos Saúl Menem has the doubtful merit of being the real champion of this neoliberal crusade. In this country the so-called capitalism’s “creative destruction”, so extolled in Joseph Schumpeter’s work, was exclusively limited to the first term of the expression: destruction was the voice of order of the day, while the task of creation is still a long way off. Not much different is the story of the “shock therapies” recommended *urbi et orbi* by the IMF pundits to “solve” the traditional problems of Latin American –and African, East European, Asian, etcetera!– economies. Again, the “shocks” proliferated but the therapies were conspicuously missing. In Argentina, this destructive enterprise went so far that it left the country at the mercy of all types of circumstances: if the natural forests of the Patagonia are set on fire there are no personal and material resources to face the catastrophe, save to elevate our prayers to the good Lord. Shocked by the losses of the 1996 fires, the Menem government decided to create a special fund to finance the fire fighting of the next dry season, discounting from the already ridiculously low budget of the national universities five million dollars.

Another absurd example: some areas of the rich province of Buenos Aires are flooded due to the lack of maintenance of the drainage channels its rivers and lagoons. These works have been postponed for years because of the need to ensure the control of public expenditures to pay the external debt. Nevertheless, the “savings” obtained with this official inaction originate much bigger losses in the production of one of the richer agricultural areas of the world. But this is a little thing that doesn’t disturb our rulers and their experts, determined as they are to attain a “fiscal superavit” which would appease the angers of the envoys of the IMF and WB and facilitates the obtaining of new and ever more leonine foreign loans. All this is all the most tragic when one hears, at the same time, the ideologues and publicists of neoliberalism asserting that such a monstrous irrationality is necessary to “attract” foreign investments and reduce, or simply suppress, the taxes which may discourage big companies and big fortunes to invest in the country.

Loyal to this belief, the Argentine Minister of Economy Domingo Felipe Cavallo, a man who as president of the Central Bank during the rule of the bloody military junta “socialized” a external private –not public, but private!– debt of near 30 billion dollars, decided under the

“democratic” government of Carlos S. Menem to eliminate the “discriminatory taxes” which were placed on cola drinks, champagne and luxury rugs. As such initiative, applauded by the neoliberal experts, implied a loss of some 300 million dollars per year in tax incomes the government also decided to augment in two years the minimum retirement age of women, from 60 to 62 years, and in that way take advantage of the supposedly excellent health and medic care conditions available in neoliberal Argentina. Tragicomic examples as these may be multiplied ad infinitum, specially if it is reminded that the Argentine case, even though it was the most radical, was far from being alone. This real “crusade” that our governments undertook against the state, completely demonized by the dominant ideology, is a monument to the irrationality of capitalist development (Boron, 2003b).

To sum up, the verdict of history is unequivocal. Neoliberal “reforms” miserably failed in three fundamental aspects: they didn’t promote a steady process of economic growth; they didn’t succeed in fighting and reducing poverty and diminishing the social exclusion settled in our region as result of the collapse of the import-substitution model and the debt crisis; and far from strengthening the democratic institutions and their popular legitimacy, this model has weakened and discredited them up to an unprecedented level in the history of Latin America.

Neoliberal policies and economic growth

Regarding economic growth, the performance of the “adjusted” Latin America’s economies from 1980 on could hardly have been more disappointing. The gross national product grew at an annual average rate of 1.7% in the decade of the eighties, and 3.4% in the following one. Provided that in the first of these periods the growth of the population was situated in a yearly 2%, this meant a downturn in the GDP per capita of around 0.3% annually all along the decade, fairly a good reason to call that decade the “lost decade”. In the following, with a smaller rate of population growth, the preceding declining trend was barely reverted as the per capita GDP growth rate achieved a modest annual 1.7%. This figure amounts to less than half of the rate prevailing in the region in the three decades elapsing from the post-war years and the crisis of the mid seventies, when according to the IMF and the WB pundits the economic policies were incurably wrong, reinforcing economic backwardness and stagnation (CEPAL, 2002).

According to Edwards, the reformist pioneers had an advantage: they were able to advance rapidly in the sphere of structural transformations. This assertion is done without opening an argument about an essential question: the sign, or the direction, of such transformations. That is to say, without inquiring into who were its beneficiaries and who were its victims, not to talk about a more comprehensive appraisal aimed at pointing out if these “reforms” were instrumental in building a better society or if, on the contrary, they left as legacy one even more unjust and unequal than the preceding. For instance, our author doesn’t save words to extol the Chilean case to the category of a model to follow, “because (Chile) started the reforms in 1975, almost ten years before the rest” (Edwards, 1997: 20). That is why in this country the reforms are much more advanced and have marked all the facets of the economic, political and social life. Of course, Edwards doesn’t wonder if it is good or bad for the general welfare that almost all the facets of Chile’s life are impregnated with the mercantile logic; or the fact that these reforms happened to be initiated and imposed by bloodiest dictatorship of Chile’s history, with more than 3,000 persons killed or “disappeared”, thousands in jails during almost two decades, surely a “political” theme in relation to which “serious” economists, trained in the best US universities, must never dare to explore. Moreover, Edwards passes completely over the fact that the application of these policies –which started immediately after the 1973 Pinochet *coup d’état*– ended in the phenomenal financial crash of 1982 and that only after 1985, twelve years later, did the Chilean economy took up again a path of growth. This was done by paying deaf ears to some basic tenets of the Washington Consensus: strict regulations were established to control the external capital account while the big copper mines –providers of Chile’s wage, according to Salvador Allende– were not privatized and kept under state control. On the other hand the land confiscated to the latifundistas in previous years remained in the hands of its new owners, giving birth to a dynamic, new class of rural medium-sized entrepreneurs while the role and economic presence of the state in key aspects of the economic life was if anything enhanced. In Chile, public expenditures went up while in the rest of the region they were rapidly decreasing.

Mexico, on the other hand, also pointed out in a first version of Edwards's book as a country in which neoliberal reforms had reached their maturity and were in process of consolidation, appeared in the final, 1997, version of the book under much less brilliant lights (Sader, 1996). Boasting of the pseudo-technical and "value-free" traditional rhetoric of conventional economics Edwards points out that "the social events (¡sic!) of Chiapas at the beginning of 1994 and the assassination of the presidential candidate Luis Donaldo Colosio have introduced some doubts in relation to the exact direction in which the Mexican reforms will move forward during the next 12 years" (Edwards, 1997: 20). As if the preceding were little anecdotes bearing no importance, Edwards continues undisturbed with his analysis paying not attention, for instance, to the role played by that real "economic annexation" which Mexico experimented with the entry into the NAFTA and which extraordinarily increased its external vulnerability, undoubtedly another anecdotic fact. Wouldn't it be prudent to take into account the eloquent coincidence between this process of reforms and the appearance of the Zapatista guerrilla –not only a mere "social event" but a sign of the painful "social debt" that still prevails in Mexico– and of a whole series of new protest movements against the real euthanasia of the poor and the small firms caused by the NAFTA?

In any case, and proceeding within this line of argument, the reformist governments would have entered –in accordance with this World Bank's "semi-official" view– into the venturesome track of the self-sustained growth, thus removing the serious obstacles that for decades had frustrated Latin American hopes. However, a more attentive reading of the figures that Edwards provides in his book allows other conclusions. In effect, although in the years immediately subsequent to the debt crisis (1982-1986) all the countries of the region experienced a dramatic downturn in the GDP growth rates, the following period shows very significant variations in the direction and rhythm of the economic recovery.

While no doubt Chile managed, from 1985 onwards, to get out of the phenomenal crisis in which it had fell when it adopted, with the zeal of the converted, the dreadful teachings of the Chicago School. But the marked recovery of the economy in those years wasn't but the contrast of the descent to the dark depths produced in 1982. In any case, it is essential to recognize that in the following years this tendency was reaffirmed, to show a new dynamism born from the renewed conditions in which the Chilean economy was being developed, conditions that were to persist until little before the end of the nineties. Afterwards, the growth rates of Chile were markedly reduced, and by the time these lines are being written, they haven't been able to recover the thrust shown in the second half of the eighties.

The case of Bolivia, another reformist "pioneer", is quite different. This country's economy has been during some time directly ran and monitored almost personally by one of the top gurus of contemporaneous neoliberalism, Harvard's economist Jeffrey Sachs. Loyal to the conviction that any activity that the state would undertake in the economic life is worse than useless, expensive, loss making, and a permanent temptation for corruption, Sachs did not save efforts to get the government to start an economic program that responded exactly to each one of the tenets of neoliberal catechism⁷. Nevertheless, the per capita growth rate of the GDP in was scarcely of an annual 0.7% for the period 1987-1992 (Edwards, 1997: 18), whereas more recent data published by the CEPAL (2002: Chart 8) covering the decade 1991-2000 show that such rate for all this period was of 1.3% per year, much lower than the one reported by one of the countries which Edwards describes as "non-reformer" in a recalcitrant way, the Dominican Republic, whose yearly per capita growth rate of the GDP for the decade was 4%.

A similar commentary could be done in relation to Mexico, one of the first reformers, and in a way, one of the examples constantly displayed by the economists linked to the World Bank and the IMF. Mexico left behind the 1982 debt crisis, caused precisely by the Mexican default of August of that year, with a per capita growth rate of the GDP for the period 1987-1992 of 1% per year. But in spite of Edward's optimistic hopes, during the rest of the decade the performance of the Mexican economy did very little to endorse the rosy expectations of the neoliberals. If in the post-debt crisis period of 1987-1992 the Mexican rate of growth was noticeably inferior to the one achieved by two countries up until then recalcitrant to reformism, Colombia and Venezuela, with rates of 2 and 1.6% yearly respectively, the figures of the period 1991-2000 illustrate even in a more conclusive way the dimensions of this deception. In effect, and in spite of the great hopes opened with the conformation of NAFTA, the performance of the Mexican economy hardly reached a yearly rate of 1.8%, which unfavorably contrasts with the ones of other countries much more skeptic regarding the teachings of the Washington

Consensus: the already mentioned Dominican Republic, that grows in that same period at a rate of 4%; Panama with 2.7%; and Uruguay, where a popular plebiscite put an end to privatizations, with a 2.2%.

In conclusion, the concrete data that arises from the recent experience fully supports the thesis of the critics of the orthodox policies. In this sense, one may point out that the poor economic performance of the neoliberal age may hardly be considered as startling. Raúl Prebisch pointed out, in an insightful paper published as early as in 1982, that what appeared as a great innovation in the field of theory and economic policy-making was nothing more than a new wrapping of the old liberal formulas already proved as unsuccessful in the past. The founder of the CEPAL argued that after decades of having been excluded from any serious international public debate because of their responsibility in the production of the Great Depression of 1929, the neoclassical theory returned to the forefront, metamorphosed now as neoliberalism, catapulted by the crisis of Keynesianism and the trauma of stagflation in the seventies. In their reincarnation, these old theses were condensed in three real “articles of faith”:

- Traditional neoclassical theory posed the existence of a natural international division of labor, based in the comparative advantages of the nations, to which the countries of the periphery must adapt, like it or not. Contemporaneous version of this theory: globalization, a “natural” and irresistible phenomenon in front of which sensible and realistic governments have no other option but to incline. In words of the Uruguayan writer Eduardo Galeano, the international division of labor means that some countries specialize in winning while others specialize in making losses.
- Traditional formulation of the theory: the state must refrain from interfering in economic life, except for some punctual and occasional interventions in infrastructure and other general undertakings unprofitable for the private actors. Current version of the theory: privatizations, reduction of the public expenditure, state downsizing, wholesale markets deregulation.
- Traditional formulation: primacy of the gold standard, now replaced by the dollar standard.

The crisis of 1929 put a sudden and traumatic end to the unchallenged predominance of neoclassic economics. But the exhaustion of this theory had been precociously pointed out by the penetrating, and lonely, voice of John M. Keynes in an exceptional short piece written in 1926, a few years before the outbreak of the crisis: “The end of the *laissez-faire*”. To overcome the crisis governments turned to protectionism, from which it was then impossible to come back –as the endless failures of the GATT and WTO negotiations clearly prove. On the other hand, the crisis prompted a radical redefinition and enhancement of the state’s roles in capitalist accumulation, leading to a real “statification” of this process⁸. Prebisch unsuccessfully warned about the inconvenience of returning to a model of macroeconomic management which had proved its radical inadequacy to face the problems of the development already in the decade of 1920, and that also involved enormous social and politic costs that should be imposed to the population in a democratic context, inflicting weakening social integration and damaging the legitimacy of the nascent democratic regimes (Prebisch, 1982: 73-78).

The social holocaust caused by the neoliberal policies

In relation to this theme, the historic evidence offers a not less conclusive verdict. Far from being the carrier of social progress, neoliberal policies precipitated a social holocaust unprecedented in Latin America’s history. This resulted in the dramatic increase of social exclusion, poverty and the vulnerability of very large sections of Latin American societies (Ziccardi, 2002).

The neoliberal policies implemented, with the sole exception of Cuba, in the whole region in the eighties and nineties witnessed an unprecedented intensification of all the indices of social exclusion and mass poverty. In its servile obedience to the imperialism’s dictates, our governments didn’t content with instituting a market economy but, going one step farther, exerted themselves to create what Pierre Mauro has called a “market society”, that is to say, a society in which citizen’s rights are curtailed and forced to adapt to a mercantile logic decreeing the defenselessness and social disenfranchisement –not political but social disenfranchisement– of huge masses of our populations. The passage from a market economy to a market society is mediated by the capitulation of the state and the bankruptcy of its

capacities of intervention and management, which clearly places both, the state and society, as hostages of the market forces. This means that the markets can develop to its limits the social Darwinism that allows them to select the more suitable and profitable subjects, while eliminating the ones who are not: children, the old, the sick, unrecoverable educationally handicapped adults, etcetera.

It isn't necessary to overwhelm the reader with much arguments and evidence: the sad figures and data of all sorts documenting the unprecedented levels of poverty, inequality, social exclusion, injustice and exploitation prevailing in Latin American societies has stirred even some of the most reposed spirits and some of the most conservative international bureaucracies, such as the World Bank's, for instance. Dissatisfaction regarding the disappointing results of the neoliberal adjustment is already visible among some of its most resolute supporters. Towards the end of the nineties, Joseph Stiglitz (1998), at that time one of the World Bank's vice-presidents, proclaimed the need to institute a "post-Washington" consensus. A few years later, after having been quickly fired by the World Bank due to his distressing public statements on the failure of neoliberal policies, Stiglitz published a series of works in which he showed, on the basis of his vast international experience, that the recommendations of the neoliberal catechism don't work (Stiglitz, 2000; 2002). They are utterly useless either as a way out from the crisis or as a strategy to grow; or to solve the problems of the external flank; and much less as a recipe to ease the social debt. In the last years, other economists –as Jeffrey Sachs, for instance– formerly staunch defenders of the neoliberal orthodoxy have started to move, although in a more carefully way, in the same direction as Stiglitz.

The impoverishing consequences of these policies had been denounced, already halfway through the eighties, by Agustín Cueva (1979). Looking at the Latin American social landscape Cueva observed the appearance and very rapid dissemination throughout our societies of two new social types: the beggar and the drug dealer, unmistakable symptoms of the social decay caused by the policies of the Washington Consensus. In front of this, the poor either "live on the charity of the North", used to say Cueva, "or has to trade with drugs". What characterizes the popular conglomerates in Latin America –those two thirds or four fifths of our societies that are regarded as "redundant" populations and, for that reason, left "outside" the game– is a profound process of social disintegration. The well-known discourse of the "end of the working class", so dear to some benevolent spirits, far from reflecting the overcoming of class exploitation and the appearance of a new, upgraded category of wage-earners, refers rather to a process of dreadful dissolution of the social and of withdrawal towards an ultra-individualism which could hardly be greeted as a passage to a better society.

In case these social trends continue, and if the region's governments don't definitively abandon the recipe book of the Washington Consensus, our societies will end up reconstructing the worst nightmares of the Hobbesian state of nature: a kind of social war of all against all, where the survival itself of the civil society –understood in the best of the Western philosophical tradition, as the *vivere civile e politico* that Machiavelli posed as a substitution for the war– will be at stakes. It is not necessary to be extremely pessimistic to agree with Boaventura de Sousa Santos (2005) when he notices the co-existence of "Hobbesian" and "Lockean" features in Latin America societies: Hobbes for the poor, Locke for the rich. The destruction –or radical weakening– of civil society, that in his classic study Karl Polanyi (1944) accurately related to the work of market's forces, is already a reality in most of the countries of the region. The breakdown of the social integration mechanisms and the progressive disarticulation of the collective actors that in a not very remote past held together the class societies in peripheral capitalisms gave free rein to deep antisocial tendencies and attitudes. The anomic individualism, the "every man for himself", as a cultural pattern emulating the pathological individualism of American society, and the parallel dismantling of popular organizations have established violence –open or concealed but equally violent– as the common format of social relations. This deterioration is, with no doubt, result of a real but scarcely declared "social war" which, fought by neoliberal agents, leads to the gradual extermination of the poor under a variety of forms: principally by massive incarceration, as in the US; "soft" economic genocide, as in South-Saharan Africa; or social and economic exclusion, as in most of Latin America. Instead of fighting poverty, Noam Chomsky observed with irony, neoliberal governments fight the poor. The consequence of all this is the "privatization" of violence seen in most capitalist countries today, where a real army of private guards and security personnel has in its charge the custody of the rich, while an increasing number of indigents cannot even satisfy their most fundamental human needs and are kept in line by the growing militarization of our societies and the

criminalization of social protest. This situation, joined to the fiscal crisis of the state and its desertion from its fundamental obligations, which among other things causes to be impossible to finance something as fundamental for the civilized coexistence as the administration of justice, precipitated the emerge of several practices tended to “take justice into one’s own hand”, in a range that goes from the “righteous” vigilante of the middle class who feels morally authorized to shoot at a marginal adolescent who tries to steal the radio from his car, to the popular “lynching” of corrupt local authorities caused by the justice’s apathy and indifference in front of the grievances of the poor.

The attack to democracy

The third and last aspect that we would like to examine in these pages refers to the debilitation of the democratic impulse caused by the corrosive effects of the Washington Consensus. Far from having consolidated our new democracies, neoliberal policies have undermined them and its consequences are clearly felt today. That’s why that after more than two decades of functioning the achievements of Latin American democratic capitalisms are quite disappointing. Our societies today are more unequal and unjust than the preceding ones. If between 1945 and 1980 they had experienced a moderate progress in direction of social equality, and if in that same period a diversity of political regimes, from variants of populism to some modalities of “developmentalism”, had managed to lay the foundations of a policy that, in some countries, was aggressively “inclusive” and tended towards the social and political “enfranchisement” of large sections of our popular strata, traditionally deprived of every right, the period started with the debt crisis has a clearly contrary sign. The preceding trend is canceled and a new one starts, moving exactly in the opposite direction. In this new phase, celebrated as the definitive reconciliation of our countries with the inexorable imperatives of globalized markets, old rights –as health, education, housing, social security– were abruptly “commodified” and turned into unattainable mercantile goods, throwing large masses of our societies into poverty and indigence. The precarious nets of social solidarity were demolished *pari passu* with the social fragmentation and marginalization caused by the orthodox economic policies and the exorbitant individualism promoted by the new dominant values borne both by the “lords of the market” and the politic class that commanded these processes. Moreover, the collective actors and the social forces that in the past channeled and voiced the expectations and interests of the popular classes –labor unions, left wing parties, popular associations of all sorts, etc.– were artfully disorganized and weakened, or simply swept aside from the political scene. In this way, the citizens of our democracies found themselves trapped in a paradoxical situation: while in the ideological “heaven” of the new democratic capitalism the popular sovereignty and a wide repertoire of constitutionally reasserted rights were exalted, in the prosaic “earth” of the market and civil society citizens were carefully and meticulously deprived of these rights by means of sweeping processes of social and economic “disenfranchisement” which excluded them from the benefits of the economic progress and converted democracy in an empty simulacrum.

As a result of the former, democracy has become that “empty shell” of which Nelson Mandela so many times spoke, where increasingly irresponsible and corrupt politicians run our countries with total indifference regarding the common good and the interests of the citizenry. That this is so is proved by the enormous popular distrust regarding politicians, parties and parliaments, a phenomenon seen, with varying levels of intensity, in every single country of the region.

It shouldn’t surprise us, in consequence, to find that the results of public-opinion polls in Latin America show high levels of dissatisfaction with the performance of our democratic regimes. Systematic measurements carried out by *Latinobarómetro* show extremely worrying results: if in 1997 41% of a region’s sample (some 19,000 persons in 18 countries,) declared to be satisfied with democracy, in 2001 this proportion had descended to a 25% to improve a little bit in 2004, when the proportion rose up to 29%. Thus, for the period 1997-2004 there was a decline in 12 percentage points in the satisfaction with democracy in Latin America, a decline whose significance is enhanced by the fact that the starting point in the comparison, the year 1997, was far from being very reassuring. Only three countries deviated from this descending trend: Venezuela, where the percentage of people declared satisfied with the democratic regime increased seven points; and Brazil and Chile, where the proportion rose 5 and 3 percentage points respectively.

Generally speaking, it could be said that, in the ideological context signed by the primacy of neoliberalism, the political participation of the citizenry in public affairs was systematically discouraged. The “North Americanization” of Latin American politics, visible in the format –and the emptiness– of the electoral campaigns, the ideological dilution of the party competition, the parties’ obsession to occupy the supposed “centre” of the ideological spectrum, and the primacy of videopolitics, with its insipid speeches and its convoluted advertising styles reinforces the political indifference and apathy already promoted by the market logic. The latter are typical of the public life of the United States, and far from being circumstantial features, they are the result of a conscious constitutional design forged by the founding fathers of the United States constitution that didn’t save arguments to discourage, or prevent, the participation of the “lower classes” in the conduct of public affairs. Thereby, the United States is one of the few countries in the world in which elections –presidential, parliamentary or of governors– take place in working days, the other major case being the United Kingdom, not precisely outstanding by the strength of her democratic institutions. In Latin America, the discouragement of political participation relates, in first place, with the disrepute and disgrace of anything pertaining to the public sphere, like the state and the political process. The neoliberal propaganda has succeeded in its indoctrination efforts by which the public sphere, and very especially the state, came to be perceived as a field in which corruption, venality, irresponsibility and demagoguery prevail without counterweight. A place, in synthesis, in which no honest person must worry to be part of. This negative evaluation sharply contrasts with the symmetrical exaltation of the virtues deposited in the market –a pure sphere in which the egoistic nature of men and women are sublimed and converted in inexhaustible forces of creativity and material progress– and in “civil society”, conceived in the purity of the neoliberal propaganda as a neutral territory freed from the class, sexist and racist differences which indelibly mark “civil society” in the contemporaneous capitalisms (Meiksins Wood: 1995).

To the aforementioned factors of apathy and indifference it should be added two additional considerations: the fact that the collectivist strategies of political intervention had fell likewise into disgrace in favour of the strong individualism that prevails in the markets; and the trivialization of politics and of the citizenry’s few participative moments –exemplified in the dictatorship of the markets and in the fact that these, as George Soros remembered, “voted every day” and not every four years, like the ordinary citizen–, ended by driving away citizens from the elections and promote the “privatization” of their activities. If every party elaborate the same discourse, if all of them pretend to gain a supposed political and ideological “centre”, if nobody wants to differ and win the enmity of the “lords of the money”, and if everybody is determined to govern according to the dictates of the market, why waste one’s time looking for information on public affairs, comparing candidates and vote in the election day?

In short: it hardly could be maintained that a “neoliberal paradise” as we know in our region could sustain a democratic order founded on widespread citizenry participation. It rather looks as a propitious scenario for the rise of new forms of political despotism. In consequence, Latin America’s unsubstantial democracies are suffering the blows not only of the “market orientated reforms”, as euphemistically are called, but of an authentic social counter-reformation determined to reach any extremes necessary in order to preserve and reproduce the existing unequal and unfair social and economic structures of our societies, with all the privileges that they represent for the dominant groups. This counter-reformation has as a declared goal: to ensure that the rigor of the markets recover their role as incentives to set in motion supposedly more rational and innovative behaviors of the economic agents. This is the basic line of reasoning of F. Von Hayek, with his intransigent sermons against egalitarianism and collectivism. In his own words: “inequality, unbearable for so many, has been necessary to attain the relatively high level of incomes that today most people in the West enjoy” (Hayek, 1944: 27). That’s why there can’t be no doubt that, just as Gosta Esping-Andersen (1990: 22) has repeatedly observed, a good indicator of the degree of existing social justice in a country is given by the degree of “de-commodification” of the supply of basic goods and services required to satisfy the basic human needs of men and women. The “de-commodification” means that a person can survive without depending on the market’s capricious movements and, as Esping-Andersen notes, it “strengthens the worker and debilitates the absolute authority of employers. This is, precisely, the reason why employers have always opposed to it”. There where the provision of education, health, housing, recreation and social security –to mention the most common instances– happens to be freed from the exclusionary bias introduced by the markets we are likely to witness the rise of a fair society and of a strong democracy. The other face of

“commodification” is the exclusion, because it means that only who has enough money will be able to acquire the goods and services that in other societies are inherent to the condition of citizen. Therefore, societies with an unequal access to basic goods and services –that is to say, where those basic goods and services are no longer conceived as civil rights of universal adjudication– we will find injustice and all the repertoire of its aberrant signs: indigence and poverty, social disintegration and anomie, ignorance, illness, and multiple forms of oppression with all its regrettable sequels.

The Scandinavian countries and Latin America illustrate the contrasting features of this dichotomy: on the one hand, an effective politic citizenry firmly settled on the universal access to basic goods and services conceived as a non-negotiable “citizen’s wage” already incorporated to the Nordic countries fundamental “social compact” and, in a rather more diluted way, to the European social formations in general. The “citizen’s wage” is a universal insurance against social exclusion because it guarantees, through “non-market” political and institutional channels, the enjoyment of certain goods and services which, in view of the absence of such institute, should then be acquired in the market but only by those sectors whose incomes would empower them to do so (Bowles and Hintis, 1982). On the contrary, the Latin American democracies, with their mixture of inconsequential political processes of political enfranchisement riding over a rising “economic and social civic disenfranchisement” wound up in an empty formality, in an abstract proceduralism sure source of future despotisms. Then, after many years of “democratic transitions”, we have democracies without citizens, or free market-democracies whose supreme objective is to guarantee the profits of the dominant classes and not the social welfare of the population.

Notes for a conclusion

We would like to conclude this general view revision of the recent history of Latin America with some queries and proposals.

Firstly, it is fit now to remind Walter Benjamin’s clever words when he said that “there isn’t a more serious symptom of the seriousness of the crisis that things remain as they are”. But, will they remain as they are? Neoliberal ruling coalitions in Latin America have proven to be extraordinarily powerful and influential. The hopeful perspectives of change that opened out with the victory of the Workers Party in Brazil in the presidential election of 2002 have vanished without leaving traces. The economic policies implemented by Lula’s government have deepened the sway of the Washington Consensus in the economic policy-making of Brasilia.

The Brazilian demonstration effect was regarded of strategic value to foster the implementation of a post-neoliberal program in the other countries of the region. But the imperialistic blackmailing, joined to the internal extortion exercised by the “masters of the money” and their permanent threats of producing a “market coup” or to instigate an “investments strike” in Brazil look as if they have been able to bring to its knees a government that reached the peak strenghtened by a huge popular legitimacy and that, soon afterwards, adopted a policy direction driven by the suicidal obsession of pretending to “calm the markets”. This and not other was the cardinal principle that oriented the policies of the ill-fated government of the Alianza in Argentina, and that led its president, Fernando De la Rúa, to an apocalyptic and bloody collapse. It seems as if the current rulers of Brazil have not learnt this lesson.

At the moment of writing these lines, the capitulation of Lula’s government is impossible to hide, putting at stakes the future of post-neoliberal policies in the region. In effect, the WP is the first party that takes charge of the government after the neoliberal deluge, with a clear popular mandate of starting a post-neoliberal program of social and economic reconstruction. In Argentina, always pioneer in the matter of misfortunes, the fall of neoliberalism was completed long before, but its political alternative was not available yet. The traditional incapacity of the left and the centre-left sectors to build a serious reformist coalition to put an end to the ambitions of the right plotted against the construction of such alternative. In the case of Brazil, on the other hand, its international gravitation, its enormous territory, the size of its population, and the complexity of its economic structure, endows a president installed in Brasilia with a margin of movement unthinkable for any other country in the region. If Brazil is unable to free itself from the neoliberal trap, who could do it?

If the Lula experiment doesn't finish as originally expected, and taking into account the undoubted gravitation of Brazil in all Latin America, it seems pertinent to ask to what extent the type of society that emerges after the neoliberal deluge can be the appropriate historic soil of a process of democratization, or the mainstay from which a civilized society can be constructed. Shouldn't we rather expect the outbreak of strong tendencies towards political messianism, or towards a right-wing fundamentalism if the popular forces fail in their project to change the course of history? Aren't we, perhaps, seeing the development of the ominous egg of the fascist snake?

In light of the popular demands in favor of a post-neoliberal agenda, the publicists from the right argue that "there is no alternative". We are anything but condemned to this, they tell us. If a government pays deaf ears to this imperative it will fall in the traps of a dangerous voluntarism, leading to the false belief that it can withstand the overwhelming forces of globalization. Furthermore, the supporters of neoliberalism don't stop at that point and insistently pose to their adversaries the following question: what is your alternative to the free market model?

To the former one should say, first, that the assumption that a prerequisite for the solution of the crisis is the availability of a highly elaborated theoretical model does not hold against the historical evidence. This has never occurred in international economic history. It didn't happen with Keynesianism, whose codification came after, and not before, the post-1929 comprehensive restructuring of the capitalist states and the adoption of the new policy of state interventionism carried out by governments well before the appearance, in 1936, of Keynes's *General Theory*. It did not occur with neoliberalism either; its policies, even though inspired by the basic axioms underlying Milton Friedman and Friedrich von Hayek's theoretical production, had more to do with the particular initiatives taken by the governments of Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States at the beginning of the eighties than with the postulates of an esoteric sect that met almost clandestinely year after year in Mount Pellerin, Switzerland (Anderson, 2004).

Secondly, given the former it is possible to establish the fundamental orientations of what a post-neoliberal policy must be. This policy should include among its key components the following:

a) *State reconstruction*. It is completely illusory to think that a solution to the present crisis could be achieved without a complete reconstruction of the state. This implies taking some concrete initiatives, among of which stand out the following:

- the financial strengthening of the state. A poor state, lacking in resources, can't play a positive role in solving the crisis. Rather it would tend to aggravate it;
- the hierarchization of the public administration. A state cannot operate efficiently with badly paid and poorly trained officials, devoid of social recognition;
- a profound reform in the administrative and bureaucratic apparatuses, and in the general organization of the state, tending towards the reinforcement of its capacities in front of the unprecedented challenges of our time;
- all out struggle against corruption, because a corrupt state little or nothing can do except enriching even more the already rich and corrupting the state officials;
- redefine a new state intervention strategy in the economic and social life, starting from the awareness that the modalities and instruments proper of the Keynesian age require urgent and essential modifications;
- improve the functioning mechanisms of the state, in order to make possible the enhanced transparency and popular control of the decision-making process. A worthy experience to bear in mind is the participatory budgeting implemented by the Workers Party in the city of Porto Alegre, Brazil.

b) *Tax reform*. All the former measures refer, in the last analysis, to the "mother of all the battles": the tributary reform. In effect, no state reform worthy of that name will be ever possible in Latin America without first definitively killing the Hydra of the Seven Heads of the "tax veto", a time-honored privilege and perquisite that until today the dominant classes of the region reap without remorse. Without eradicating this negative inheritance which comes from the colonial epoch –*conquistadores* and colonists didn't have to pay taxes, but they were entitled to receive a tribute from the natives instead!– there won't be state equipped

with the least necessary capacities to face the tasks demanded to exit the crisis. This supposes, then, to terminate such perverse tradition which still today enjoy the rich and the big companies, such an scandalous situation that even the very moderate studies and policy statements and surveys of the conventional economists seem to be far left pamphlets rather than documents elaborated by aloof experts. The fight against this social blemish presupposes likewise a combat against tax evasion and the “legal” tributary cheatings, and the creation of a progressive tax structure, which would dispose of the radical regressiveness of the old system. It isn’t a crazy goal to propose that, in a lapse of five years, the tax structure of our countries could adopt comparable parameters –not equal, but more or less similar– to the ones prevailing in the less developed countries of the European Union, like Greece and Portugal. If this is not done, it is simply because there is not enough political will among our rulers to guarantee that in this supposedly globalized world European, American and Japanese firms would pay taxes approximately similar to the ones that pay without a word in their own countries.

c) *Reform of democratic institutions.* A post-neoliberal program requires, thirdly, launching a deep political reform that would radically improve the quality of our democratic institutions and practices. This requires the creation of better rules, agencies and institutions capable of effectively translating the popular sovereignty into policy decisions, a *sine qua non* condition of any democratic regime. For instance, refining legal institutes such as the referendum and the plebiscite and make them frequently operative; improving the systems of political representation, preventing the representatives from being “kidnapped” by big commercial interests; make the legislatures much more receptive of the civic demands; establishing the revocation of mandates for all the elected officials and representatives; devising mechanisms that would facilitate a better selection of the party’s leadership and other similar steps that would foster the democratic controls “from below” of the processes of formation of public decision. Without this reform, leading towards an irreversible process of socialization of political power, there will be no solution to our crisis.

d) *Public financing of political life.* In order to achieve the former it is indispensable, in consequence, to emancipate the politics from the markets. Nowadays, politics is financed by large firms and the wealthy. The result, Gore Vidal observed, is that democratic politics, or what pretends to be democratic politics, has been sequestered by market forces. Politics has become, in this “mass-mediatic age”, in an extremely onerous activity which in our countries can only finance, not without expecting a fabulous reward, the rich and powerful. It isn’t but natural that, once chosen, the new “democratically elected” authorities rule to the exclusive benefit of their patrons and financiers, without whose contribution the costly political campaign could have never been waged. If the elected rulers had an unlikely attack of amnesia a quick and timely “market coup” would refresh their memory immediately, reminding them that in present circumstances they are little more than the servile butlers of their capitalist masters.

e) *Universal access to media.* If public and transparent financing of political life is an essential ingredient of the new democratic statute, the unrestricted access to the mass media is the other necessary mainstay of an improved democracy. Today’s political life is largely shaped, without any relevant counterweight, by the media. And the media is one of the most extremely concentrated branches of the economy worldwide, comparable to the banking and insurance systems. “Freedom of the press” means, almost everywhere and at all times, freedom to make profits manipulating the public opinion in such a way as to reinforce the pre-existing domination structure. But our populations are not free at all at the time of demanding complete, fair and balanced information. Freedom is for the firms, not for the public. Both things, public financing of political life and complete, fair and balanced information suppose the existence of a state endowed with enough means, personnel and resources to do the job. And now we see how the circle of the plutocratic domination closes perfectly well: neoliberals demand the reduction of public expenditures and of the “tax burden”. As a result, a weak state can neither finance political life nor guarantee reliable information for all, all of which turns to the exclusive benefit of the dominant classes, the only ones who have the money to finance political campaigns and who also controls the mass media.

f) *“Decommodification”.* Finally, the preceding requires inexorably carrying out new state policies aimed at supplying a set of fundamental public goods that in recent times suffered

acute processes of “commodification”. That was the road followed by the European nations in the second post-war era, a road that, in a world devastated by the war, allowed the reconstruction both of the economy and of the civil society. These public policies, completely antithetical to the ones originated in the Washington Consensus, not only represent a noble and praiseworthy aim in themselves but, moreover, constitute an essential condition for the reconstruction of a strong democratic legitimacy that in its turn is indispensable to endow the state with the strength required to discipline the forces of the market, control the big capitals, and neutralize the pressure of imperialism and of other more powerful states. A state, in a word, that recovers the lost economic and political sovereignty, improves the quality of the democratic order and that permit to undertake the indispensable task of reconstructing civil society after the neoliberal deluge.

I would like to finish this paper by remembering the wise words of Bertolt Brecht with which this article started. They are more appropriate than ever to guide our praxis in times like ours. If as Marx posed in the eleventh thesis on Feuerbach we want to change the world and not only contemplate it, or interpret it, the starting point is to be totally intransigent in our rejection of the barbarianism that capitalism as a mode of production has imposed on humanity. These lines have sought, within their modest limits, to underline the profound humanist and ethical foundations of our intransigency.

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Notes

* Executive Secretary of the Latin American Council of Social Sciences (CLACSO) and Professor of Social and Political Theory at the University of Buenos Aires (UBA).

1 The expression "casino capitalism" was coined by Professor Susan Strange (1986).

2 A non-critic acceptance of the content of such reforms prevails in most part of the social sciences conventional literature. Within that whole, the most lucid views are in Juan C. Torre (1998) and also in Luiz Carlos Bresser Pereira, José M. Maravall and Adam Przeworski's (1993). The lucidity and delicacy of their analysis don't exempt them, sadly, from falling in a speech that basically ended up ratifying, above all in the case of Torre, the legitimacy of the policies of adjustment and stabilization carried out in agreement with the Consensus of Washington's catechism. A critic to these conceptions is in Atilio A. Boron (2000).

3 We have partly altered the names of each one of those categories with the object of reflecting with greater clarity its main characteristics. Cf. Sebastián Edwards (1997: 17). The first edition appeared as an official document of the World Bank 1993 *América Latina y el Caribe. Diez años después de la crisis de la deuda* (Washington DC). The caution observed in relation to the Mexican case in the version of 1997 was absent in the preceding version.

4 We included it, well then in the original production this country appears as "non reformist", ignoring the significance that the process launched by León Febres Cordero's neoliberal government had at the end of the eighties and the Ecuadorian economy turning into the dollar currency at the end of the nineties.

5. Cf. Evans, Rueschemeyer and Skocpol (1985). The World Bank produced also as one of its yearly reports a book on the state, perhaps with purpose of compensating its vicious role in the destruction of this institution in most of the Third World countries.

6 We have examined *in extenso* this theme in Atilio A. Boron (2005) and in our article "Poder, 'contra-poder' y 'antipoder'. Notas sobre un extravío teórico político en el pensamiento crítico contemporáneo" (2003a). The authors mentioned refer to their works of recent publication.

7 In recent dates it seems that Sachs has abjured from his former convictions.

8 One of the most perceptive analysis of this process of "statification" is provided by Antonio Negri (1978) in his "Keynes and the capitalist theory of the state in 1929". Paradoxically, the recent writings of Negri do not follow this line of interpretation. Cf. Hardt and Negri (2000) and my criticism in Boron (2005).