Atilio A. Boron

Globalization: a Latin American perspective

Globalization: reality and fiction

One of the standard arguments of neoliberal ideologues and policy-makers in Latin America is that the unprecedented novelty brought about by globalization has suddenly put an end to ancient public policy paradigms and old ways of thinking on economic issues. Keynesianism is dead, and so are "developmentalism" (the intellectual child of Raúl Presbisch and the Economic Commission of Latin America, Cepal) and the socialist "central planning". The "only game in town," we are said, is neoliberalism. "Outside globalization", a prominent Latin American President said, "there is no salvation; within globalization there is no alternative."

Yet, a careful inspection of the historical record shows that globalization is far from being a novelty in this part of the world. As a matter of fact since their violent incorporation into the expanding world-economy, with the "discovery and conquest" started in 1492, the aboriginal peoples of Latin America and the Caribbean painfully learnt that capitalism is a global system, and that as such it can coexist and coalesce for centuries with slavery and servitude. The human cost of this early insertion into the capitalist global markets was the radical decimation of the pre-Colombian population from some 50 millions to barely 6 millions a century and a half later on.

This historical fact is one of the reasons by which just one hundred and fifty years ago Marx and Engels wrote, in one of the most celebrated passages of the Communist Manifesto, that "(t)he need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. ... The bourgeoisie has, through its exploitation of the world market, given a cosmopolitan character to production and consumption in every country. ... All old-established national industries have been destroyed or are daily being destroyed... by industries that no longer work up indigenous raw material, by raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes." (Mark & Engels, 1972: 88).

Beyond the debates that may arise regarding Marx and Engels´specific intrpretation on teh course of capitalist development, the fact is that the above mentioned passage from the Communist Manifesto shows an astounding accuracy at the time of describing the main features of global capitalism at the end of the XIXth century. Globalization, that in contemporary neoliberal hermeneutics appears as the "great novelty" of our time, had already been observed and its main trends anticipated with breathtaking precision by mid nineteenth century. Moreover, outside the socialist tradition there were also signs - albeit much less distinct - that the "founding fathers" of classic political economy, Adam Smith and David Ricardo, were also aware of the globalizing trends inherent to the capitalist mode of production.

What is the meaning of all this ? That the rhetoric of globalization or, perhaps better, the "mythology" of globalization severely distorts the facts by presenting a secular built-in tendency of capitalism as if it were an unprecedented and unexpected outcome of blind and impersonal forces, the "natural secretion" of an international economic order without structures, classes, interests and national asymmetries in front of which the only possible response is the sort of passive submission which men adopt in front of the destructive forces of mother nature.

Globalization: the old and the new

It is necessary, therefore, to distinguish myths from realities. In the prevailing neoliberal discourse on globalization there is much more of an apologetic fantasy than a sober, objective, assessment of "really existing" capitalist societies. The conventional vision of the phenomenon, extraordinarily disseminated through the mass-media, promotes a conformist image of globalization that is highly functional to the needs of neoliberalism and the global dominant classes. Yet, the former does not imply to deny the existence of three novel developments in the present stage of capitalist development:

(a) on the one hand, the dizzy mondialization of financial flows -that have grown much more than the increase of economic output, trade or foreign investment - and the universalization of audiovisual images, two processes almost completely controlled by a handful of huge oligopolies operating on a global scale. The consequence of this double process has been a growing economic and cultural homogenization - the Washington Consensus plus cultural "macdonaldization" - where the interests and value of the dominant classes world-wide have achieved an unprecedented supremacy in the history of mankind. Financial flows that in the aftermath of World War II represented no more than five times the size of the world trade today represent more than five hundred times the volumes of the world trade today represent more than five hundred times the volumes of the world trade. In the case of the financial flows from the United States to Latin American and the Caribbean it is worth-while to note that almost half of all that goes to Bermudas, the Cayman Islands and a few other tax shelters in the Caribbean, certainly areas not distinguished by their performance as manufacturers or techological innovations in high-tech productive process. Moreover, it is estimated that some 95 percent of all the financial flows that today cross the world in all directions are purely especulative, unrelated to the real economy and, needless to say, the general welfare of the populations (Chomsky, 1998).

(b) secondly, the unseen geographical scope of globalization brought about the construction of a universal capitalist space, subjecting and/or integrating to its dynamics even countries like China whose social and economic organization is, strictly speaking, non-capitalist. By comparison, the "capitalist world" at the beginning of this century was much more narrow and circumscribed: the North Atlantic area, the coastal regions of Latin America and the Caribbean, and some isolated spots in Africa and Asia. At the end of the same century the scope of the "capitalist world" has enlarged to reach formidable dimensions, and its laws of motion decisively shape even countries like China, Cuba and Vietnam, unable to uncouple from the fierce mercantile logic of the world economy.

(c) last but not least, a no less significant change took place in the instruments and means through which this phenomenal expansion is carried out, namely, the host of new communicational technologies and the radical improvement in the means of transportation. These technological advances sanctioned the triumph of time over space, and the world radically " compressed" by the unheard speed of communications that in just nanoseconds are able to travel from one end to the other of the planet. Needless to say that this enormous technological progress transferred fabulous economic, political and symbolic power resources to the hands of the global "pact of domination" that controls such instruments.

Countertrends

Yet, a sober look at the "real" -as opposed to the mythological - functioning of the capitalist world-economy allows to assess the genuine extent of globalization. First of all some basic data should be reminded: more than 80 percent of the world´s GNP is consumed in the domestic markets. That means that the world exports account for less than 20 percent of the total world output. Moreover, 9 out of 10 workers produce for their respective home markets (Ferrer, 1997:20). The so called "export-led growth" which the ideologues of the Workd Bank persistently promote as a development strategy fails to capture this crucial reality of advanced capitalist economies: their main engine of growth it is not to be found in remote export markets abroad but in the dynamics of their own internal markets that consume almost 90 percent of all their production. By comparison, the strategy fostered by the World Bank and the International Monetary Fund -widely publicized and adopted by Third World countries - perversely combines depressed domestic markets, with high levels of unemployment and low salaries, with the supposed buoyancy of the export business.

If the figures of "commercial liberalization" are examined the results are at odds with the prevailing dogma: between 1913 and 1993 the principal industrialized economies far from having become more "open" have, in fact, increasingly oriented towards the satisfaction of the home market and become closer than before. In spite of the persistent rhetoric, the United States have today, after the "neoliberal revolution" of Reagen and Bush, an "coefficient of openness" as low as Latin America... in the 1960s, when protectionism and "import-substitution industrialization" were at their heights! (Thompson, 1997: 163).

Other indicators behave similarly: if the assets and liabilities of French commercial banks reach near 30 percent of the total, in Germany they only approach 15 percent, 10 percent in Japan and even less in the United States. To what extent, then, can we really say that the banking system of the developed countries is "globalized" ? It doesn´t look too much globalized, except for the peculiar case of the United Kingdom where the exceptional role played by the City in the structuring of the international financial system explains the fact that almost half of the total deposits and liabilities of the British banks are based abroad (Chesnais, 1996: 258). The same happens with the pensions funds, huge amounts of money little exposed to the vagaries of the global markets. Only 3 percent of the German pensions funds are invested abroad, 4 percent of the American funds, 5 percent of the French, 9 percent of the Canadian, 14 percent of the Japanese and 27 percent of the British, for the reasons already exposed. There are practically no foreigners in the executive boards of the pension funds enterprises in all these countries (Thompson, 1997: 164-5).

Neoliberal ideologues keep saying that one of the most distinctive aspects of globalization is a supposedly universal trend towards the reduction of the state size, the downsizing of the state apparatuses and the trimming of the fiscal budget. Theorists of the Washington Consensus have repeatedly argued about the goodness of this resolute attack against the state. In Latin America a veritable host of economists and publicists assert that globalization is relentlessly undermining the national states, and that more sooner than later national states would disappear to be replaced by a "fully globalized" world market. Therefore, it would only be wise to speed-up the process of economic opening and state "downsizing" by systematically reducing governmental spending, firing "redundant" state employees, and terminating "populist" social programs.

However, even the most perfunctory analysis of the data regularly produced by the OECD, the IMF or the World Bank shows that, contrary to this kind of discourse, since the 1980´s the overwhelming majority of the industrial democracies have increased the public expenditure as a proportion of the GNP. Not only, they have also augmented their tax revenues, their fiscal deficits, their public debt and also the employment in the public sector (Calcagno & Calcagno, 1995: 29-31). This blatant disparity provides an enlightened measure of the huge gap that separates the public discourses of the First World´s governments and politicians and the concrete policies they apply at home. It goes without saying that the ideological role of the IMF and the WB has been to ensure, thanks to the unprecedented leverage offered by the financial vulnerability of the nations in the South, that this neoliberal fairy tale is duly learnt and obeyed by the aboriginal rulers.

The empirical evidence does not lend any support to this claim: the neoliberal argument seems more to be an article of faith for the consumption of peripheral societies - the public opinion and the ruling classes as well - than a serious policy recommendation duly considered by the industrialized nations. A recent special report published by The Economist points out that despite the loud neoliberal rhetoric the public expenditure as a percent of the GNP in 14 OECD industrialized democracies grew from 43.3 percent in 1980, when the "adjustment policies" started to be put into effect, to 47.1 percent in 1996. To the conservative magazine the conclusion is crystal clear: the growth of the governments in the industrialized economies in the last forty years has been persistent, universal, and counterproducitive (*The Economist*, p. 48). "Washington not always practices what it preaches", John Williamson observed (1990), and his note of caution should be seriously taken into account at the moment in which the voices in favor of a state downsizing are heard. The problem with the developing nations is not the size of their states or the magnitude of the public expenditures but precisely the weak constitution of their state apparatuses and the feebleness of the public expenditures.

Finally, anther popular neoliberal myth is that the main actors of the globalized economic scene, the huge mega-corporations, have become independent from any national base achieving a truly transnational character. This is a quite widespread belief notwithstanding the fact that it presupposes a blatant refusal to acknowledge event the most elementary pieces of empirical information concerning the modern corporate world. For instance, how to reconcile this supposedly supranational features of the transnational corporations with the fact that less than 2 percent of the members of the boards of directors of American and European mega-corporations are "foreigners" and that less than 15 percent of all their technological developments are carried out outside their respective home countries? In other words, despite its worldwide cover age Boeing or Exxon are American corporations, as Volkswagen and Siemens are German firms, and Ericson and Volvo are Swedish enterprises. If their interests are threatened by unfriendly governments or disloyal competitors it is not the Security Council of the United Nations who steps in but the American, German and Swedish ambassadors would be the people who will try to settle any wrongdoing. Noam Chomsky cites a recent survey made by the business magazine *Fortune* that found that all of the one hundred more important transnational firms of the world declared that they benefited, in one way or another , by the supportive intervention of the governments of their base country. Twenty percent of these firms were rescued from total bankruptcy by governmental intervention. With data like these, how could it be possible to talk about "transnationalization" and "withering away of the states"" (Chomsky, 1998; Kapstein, 1991/92).

To sum up: "globalization" is an objective factor, but the real dimension of it is much smaller of what the neoliberal interpretation wants us to believe, and there are powerful countertrends in operation that should be dangerous to disregard.

Neoclassical economics and the new market fundamentalism

In the neoliberal narrative the globalization appears as an irresistible force steam-rolling over national, borders, states, societies and cultures. In front of such uncontrolled force the only sensible course of action a responsible and prudent government can take is to yield to its impulse, offering no resistance to its initiatives and humbly accept the consequences of its actions and what the destiny has set apart for them.

One of the clearest symptoms of the terminal crisis of neoclassic economics is precisely the fanaticism with its followers adhere to a distorted vision of the world-economy and globalization as shown above. A vision much more similar to traditional religious thinking - a host of evil and sinful creatures indulging themselves in all sorts of misbehaviors facing a terrible and almighty Father (global markets) to whose anger it is better not to be exposed and whose will should not be opposed - than to any kind of rational and scientific argument. Only that knows those who eat from the Tree of Wisdom of neoclassic economics are not precisely Adam and Eve but governments in peripheral capitalist nations, their sins being their propensity to incur in fiscal deficits, economic populism, collectivism, and so on, thus provoking the fury of the new Yahvé embodied in the omnipresence of "global markets".

In the past there were many who rightly accused liberal economists of "divinizing" the markets. Yet, in the past global markets were not as aggressive as today when they have become lethal creatures. Thousands in Latin America and the former Soviet Union pay with their lives the tragic blunders and myths of neoclassic economics and neoliberal policies. According to an official estimate in Argentina every year 15,000 children between 5 and 15 years old die as a result of curable diseases and contingencies that can not be effectively countered by the medical institutions because of budgetary restrictions. (Secretaría de Programación Económica, p. 18) According to a recent report published by Unicef, in Boris Yeltsin´s Russia the life expectancy of the live born males was dramatically reduced in a little more than six years between 1989 and 1994, an unprecedented step back achieved in five years of neoliberalism (Unicef, 1995: 27). And in Mexico, after 15 years of orthodox neoliberal policies the average height of a national sample of Mexican teen-agers was diminished in almost two centimeters, a despicable "economic miracle" of free-markets economics (Laurell, 1998).

In conclusion, we would like to underline that (a) the mythologization of globalization has made possible the rise of a penseé unique that with its false realism closes the possibility of thinking in alternative policies and of effectively assesing the policies of thinking in alternative policies and of effectively assessing the policies currently under implementation; (b) this new determinism is highly functional to the interests of the new dominant coalition in globalized capitalism, that has obtained an extraordinary ideological success by converting neoliberalism in the "common sense" of our time (Boron, 1997).

Critics of neoliberalism invariably stumble against the same answer time and again; "this is the only way to seriously manage the economy". Theorist that have built their international reputation opposing in the name of freedom to the alleged "determinism" of Marxist thought now preach with incredible zeal that there are not alternatives. It is necessary, we are told, to act with "realism" and file away the old utopias of the past. We should forget everything we have read, or written, or said. Thus, Latin American governments, even the "progressive" ones, wrote Margaret Thatcher´s slogan; "TINA, there is no alternative" at the top of their own political banner, while with pretended realism assure their populations that what they are doing is the only thing that can be done. In this task our governments count with the support of a host of ideologues of big transnational capital, not in few cases old "left wingers" that found new avenues through which to channel profitably their incurable devotion for dogmas. According to the penseé unique capitalist globalization imposed the style of macroeconomic management proper of developed and industrialized countries. The alternatives are either the adoption of strict, neoliberal policies, of the holocaust of the Khmer Rouge. There is no life outside globalization, and within it there is no alternative. Governments have their hands tied at their backs and if they are prudent and sensible they would choose to accompany this process as close as they can, adapting to the new realities and trying to take advantage of some of the possibilities that globalization offers to the bravest and daring. National economic policy was substituted by the ups and downs of the stocks in Wall Street, the City and Tokyo. The only road left open is the one of a constructive and quiet resignation.

A faulty alibi

Are these serious arguments? Not at all. Neoliberal justifications are mere rationalizations aiming at hiding behind the alleged inexorability of the neoliberal "common sense" a policy option clearly responsive to the needs and interests of the most concentrated segments of big capital. This neoliberal determinism has as a paramount goal, Samir Amin wisely noted, the legitimization of the strategies of the dominant imperialist capital. "The form of globalization depends, in the last resort and as everything else, upon the class struggle" (Amin, 1997).

As proved above, the contradiction between the neoliberal discourse and the practical reality of "really existing capitalism" is blatant and scandalous. In several of his writings Noam Chomsky has suggested that these mystifications greatly help to free the neoliberal governments and transnational capital from any responsibility for the deplorable consequences - in terms of human costs - of their policies. If unemployment figures rise, real wages decline, profits skyrocket, capital concentrates, the public health services are dismantled, public education collapses, if rain forest are destroyed, or if medieval diseases (like cholera, for instance) reappear in our societies is because of the impact of the blind forces of "globalization" and the local dominant classes and the megacorporations are not to be blamed by all that. Unemployment is on the rise because union leaders are unwilling to "flexibilize", labor markets as in distant countries in which workers work 10/12 hours a day for U$ 20 per week; and real wages move downwards because there is an excess of idle manpower and the need to compete with foreign firms push the capitalists to cut costs wherever they can. On the other hand, rain forest are destroyed because of the frantic race to maximize the use of natural resources in a world dominated by ecocide practices, and if medieval diseases reappear is because of the need to fight against fiscal deficit in order to ensure macroeconomic equilibrium, all of which calls for a dramatic reduction in the social expenditures of the state. Thus, there is nobody -neither government nor firm- to be blamed but "globalization".

Yet, how to understand that in such a "global" World the Japanese have a rate of unemployment of 3 percent whereas the Argentines have to bear one of 18 percent ?Or, why can Germany have a highly regulated labor market and keep her competitive insertion in the world economy while the Brazilians are regarded as "non-competitive" because of the alleged inflexibility of their labor market ? Response: because the impact of globalization is always mediated by the public policies of the governments. The idea of the disappearance of the national states, or their incurable impotence, is as mythological as the idea of the withering away of geography or the vanishing of the home markets. The concrete policies adopted by the governments, in turn, will depend on the correlation of social forces existing at different points in time and that shape the state power.

To sum up, historical experience shows that in front of the tendencies allegedly overwhelming of globalization there are a considerable array of different national responses. South Korea responded in a way, and Argentina and Brazil in another. Beyond her current difficulties, not few of them arising from the outside, the policies pursued by South Korea made possible the formidable economic development that made of this country the only one in the last fifty years to cross the border between underdevelopment and development. Contrary to what happened in Latin America, in South Korea as well as in the rest of South East Asia, neoliberal ideas were always regarded as ideological extravagances not to be taken seriously. Therefore, domestic markets were protected, state intervention increased and diversified, financial transactions were controlled, and real wages augmented in a systematic fashion in the last twenty five years, while the reverse was true in Argentina and Brazil. The degree of "economic openness" or of financial liberalization are not "natural accidents" or expressions of the Godly Providence but historical products expressing the outcomes, always provisional and dynamic, of the clashes between the social forces interested in social conservation and those interested in overcome it. If public expenditures in Latin America and the Caribbean is moving downwards - in the direction of the average of sub-Saharan Africa - while in the OECD countries is moving upwards it is not due to the fat that our economies are integrated into the world economy while the others are not but to the concrete results of the social struggles that succeeded in reinforcing the public sector and the Welfare State. Sweden and Germany are as exposed to the influences of globalization as Gabon and Uganda. Why is it that Latin American governments try really hard to bring real wages down to the levels of the latter and not to the levels of the former? If they succeed in that enterprise is not because of an alleged fatalism of history but because of the weakness of the unions and popular movements.

Is "globalization" a one-way road, leading necessarily towards "social dumping" and labor-repressive policies? Not at all: the impact of globalization is never direct and linear but always mediated by public policies and governmental performance. The collusion of governments and transnational firms makes a convenient use of globalization in order to justify neoliberal economic policies intended to protect the rich and discharge on the shoulders of the poor the costs of this cruel economic experiment.

Tentative conclusions on democracy and globalization

Globalization and its neoliberal response brought about the unprecedented empowerment of private interests at the expense of everything "public". This process has placed Latin American democracies under the Damocles sword of capitalist coalitions, which can easily and at almost no cost destabilize the political process when they see it fit (Boron, 1995). As a result, Latin American democracies find their state capacities progressively deteriorated and unable to provide the collective goods needed for the bare reproduction of civilized life: health, education, housing, social security, food programs, and so on. Weak democratic states can only produce feeble and ineffective governments which, in due course, will tend to aggrandize the social, economic and political weight of very rich and better organized private collective actors (Przeworski, 1985:138-9). Given that capitalist economies are extraordinarily sensitive to the economic calculations and initiatives of the entrepreneurs and, on the other hand, that the weakened national states have very few instruments of markets regulation and control (especially in front of the globalization of economic and financial transactions), most governments prefer to make sure to count with the "confidence" of the business community event at the expense of declining levels of popular legitimacy and support. The outcome of this policy choice is a democratic regime of poor quality and mediocre performance, where democratic arrangements are increasingly perceived as political rituals deprived of any relevance in terms of the quality of everyday life of the citizenry. The popular "devaluation" of democracy goes hand in hand with an analogous downgrading of politics, seen as a selfish game played by professional and corrupt politicians and wealthy and powerful notables with total disregard for the luck of the common citizens.

A key factor in this situation is that Latin American rich have successfully refused to pay taxes. They react with anger and contempt when governments try to tax their properties, profits and earnings. Even modest taxes on their private boats, airplanes, sport cars, fancy summer homes or other luxurious items are regarded as "communist" confiscations or populist excesses, and the World Bank and the IMF would send their notorious "missions" to feed these kind of outcries. For the Latin American propertied classes the American IRS and Stalin´s Politburo are twin institutions aimed at the destruction of private property and capitalist civilization. The "tax veto" is an aberrant social and economic tradition dating back to colonial times, and as such it has periodically created unbearable pressures on the state budget. Give the rigidities faced by the fiscal accounts on the "revenue" side- because of outrageous legal loop-holes, systematic tax evasion, and the successful resistance of capitalists t modernize and democratize the tax system - policy-makers have routinely tried to "solve" the fiscal crisis by cutting expenditures or, when possible, raising new indirect and socially regressive taxes. In both cases, the burden of the financial adjustment rested on the shoulder of the workers and the poor. In Argentina, for instance, a research sponsored by the Work Bank proved that, in the late 1980s, the "tax pressure" of the richest 10% of the population was equal to 27% of its total income, while the taxes paid by the poorest 10% of the population amounted to 29,3% of its earnings. Unfortunately, in this matter at least, the "structural reform" launched by Menem in the 1990s only served to make things even worse! (Santiere, 1989).

With the debt crisis the chronic underfinancing of the state in Latin American became a source of major and urgent national and international concern.

Why? Because heavily indebted countries, especially those who signed the Brady Plan, from then on must have consistent budgetary surplus- not only a balanced budget - in order to repay the principal and the interests of an ever growing external debt. Therefore, amidst the severe crisis of the 1980´s Latin American states reinforced the recessive trends of the economy with a procyclical fiscal policy that depressed even more the purchasing power of large sections of the population, shrunken the incomes of the middle classes while creating - in accordance with fashionable "supply-side" economics - new "tax incentives" to the rich in the hope that they will invest in productive sectors. The harsh cuts in social expenditures and in the public spending in general became one of the cornerstones of the neoliberal blueprint, justified by the need to "keep the numbers in the black" an to reduce allegedly oversized states.

What theorists of the Washington Consensus conceal is the fact that the critical situation of the state accounts in Latin America and the Caribbean is not caused by overgrown governmental expenses but by the chronic inability of her governments to collect taxes from the wealthy. In this matter the World Bank's schizophrenia is notorious: while the research of its own experts conclusively prove the preposterous regresiveness of the Latin American tax systems, the Bank's leadership exhorts our governments to "reduce the tax burden" in order to attract private investment. Despite the allegations of the neoliberal zealots, the tax burden (measured as a percent of the GDP and excluding social security contributions) of the more developed countries of Latin American hinges around 17% while in the OECD countries this proportion is more than twice as much, reaching 37,5%. Even most meaningful are the figures concerning the taxes to capital gains and profits, which in the OECD countries reach an average level of 14% of the GNP while only 4% in Brazil, 3% in Argentina, Chile and Uruguay, and 1% in Bolivia (Cepal, 1992:92) It is astonishing that Latin American governments that were strong enough to dismantle and/or sell at very low prices large - and sometimes very efficient- public enterprises, shut down governmental agencies, terminate social programs, privatize all kind of public services, destroy labor unions, wildly cut the public budget, and overwhelm the public resistance to these policies appear as surprisingly weak and frail when faced to the tasks of organizing an equitable and progressive tax regime. The class selectivity of the neoliberal state is blatant: strong to promote the market forces and to advance the interests of big capital, weak do defend the public interest and to be responsive to the needs of the poor.

The outbreak of the debt crisis in Latin America hastened the relentless disarticulation of the state apparatuses and the rather disorderly retreat of the governments, deserting from policy-areas in which their contribution had been very positive and important for large sections of the popular classes. Therefore, if these countries fail to break the back-bone of the "tax veto", the reconstructed Latin American capitalism will bear much more resemblance with corrupted and mafia-ridden "free-market" Russia than with tidy Switzerland or Austria.

In this regard, the irresistible process of economic globalization only made things worse: the "tax veto" coupled with globalization brought about a radical weakening of the national states in the periphery, the lessening of their administrative and decision-making capacities, a decline in the quality of governance and growing levels of vulnerability in front of an increasingly complex domestic and international environment. The radical enfeeblement of Latin American new democracies caused an abhorrent distortion in the order of preference of their responsiveness: governments in the region are first and foremost responsive to the interests of the foreign creditors and the key sections of the international capital and its "watchdogs": the World Bank and the International Monetary Fund; second they respond to the domestic "market forces", euphemism to designate big capital and firms, local or foreign, operating in our markets; thirdly, and much later, to the citizenry and civil society at large. The problem is that is very hard to conceive of a solid democracy without reaching a minimum threshold of national sovereignty, that means, deprived of the ways to make autonomous decisions in crucial matters that will inevitably have alternative distributional impacts. Given the formidable reach of globalization, and the reinforcement of financial dependence due to the external debt, a democracy sitting on a weak state increasingly deprived of decisional autonomy is likely to decay.

The globalization of the economic activities and, very especially, the neoliberal response to it caused the new Latin American democracies to surrender important margins of national sovereignty and self-determination, *de facto* and sometimes legally transferring decision-making powers in a growing number of sensitive areas to transnational firms and international financial institutions under the guise of commercial agreements, "conditionalities" and "country risk" evaluations. Monetary, industrial, commercial and fiscal policies, hitherto by and large decided within the national boundaries of Latin America, are today settled in distant scenarios - mostly New York, Washington, London, Paris, Tokyo - far removed from the reach, let alone the control, of the "sovereign" citizenry, impotent to counter the harmful effects of the globalized economy and mostly unable to take advantage of the scarce opportunities it brings to the poor.

To sum up: were these processes of globalization and state enfeeblement neutral in terms of their distributional impacts? As a matter of fact local capitalist and their metropolitan partners obtained several gains from the rather dramatic "downsizing" of the old developmentalist state: first, they significantly reinforced their economic predominance by drastically reducing the public control of the markets and economic activities established in previous times, and undermining both the consistency and scope of the public sphere in itself. Today, Latin American societies have also become highly "privatized": the state has retreated to minimal functions, and former collective goods - health, nutrition, education, housing, occupational training, and so on - became individual problems that must be solved according to the egotistic rules of the market place. The name of the game is the survival of the fittest; the rest, the poor, the elderly the children, the sick, the homeless, the unemployed and unemployable are the new clients of the Red Cross and the host of non-governmental organizations. Private charity and altruistic associations substituted for supposedly cost-ineffective social policies and state intervention. Secondly, the withering away of national states and the wholesale privatization of state-owned enterprises and state-administered services transferred highly profitable monopolies to the capitalists and granted the repayment of the foreign debt -contracted, as in Argentina, Brazil, Chile, Uruguay and many others - by irresponsible, corrupt and de facto military rulers. Neoliberalism supplied the general justification for the transfer of public assets and state-owned enterprises, paid for with public savings, even in areas consider "taboo" and untouchables until a few years ago, like electricity, aviation, oil, or telephones. Thirdly, these reforms changed in such a dramatic manner the balance between state and markets in favor of the later that the "degrees of freedom" of any future government sensitive to the popular demands, or inspired by even some vague reformist vocation, will (a) immediately realize that it lacks some of the most elementary instruments of public policy-making as well as the efficient administrative cadres to carry out these tasks; (b) rapidly fell to its knees, overwhelmed by the weight of a formidable capitalist coalition. This is why one of the most urgent tasks facing Latin American societies is the reconstruction of the state. As a former ministry of industry in Venezuela rightly observed, by the end of the 1990s "Washington may encounter some surprises to the south. Latin America, which has spent the last 10 years demolishing the state, will spend the next 10 rebuilding it." (Naim: 133).

References

Amin, Samir. "Capitalisme, imperialisme, mondialization". Amsterdam: University of Amsterdam, mimeo, 1997.

Boron, Atilio A. La sociedad civil después del diluvio neoliberal, in Emir Sader y Pablo Gentili, compiladores , La trama del neoliberalismo. Buenos Aires: CBC, 1997.

Boron, Atilio A. State, Capitalism, and Democracy in Latin America. Bouldner: Lynne Rienner Publishers, 1995.

Calcagno, Alfredo Eric & Alfredo Fernando Calcagno. El Universo Neoliberal. Recuento de sus lugares comunes. Madrid: Alianza Editorial, 1995.

CEPAL. Equidad y Transformación Productiva. Un Enfoque Integrado. Santiago, 1992.

Chesnais, François. A Mundialização do Capital. São Paulo: Xamá Editora, 1996.

Chomsky, N. Noam Chomsky habla de América Latina . B. Aires: Editorial 21, 1998.

Chomsky, Noam & H. Dieterich. La Sociedad Global. B. Aires: CBC/Liberarte, 1996.

Ferrer, Aldo. Hechos y Ficciones de la Globalización. Buenos Aires: Academia Nacional de Ciencias Económicas, 1997.

Kapstein, E. "We Are Us: The Myth of the Multinational," The National Interest, 1993.

Laurell, Asa Cristina. "State, neoliberalism and health policies in Mexico, 1982-1987". Unpublished manuscript, UAM-Xochimilco, Mexico, 1998.

Marx, Karl and Friedrich Engels, Manifesto of the Communist Party, in Robert C. Tucker, ed. The Marx-Engles Reader. New York: Norton, 1972.

Naim, Moisés. Latin America: Post-Adjustment Blues. Foreign Policy Fall, nº. 92, 1993.

Przeworski, A., Capitalism and Social Democracy. Cambridge University Press, 1985.

Santiere, Juan José. "Distribución de la carga tributaria por niveles de ingreso". Buenos Aires: World Bank, 1989.

Secretaría de Programación Económica. El Gasto Público Social y su Impacto Redistributivo. B. Aires: Ministerio de Economía y Obras y Serviços Públicos, 1994, p. 18.

The Economist. "The Future of the State", 1997, September 20th-26th .

Thompson, Grahame. 'Globalization' and the Possibilities for Domestic Economic Policy, in Internationale Politik und Gessellschaft. Bonn, nº 2, 1997.

UNICEF. Proverty, Children and Policy: Responses for a Brighter Future. Florencia, UNICEF, 1995, p. 27.

Wallerstein, Immanuel. The Politics of the World Economy. The States, the Movements and the Civilizations. Cambridge: Cambridge University Press, 1985.

Williamson, John. What Washington means by policy reform. Washington: Institute for International Economics, 1990.

Resumo: (Globalização: uma perspectiva latinoamericana). Neste artigo se examinam os alcances reais da globalização sobre os capitalismos periféricos. A análise da mundialização da economia internacional também demonstra a renovada importância dos mercados domésticos e do estado nacional. É preciso distingüir entre os processos objetivos e as reconstruções mitológica acerca da globalização. O pretexto das classes dominantes dos capitalismos periféricos e da burguesia transnacional para justificar suas políticas de capitalismo selvagem como mera adequação às condições histórico-estruturais prevalecentes é o de que a globalização é um processo arrolador ante o qual se derrubam os estados nacionais e a regulação política dos mercados.

Palavras-chave: globalização; neoliberalismo; Estado.

Abstract: (Globalization: a Latin American perspective). In this paper it'll be examined the real results of the globalization process and its impacts on the pheripheric capitalisms. A strict analysis of the accelerated process of the mundialization of the international economy also demonstrates the renewed importance of the domestic markets and of the strong remaining of the national state. Therefore, its necessary to distinguish between the objective processes and the mythological reconstructions about globalization. The favorite argument of the dominant classes of the surroundings and of the great transnational bourgeois to justify their politics of savage capitalism as a simple adaptation to the prevailed historic-structural conditions is that the globalization is a crusher process that destroys the national states and the capacities of the market political rules.

Key words: globalization; neoliberalism, State.

Atilio A. Boron, Executive Secretary,
CLACSO, Latin American Council of
Social Sciences.

Estudos Sociedade e Agricultura, 11, outubro 1998: 164-180.