

THE WEAKEST LINK?

Neoliberalism in Latin America

THE NEW CENTURY is off to a surprising start in Latin America. The continent that had been a privileged territory for neoliberalism, where it was first applied—in Chile and Bolivia—rapidly turned into the leading arena not only for resistance but for construction of alternatives to neoliberalism. Two faces of the same coin: precisely by having been the laboratory for neoliberal experiments, Latin America is now having to deal with their consequences. The 1990s and the 2000s have been two radically opposite decades. During the 90s, the neoliberal model was imposed to varying degrees in virtually every country on the continent—with the exception of Cuba. Clinton, who did not even cross the Rio Grande to sign the first North American Free Trade Agreement (NAFTA), was forced not long after to approve a super-loan from Washington when the first crisis of the new model broke out in Mexico. The US went on to press for a hemisphere-wide Free Trade Area of the Americas (FTAA), presenting this as the natural outcome of the seamless extension of free-trade policies.

At an Americas summit meeting in Canada in 2000, Venezuela's Hugo Chávez was the only leader to vote against Clinton's proposal for an FTAA, while Cardoso, Menem, Fujimori and their colleagues fell meekly into line. On the occasion of his first Ibero-American Summit, Chávez reported, Castro passed him a piece of paper on which he had written: 'At last I'm not the only devil around here.' It was thus with some relief, too, that Chávez—himself elected president of Venezuela in 1998—attended the investiture of Lula in Brasilia and Néstor Kirchner in Buenos Aires in 2003, before moving on to that of Tabaré Vázquez in Montevideo in 2004, that of Evo Morales in La Paz in 2006, and in 2007 those of

Daniel Ortega in Managua and Rafael Correa in Quito; followed in 2008 by Fernando Lugo in Asunción. Meanwhile the US free-trade proposal that had been almost unanimously approved in 2000 was dead and buried by 2004. Since that date, Chávez himself has been re-elected, as was Lula in 2006; in April of this year, Kirchner was succeeded by his wife, Cristina Fernández, and Lugo triumphed in Paraguay, putting an end to more than sixty years of rule by the Colorado Party.

What is the meaning of this radical reversal, faster than any the continent has experienced before, to give the largest number of progressive governments, whether left or centre-left, that it has seen in its entire history? It is true that the continent displays the highest levels of inequality in the world, an income gap aggravated by the neoliberal decade; and yet the hard blows that punished past popular struggles, along with the solidity of the neoliberal establishment, made such a rapid turn quite unexpected. In what follows we shall attempt to understand the conditions that transformed Latin America into the weakest link in the neoliberal chain.

Imposing the model

A precondition for the privatization programmes imposed across successive Latin American countries in the 1980s and 90s was the defeat and disarming of earlier movements of the left and organized labour. During the decades of development the emphasis was on import-substitute industrialization—in particular in Mexico, Argentina and Brazil, but also to a lesser extent in Colombia, Peru, Chile, Uruguay and Costa Rica. These developments were underwritten by broad politico-ideological projects that encouraged the strengthening of the working class and its trade unions, backed by local party formations and democratic-national blocs, in a context of nationalistic ideologies and identities. The potential this built up burst onto the political scene in the 1960s as a radical force, when the long cycle of growth petered out in conflicts over workers' rights, at a time when the Cuban example was pointing towards alternatives that transcended the limits of capitalism and US imperial domination. The response to these struggles was an era of military coups, first in Brazil and Bolivia in 1964, in Argentina in 1966 and 1976, and finally in Uruguay and Chile in 1973.

The combined and closely related processes of military dictatorship and the application of neoliberal models acted together to yield an extreme regression in the balance of power between social classes. It would have been impossible to implement the wholesale sell-offs of national industrial resources that unfolded most drastically in Chile, Uruguay and Argentina without first crushing the people's ability to defend their interests. These three countries had been remarkable for their achievements, possessing advanced systems of social protection under states that assumed a regulatory capacity and a role in expanding the domestic market, guaranteeing the social welfare of the population, and providing public services. The most brutal repression they had ever known was needed to clear the way for neoliberal policies that privatized state functions—in the case of Argentina, transferring virtually all public resources into the hands of private capital—and abolished hard-won social rights. In short, three of the most enlightened states on the continent found themselves completely dismantled.

In the course of the 1990s, neoliberalism penetrated Latin America right across the political spectrum. The programme was originally implemented by the far right, in Pinochet's Chile. It found other right-wing adepts—such as Alberto Fujimori in Peru—but also absorbed forces that had historically been associated with nationalism: the PRI in Mexico; Peronism in Argentina under Carlos Menem; in Bolivia, the Nationalist Revolutionary Movement—the party that had headed the nationalist revolution of 1952 under Víctor Paz Estenssoro. After this, neoliberalism moved on to social democracy, gaining the adherence of the Chilean Socialist Party, Venezuela's Acción Democrática, and the Brazilian Social-Democratic Party. It became a hegemonic system across almost the entire territory of Latin America.

Nevertheless, the neoliberal model failed to consolidate the social forces necessary for its stabilization, resulting in the early onset of crises that would check its course. The three largest Latin American economies were the theatre for the most dramatic crises: Mexico in 1994, Brazil in 1999 and Argentina in 2002; the programme crumbled without delivering on its promises. The ravages of hyper-inflation were checked, but this was only achieved at tremendous cost. For a decade or more, economic development was paralysed, the concentration of wealth grew greater than ever before, public deficits spiralled and the mass of the

population had their rights expropriated, most notably in the domain of employment and labour relations. On top of this, national debt expanded exponentially and regional economies became highly vulnerable, helplessly exposed to attack from speculators, as these three countries each discovered to their cost.

It was neoliberalism's poor economic performance in Latin America that in many instances led to the defeats of the governments that pioneered it. These include Alberto Fujimori in Peru, Fernando Henrique Cardoso in Brazil, Menem in Argentina, Carlos Andrés Pérez in Venezuela and Gonzalo Sánchez de Lozada in Bolivia; also gone are the PRI in Mexico, the alternation of the two traditional parties in Uruguay, and the politicians who tried to perpetuate neoliberalism even beyond its collapse, including Fernando De la Rúa in Argentina, Lucio Gutiérrez in Ecuador and Sánchez de Lozada in Bolivia. It is also important to note the isolation of those leaders who struggle to keep it going, such as Felipe Calderón in Mexico, Michelle Bachelet in Chile, Alan García in Peru, or Alfonso Uribe in Colombia. (Uribe, incidentally, lost recent local elections revolving around issues of governance; his prestige derives from the uncompromising deployment of 'democratic security policies' against 'terrorism', a position which earns him a steady 80 per cent domestic support.) A growing number of presidents have been elected, or in some cases re-elected, in response to the failure of the neoliberal economic model.

Political reversals

We can trace a series of cycles, upswings and downswings, triumphs and setbacks in Latin American politics since the victory of the Cuban revolution in 1959. Their rise and fall have come in quick succession, compared to the time-spans of the European left. The result has been a series of recalibrations in the balance of power, which itself reflected the prolonged crisis of hegemony that overtook the region when the import-substitution model that had held sway since the crash of 1929 finally ran out of steam.

The first cycle, from 1959 to 1967, saw the triumph of the Cuban revolution and the spread of the rural guerrilla movement to Venezuela, Guatemala and Peru, in emulation of those of Colombia and Nicaragua. The period saw mass mobilizations in several countries, including Brazil during Goulart's 1961–64 government and broad resistance to

the dictatorship that followed the military coup there in 1964. For the Latin American left this was a period of upswing, directly influenced by the success of Cuba, but cut short by the death of Che Guevara in Bolivia in 1967. The second cycle runs from 1967 to 1973. It saw the decline of the rural guerrilla movements and the rise of new urban guerrillas in Uruguay, Brazil and Argentina. Allende was elected president in Chile (1970–73); the same years saw the government of Juan José Torres (1971) in Bolivia, and nationalist governments under Juan Velasco Alvarado in Peru (1967) and Omar Torrijos in Panama (1968). In summary, this was a mixed period inaugurating an era of reverses, marked by military coups and dictatorships.

The years 1973 to 1979 saw the consolidation of military dictatorships across the Southern Cone. As in Brazil, juntas came to power in Bolivia in 1971, Chile and Uruguay in 1973 and Argentina in 1976. Velasco Alvarado was overthrown in Peru. The neoliberal model was rolled out in Pinochet's Chile. This was a period of unmitigated downturn. By contrast, the long decade of 1979 to 1990 brought Sandinista victory in Nicaragua, revolution in Grenada and a nationalist government in Surinam. Castro was elected president of the Movement of Non-Aligned Countries, and guerrilla forces expanded in El Salvador and Guatemala. The 1980s were a period of overall progress.

In another switch, the years from 1990 to 1998 saw the Sandinista defeat, the start of the 'special period' in Cuba, and the entrenchment of neoliberal hegemony across the continent, with the collaboration of the PRI in Mexico, Menem in Argentina, Pérez in Venezuela, Cardoso in Brazil, Fujimori in Peru and the continuation of Pinochetist economic neoliberalism in Chile under the Concertación coalition of Socialists and Christian Democrats. This was definitively a period of net regression. Yet from 1998 onwards, the wind turned in the other direction with the election of Chávez in Venezuela, followed by the launch of the World Social Forums in Porto Alegre in 2001, Lula's election victory in 2002, and further gains for the left and centre-left in Argentina, Uruguay, Bolivia, Nicaragua, Ecuador and finally Paraguay. Mercosur was expanded to incorporate Venezuela, Bolivia and Ecuador while the *Alternativa Bolivariana para las Américas*—or ALBA, 'dawn'—brought together a new left grouping of the Andean–Caribbean axis. So far, this has been a period of appreciable progress.

This rapid-fire succession of upswings and downswings testifies to the continent's instability, and its poor capacities for consolidating alternative programmes; and yet it is also a sign of the left's astounding ability to recover from its defeats, no matter how crushing these seem to be—Che's murder, the coup in Chile, the rout of the Sandinistas, the tightening grip of neoliberal processes. Like a mole, the popular movement repressed in one country has popped up elsewhere. It tunnelled from the south to the north of the continent, from the country to the city, from the discourse of the old left to new forms of expression, from party structures to looser social movements, and from these to new political and ideological forces. In other parts of the world, defeats on the scale experienced here led to long periods of abeyance, for example after the loss of Germany and Italy in the wake of World War I, or the crushing of republicanism after the Spanish Civil War.

The brevity of the cycles is also surprising: only three years passed between the death of Che and the ebbing of the first *guerrillero* wave in 1967, and the election of Allende in 1970. Between the 1973 military coups in Chile and Uruguay, and that of 1976 in Argentina, and then the 1979 victory of the Sandinistas—six and three years respectively. And from the collapse of the Socialist world, the beginning of the 'special period' in Cuba, the 1989 overthrow of the Grenadan government and the end of the Sandinista regime in 1990, it was only eight or nine years until the election of Chávez. The neoliberal model was just beginning to put down roots when its first crisis erupted in Mexico in 1994—the year that NAFTA was signed and the Zapatista rebellion broke out, while Cardoso was taking office in Brazil. Notably, however, the three progressive cycles together add up to 29 years, encompassing the victory of the Cuban and Nicaraguan revolutions and the governments of Allende, Chávez, Morales and Correa. By contrast, the periods of retreat make up a total of 14 years, including the death of Che, the Chilean coup and the Sandinista defeat.

Strategies of the left

Cross-cutting these political cycles, three overall strategies of the Latin American left can be discerned. The first sequence, dating back to the 1940s, was one of major structural reforms contemporaneous with the hegemony of the import-substitution model. The left opted for an alliance with sectors of the national business elite in the name of economic

modernization, agrarian reform and a certain autonomy with respect to Northern imperialism. This strategy was implemented by legendary nationalist leaders such as Getúlio Vargas of Brazil, Lázaro Cárdenas of Mexico and Juan Perón of Argentina, in concert with parties of the left or centre-left. In Chile, textbook cases of this approach were the Popular Front of 1938 and the Allende administration in 1970–73. But the programme failed at the same time as the industrialization effort, when the internationalization of economies pushed the corporate elites into solid alliance with international capital, laying the groundwork for the eventual neoliberal model. These same entrepreneurs also supported the military dictatorships of the Southern Cone, making no secret of their readiness to liquidate the popular movement for the sake of an export-centred economy geared to luxury domestic consumption by way of intense labour exploitation.

Allende's government, based on the Communist and Socialist parties, with a programme that envisaged the nationalization of 150 leading corporations, constituted the most advanced example of the attempt to progress from reformist policies to a socialist overcoming of capitalism. Among the multiple reasons for its defeat, there can be no doubt that the fact that Allende started out with just 34 per cent of the vote, and that three years later his government's share had only risen to 44 per cent, was a major obstacle for implementing such a radical programme. Unidad Popular also underestimated the class nature of the state. It neglected therefore to institute an alternative power outside the traditional apparatus, which ultimately cornered and smothered the executive. The Chilean and Uruguayan military coups were carried out in the year that marked the transition from a long, expansive cycle to a recessive one, triggered by the oil crisis of 1973. A page of history had been definitively turned, and with it one strategy of the Latin American left was now closed.

A second great strategy emerged with the Cuban revolution. Any revolutionary victory—above all when it is the first of its kind in a whole region—carries charismatic persuasive force, as we know from the Russian and Chinese experiences in 1917 and 1949. The Cuban triumph coincided with the end of the cycle of Latin American economic expansion under the popular governments and democratic regimes that had prevailed over much of the continent during the 1940s and 50s. The first Argentine coup was carried out in 1955, the second in 1966; the

Brazilian and Bolivian coups took place in 1964, and already by 1954 Guatemala was in the throes of counter-revolution. It seemed that the cycle of democratic governments had run its course, in parallel with the economic crises.

It was then that Cuba unexpectedly presented an alternative route, in contrast to the impasse that popular struggles in other countries had reached under their traditional leaderships. Latin America was no stranger to guerrilla movements; it had known rural insurgencies such as those of Nicaragua and El Salvador in the 1930s, as well as the national-revolutionary struggles in Mexico in the 1910s, or in Bolivia in 1952. Yet events in Cuba radiated a special appeal, pointing the way to a new epoch for the left. Due to the similarity of levels of development reached at that period by most of the countries of Latin America, the Cuban revolution was immediately more influential in the region than the Russian revolution had been in Europe in its day. All the more so, thanks to the way it was presented by such—attractive, if misguided—codifications as Régis Debray's account of the Cuban experience and how it might be replicated in other countries and continents. The massive congresses hosted by Cuba—Tricontinental (1965) and OLAS (1966)—were instrumental in giving huge momentum and worldwide publicity to the new strategy, which was also exemplified by the activities of Che Guevara in Africa and Latin America.

The guerrilla struggles played out in three distinct phases over the next decades. The first, in the 1960s, had a rural character, with hubs in Venezuela, Guatemala and Peru; it ended with Che's death in Bolivia just as he was attempting to coordinate these with other movements that were beginning to appear in Uruguay, Brazil and Argentina. The second phase was that of the urban guerrillas in the three latter countries, which operated between the late 1960s and early 1970s. The third phase was once more based in the countryside, inspired by the victory of the Sandinistas in 1979, and centred throughout the 1980s chiefly in Guatemala and El Salvador. The Sandinista electoral defeat in 1990 coincided with the shift to a unipolar world under the imperial hegemony of the US, which put an end to the viability of guerrilla strategies. The impossibility of military victory in other countries forced Guatemalan and Salvadoran fighters to reinsert themselves into mainstream political institutions, and the heyday of *guerrillero* strategies was basically over.

At the same time, the global realignment after 1990 had far-reaching consequences for the parties of the traditional left, both nationalist and social-democratic. Their adherence to neoliberal policies, and the effects of these policies themselves, disabled the trade-union movements and the broader gamut of left-wing forces. The collapse of the USSR and the socialist camp precipitated a conclusive crisis for Communist parties across the continent. Several changed their names and even their natures, as was the case with the Brazilian CP; others simply faded away, while those that survived were left in social, political and ideological quarantine.

The other forces of the left were variously affected by the new conditions. The Brazilian Workers' Party (PT), the Uruguayan Frente Amplio and the Nicaraguan Frente Sandinista all evolved into parties of the centre-left, accepting when in power the economic models they had fought against in opposition. Of the former guerrilla groupings, only the Frente Farabundo Martí of El Salvador has managed to survive as a significant political force since laying down its arms. The MIR in Chile, the Montoneros and the PRT-ERP in Argentina, the ALN and the VPR in Brazil, and the guerrilla groups in Peru and Venezuela have all been dissolved, whilst the Tupamaros in Uruguay have reinvented themselves as a political force that bears no relationship to their past as a guerrilla movement.

A third approach

The entire framework of political and ideological struggle in Latin America has thus been remodelled under neoliberal hegemony. The radical reversal of the balance of power imposed by the dictatorships of the preceding decades was further reinforced by the new world order. The abandonment of popular forces by former nationalist or social-democratic allies, together with the harsh social consequences of free-market economics, have propelled social movements into the forefront of the resistance to neoliberalism—the third and latest strategy from below. The Zapatistas, the landless peasant movement (MST) in Brazil, the indigenist movements of Bolivia and Ecuador, the *piqueteros* or unemployed workers' activists in Argentina—these are just some of the groups that have pioneered the new militancy. They have resisted to the best of their ability while neoliberalism stripped the state of its functions, pushed through the wholesale privatization of public enterprises and expropriated rights to formal employment, health and education. Opposition to NAFTA was the central plank of the Zapatista platform

unveiled in 1994. Landless peasants in Brazil have taken action against sell-offs, and the resistance to water privatization in Cochabamba in 2000 was the starting point for a remarkable new phase in the history of the Bolivian left. Something similar took place in Ecuador, where indigenist movements demonstrated their power of veto against two neoliberal administrations—under Abdalá Bucaram in 1997 and Jamil Mahuad in 2001—forcing both presidents from office. Later mobilizations, this time led by urban movements formed to defend citizens' rights, overthrew a third government, that of Lucio Gutiérrez, in 2005.

The difficulties experienced by the neoliberal model itself in Mexico, Brazil and Argentina, combined with the pressure of popular resistance to it, opened the door to a new phase, in which the left camp formulated urgent alternatives in the context of the crisis of hegemony across the continent. This posed dilemmas to which some movements responded positively, whereas others held back. A common position among the latter was to use their critiques of the traditional left, the neoliberal state and standard political practices to justify a sweeping repudiation of parties, state and politics in general, taking refuge in what they called 'the autonomy of social movements'. At a time when neoliberalism was sharpening its assault on the state, in favour of the market; on politics, in favour of economics; and on political parties, in favour of corporations, a certain ambiguity crept into the distinction between movements that championed the 'social' dimension to the detriment of politics, parties and states, and those same neoliberal arguments. A new tendency arose within the left or the overall resistance to neoliberalism, embodied in social movements and NGOs, and articulated around the dichotomy of 'state versus civil society'. The World Social Forum reinforced this tendency by welcoming social movements and NGOs but remaining closed to political parties, arguing that this space belonged to civil society.

There are two main problems with this position. Firstly, it blurs the boundaries with neoliberal discourse, since as we pointed out above, the latter likewise regards the state and party politics as its great enemies. Secondly, given that neoliberalism is characterized by the wholesale expropriation of rights, it can only be overcome in the political sphere: through the universalization of rights enacted by the governing authority of the state. Otherwise, the struggle against neoliberalism would remain perpetually on the defensive, having discarded the political instruments necessary for its own realization. Some movements have remained

trapped in this paradox, ostensibly embodying hubs of resistance yet unable to move forward into challenging neoliberal hegemony, via a fresh articulation of the social with the political. Their critique of the state is subordinated to the terms of the theoretical discourse of neoliberalism, structured around the polarization of state versus private. This polarity is designed to demonize the state, take control of the private sphere (in which market relations are embedded) and abolish the indispensable framework for the democratization and defeat of neoliberalism: the public sphere.

The real polarization is between the public sphere and the market sphere, in that the neoliberal project is committed to the infinite extension of market relations, whereas the state is not so much a pole as a space of hegemonic dispute between the two spheres. The construction of an anti-neoliberal alternative must begin with the reorganization or recasting of the state in favour of the public sphere, universalizing citizens' rights while divorcing the state and general social relationships from the market. To democratize means to de-marketize, to recuperate for the terrain of people's rights that which neoliberalism has delivered into the hands of the market. Limiting the field of action to the 'social' as opposed to the 'political', proclaiming the autonomy of social movements as a principle, means condemning oneself to impotence, and ultimately to defeat. The cases of Bolivia, Ecuador and Argentina provide instructive examples of these alternatives.

La Paz, Quito, Buenos Aires

In Bolivia, the new left was constructed upon a critique of the blind economism of the traditional left, which classified indigenous peoples solely as *campesinos*—peasants—because their means of subsistence could be defined as small-scale rural production. This economism had robbed the Aymara, Quechua and Guaraní peoples of their deep and ancient identity. The new critique—explicitly voiced by Alvaro García Linera, current vice-president of Bolivia—empowered the construction of a new political subject: the indigenous movement. In alliance with other social forces, the movement went on to found the MAS—Movimiento al Socialismo—in order to unite the forces built up since 2000 towards effective action in the political sphere and hegemony at the national level, through the candidacy and presidency of Evo Morales.

Since 2000 and leading up to Evo's election six years later, the militant activism of indigenous movements succeeded in preventing the privatization of the water supply that was to be exploited by a French company, and overthrew the neoliberal governments of Sánchez de Lozada and of his vice-president Carlos Mesa. Morales was elected on a platform that pledged to nationalize natural resources, undertake agrarian reform and convene a Constituent Assembly, charged with redefining Bolivia as a multinational, multi-ethnic, multicultural state. The indigenous movement progressed from specific issues—such as water—through a struggle against the national government, to the creation of a party rooted in social movements, and finally to the construction of an alternative anti-neoliberal project for Bolivia to be implemented by a state re-founded on new lines.

Similar events took place in Ecuador, where the resistance to neoliberalism spearheaded by indigenous movements brought down two governments. Movements such as Pachakutik and CONAIE now placed their trust in a military man, Lucio Gutiérrez, who had played a role in the fall of the second government and participated in the World Social Forum at Porto Alegre; there were to be several indigenous representatives in his cabinet. But even before taking office, Gutiérrez travelled to Washington to sign agreements with the Bush Administration, betraying his campaign pledges on economic policy and the military base at Manta, where US troops were stationed. The indigenous movements withdrew their support and pulled out of the government, but they were divided. Some leaders remained loyal to Gutiérrez until the end, and the indigenous forces were so weakened by the process that they played little part in the 2005 uprisings that led to his fall, which was the work mostly of urban movements.

During the 2006 presidential election, the left was represented by Rafael Correa, a young Christian economist who had briefly served in the government of Gutiérrez's vice-president and campaigned on an anti-neoliberal platform which presented itself as the political continuation of all the grass-roots mobilizations of recent years. At first the indigenous movements did not stir, mistrustful of institutional participation after their experiences in the Constituent Assembly and Gutiérrez's government. When they finally fielded a candidate in the shape of their leader, Luis Macas, the space of the left was already occupied by Correa and his largely urban followers, although Correa also attracted the support of

the indigenous population. The movement in Ecuador proved unable to transcend the dilemma between the 'autonomy of the social' and the need to reconnect with the political sphere, remaining split between three options: the traditional form of supporting and participating in governments; withdrawal from the institutional political fray; and the belated fielding of an assertive but isolated candidate who took only 2 per cent of the vote. And so a movement with an extraordinary history failed to progress from the path of pure resistance to that of the construction of alternatives, and found itself excluded when the time came to plan for post-neoliberalism.

In Bolivia, by contrast, indigenous movements did prove equal to making this transition. The foundation of MAS and the candidacy of its leader, Evo Morales, expressed a new way of linking social movements to the political sphere. Evo continued as president of the Coca Growers' Federation of Cochabamba, his native province, at the same time as he became the leading candidate of the Bolivian left and won election as President of the Republic. This achievement is a milestone in the history of the Latin American left, and more specifically in the history of anti- and post-neoliberal struggles.

The *piqueteros* of Argentina also illustrate the dilemma facing the new movements. These groups sprang to prominence during the terminal crisis of peso-dollar parity—an extreme and radical example of financial neoliberalism—by organizing mass demonstrations and road blocks, attracting many who had been pauperized by the effects of the currency peg. There was also a proliferation of factory takeovers, in which workers successfully rescued concerns that had been abandoned or closed by their proprietors. This early conflict with the De la Rúa government—which had inherited the dollar-parity policy from the Menem administration, and stuck with it until it blew up in their faces—marked the beginning of the deepest crisis ever faced by the Argentine state. In December 2001, after angry demonstrations against his government, De la Rúa fled from the Casa Rosada in a helicopter. Over the following days, several more presidents came and went. The bankruptcy of the economic model was obvious, and the possibility of a non-neoliberal government openly discussed. When new elections were called, Carlos Menem came up with an even more radical proposal: full dollarization of the Argentine economy. This would imply severing the country from processes of regional integration, which might not have recovered from the blow, and would

also be damaged by Menem's plan to boost US free-trade ambitions by signing a bilateral treaty between the two countries.

Faced with this crisis of hegemony for the traditional political parties—the Partido Radical in disarray after De la Rúa's resignation, the Peronists bitterly divided—the social movements coined the famous slogan, *¡Que se vayan todos!*: Out with the lot of them! This amounted to a refusal to take part in the electoral process, yet without suggesting any way in which power might be rethought or reorganized. It was a quintessential expression of the 'autonomy of social movements', disdainful of politics but lacking any alternatives. From a position of strength, one can indeed get rid of 'the lot of them'. Without organized political forces, the slogan is merely a way to bow out from the fight for an alternative hegemony. In the Argentine case, this enabled Menem to win the first electoral round in 2002 and a relatively obscure provincial governor, Néstor Kirchner, to win the second. Kirchner set out to project, from within Peronism, the image of a moderate alternative to Menem in the mould of Lula or Tabaré Vázquez. Thus the crisis of hegemony was overcome. Kirchner capitalized on the fury of the streets, and the contempt for the Menem and De la Rúa governments. From a centre-left position, he set about repairing the cracks in state legitimacy and winning over many sectors of the *piqueteros*, whose more radical wings were thus isolated and weakened.

In all these instances, the notion of the autonomy of the social served not to help the regrouping of mass forces intent on organizing new forms of political action, nor as a way to construct alternative forms of power, but rather as a refusal to confront the issue of power. The clearest theoretical expositions of such tendencies are to be found in the works of Toni Negri and John Holloway. They argue explicitly for the abandonment of power, of the political sphere, on grounds that power corrupts everything since its forms of representing the popular will are intrinsically tainted and distorting; the will of the people can only be legitimately represented within the social sphere. Furthermore, Negri portrays the state as a conservative brake on globalization. Yet neither makes any attempt to construct concrete anti-neoliberal strategies; their prescriptions lead only to the inertia of the social movements. The WSF, for its part, made the need to regulate flows of finance capital one of its founding theses; yet this can only take place—as, for example, in the case of Venezuela—through state action.

Another approach to the crisis of hegemony besetting Latin America—with the exhaustion of the neoliberal model but the continuation of free-trade policies—can be found in Zapatismo. This movement was born of the demands of indigenous groups in Chiapas, and enjoyed a high national profile for a while, but it remained confined to the south-east of Mexico and the demands of a single sector. Rather than profit from the crisis of the PRI, the Zapatistas took no part in the institutional jousting—which they condemned—and the PAN stepped into the breach instead, as another right-wing option. Nor did they participate in the 2006 presidential elections, preferring to conduct the ‘Other Campaign’, parallel to the official race: an occasion for pouring more venom on the mainstream left candidate, the PRD’s Andrés Manuel López Obrador, than on his rivals. Once more the winner was the PAN, although by a tiny margin this time, and amid well-founded accusations of fraud. Felipe Calderón has continued with the neoliberal policies of his predecessor. He has also challenged the state monopoly of oil with a project that paves the way for the privatization of Pemex, while intensifying the crackdowns on popular protest.

Centre-left inflexions

A further response to the crisis of hegemony is that of the traditional left, embodied in governments like those of Lula, Kirchner, Vázquez or Ortega, which enjoy some form of critical support from the social movements of their countries—trade unions, rural movements, public-sector employees in health or education. These governments maintain the neoliberal model, but attempt to develop more flexible social policies—notably in Brazil, but also in Argentina, Uruguay and Nicaragua—that distinguish them from orthodox neoliberal administrations. Their foreign policies, moreover, are firmly committed to regional integration, with the accent on Mercosur and the more recently created Unasur, in preference to free-trade agreements with the US. This is the fundamental issue that divides Latin America today: the line that separates countries such as Chile, Mexico, Peru or Costa Rica, which have signed deals of this kind, from others such as Argentina, Brazil, Uruguay, Paraguay, Venezuela, Bolivia, Ecuador, Nicaragua or Cuba, that are more interested in regional integration. This is a completely different distinction to that between a ‘good’ or ‘moderate’ centre-left, and a ‘bad’ or radical left, cultivated by the Western media and formulated by figures such as Jorge Castañeda, spokesman of the Latin American right, in order to

divide the left, co-opting the moderates and isolating the radicals. It is reiterated yet again by the *Economist's* Latin American editor, Michael Reid, who fulminates against left alternatives to neoliberalism in his *Forgotten Continent* (2007).

Meanwhile, four Latin American governments have taken the priority of regional integration a step further, aiming to break with the dominant model and begin the construction of what we might call the post-neoliberal alternative. Venezuela, Bolivia, Ecuador and Cuba are committed—Ecuador only unofficially so far—to building the Bolivarian Alternative for the Americas, whose integration process is more far-reaching; it now also includes Haiti, Nicaragua and Honduras. ALBA has attempted to combat the neoliberal model by creating de-mercantitized spaces and promoting what the World Social Forum has called 'fair trade', that is, exchanges not governed by market rates or WTO norms of free trade. This experiment is unique for its practice of alternative modes of exchange, prefiguring what that 'other possible world' might look like. Here, each country gives according to what it has and receives according to its needs. Thus ALBA's two founding countries, Venezuela and Cuba, swap the oil of the first for the second's expertise in education, public health and sports, in line with their respective wants and possibilities. Thanks to these transactions, Venezuela has become the second country in Latin America to claim the status of an 'illiteracy-free territory', according to UN criteria. This achievement was obtained in a public, de-mercantitized space, not under market conditions or subject to the educational budgets of traditional governments, even those of relatively more developed countries like Argentina, Mexico or Brazil; and it was not the product of a highly developed government-sponsored literacy method such as that of the Brazilian Paulo Freire.

Bolivia has announced that by the end of 2008 it expects to join Venezuela and Cuba as another illiteracy-free territory, thanks once more to the direct input of Cuban specialists. Other successes include 'Operation Miracle', a project that has restored the eyesight of hundreds of thousands of Latin—and indeed North—Americans by means of free operations in Cuba, Venezuela and Bolivia; in the latter country, for example, thousands of Argentineans have benefited from the scheme. Meanwhile the Latin American School of Medicine is training the first generation of doctors from humble backgrounds, North Americans included, free of charge. Venezuela is using its oil revenues to construct a space of

solidarity exchanges—Petrocaribe—that helps fund poor sectors in the US, just as ALBA runs solidarity programmes in Haiti, Bolivia, Nicaragua and elsewhere on the continent. Regional integration projects, like the Banco del Sur scheme, the transcontinental gas pipeline and Telesur, are other attempts to alter the relation of the region to the world market, by devoting financial resources and commodities to the fulfilment of its own objectives.

Vanguard states

Why has a full-fledged challenge to capitalism not emerged? The answer must be sought in the global balance of forces following the victory of the West in the Cold War. The extensive processes of deregulation and marketization that this unleashed did not produce an era of sustained economic growth; instead, productive investment was in large part transferred to the speculative financial sphere. The social and geographical concentration of wealth has intensified. The limits and contradictions of the capitalist system are revealed on a greater scale than ever before. Yet the subjective factors—forms of collective organization and of consciousness, politics and the state—necessary for the construction of alternatives have been disequipped by these same processes. The state and the public domain have withered under the onslaught of rent-seeking capital, backed by international agencies that relentlessly preach the doctrine of free trade. Ideologically, the triumph of liberalism has imposed its own interpretation of the world as a hegemonic monopoly: democracy could only mean representative parliamentarism; the economy could only mean the capitalist market economy; the client and the consumer occluded the citizen and the worker; competition replaced rights and the market subsumed the public sphere.

This is why the successive crises of the neoliberal economic model have not prompted an overt challenge to capitalism as such. In Latin America, the countries that have gone furthest in combating neoliberalism are those in which it was least entrenched. In Venezuela the advance of free-market policies was halted by the failure of the Carlos Andrés Pérez and Rafael Caldera administrations; in Ecuador, by the fall of three governments in a row. In Bolivia, indigenous communities managed to preserve their identities not only in the countryside, but also in the urban districts where they are most highly concentrated, cities like La Paz, El Alto and Cochabamba. Ideologically, neoliberalism has put down deeper roots in

the relatively more developed countries: Mexico, Brazil, Chile, Argentina. Brazil was ruled by an unbroken sequence of neoliberal governments for ten years; in Argentina, Menem also ruled for ten years; and neoliberal orthodoxy was fully implemented in Mexico as much under the PRI as under the PAN. In Brazil and Argentina the neoliberal model continues to hold sway, despite certain areas of flexibility.

The governments that, by analogy to post-capitalism, might be called 'post-neoliberal'—those of Venezuela, Ecuador and Bolivia—did not emerge in any of the classic bastions of the Latin American left, such as Brazil, Chile, Argentina or Uruguay. They did not appear in countries where the working class and workers' movements had gained most ground, thanks to advances in the industrialization process and the historical experiences of the political left. They emerged as new historical subjects, forged in the struggles against privatization and in popular protests at neoliberalism's social costs. In Bolivia this subject is clearly the indigenous movement, following the disappearance of the mine workers' movement. In Venezuela it is an anti-imperialist nationalist movement with military origins. In Ecuador it is a hybrid subject, the sum of several contingents formed by great waves of popular mobilization, from indigenous movements to urban democratic campaigns, sweeping up many other sectors along the way including trade unionists, students and members of the critical intelligentsia.

These are all anti-neoliberal social forces, but not necessarily anti-capitalist. They might become so, depending on the ability of the social and political leadership to bend the struggle in that direction, lending an anti-capitalist dynamic to the anti-neoliberal alliance. The project of 21st-century socialism, launched by Hugo Chávez and developed by many other forces, is after all an unprecedented historical construct which seeks to merge the anti-neoliberal struggle with an anti-capitalist one. The most advanced political processes in Latin America—in all the world, in a sense, considering it is here that this project has gone furthest—are attempting to design political projects that can be called post-neoliberal. We use this term to denote approaches that combine the restoration of several state functions: its regulatory capacity to defend national sovereignty over natural resources; its ability to carry out universally inclusive social policies, as the representative of the great working mass of society; its scope for creating new mechanisms of political participation and for redefining the links between the social and the political. In such

economies the recast state will exercise its hegemony, but in cohabitation with a sizeable private sector, and socialized properties may take different forms—cooperatives, small family concerns, etc. The goal is to create a new model of socialization by refounding the state around the public sphere, with the idea that 21st-century socialism means the rehabilitation of the public domain, the universalization of rights, and thoroughgoing de-marketization. Success will ultimately depend on the degree of de-marketization achieved in the post-neoliberal model.

Challenges

Following a period of euphoria, it is possible to discern the signs of an imminent new phase which these Latin American governments must now prepare themselves to confront. The triumph of Fernando Lugo in Paraguay—ending decades of dictatorial rule by a party-State regime—has added to the list of new types of government in the region. Lugo is backed by a heterogeneous alliance of parties, but also has broad social support, especially in the countryside, which will provide the new president with substantial legitimacy as he confronts a series of difficult issues: agrarian reform, corruption, tax reform, and the renegotiation of treaties on hydro-electric power with Brazil (Itaipú) and Argentina (Yacyretá). In El Salvador, there are favourable odds on Mauricio Funes of the Frente Farabundo Martí for president in March 2009. Yet these developments have coincided with the emergence of new obstacles. Chávez's defeat in the referendum of November 2007, and his foreseeable difficulties in winning the municipal elections of November 2008 against a united opposition, suggest that significant losses could be inflicted on a government that hitherto held nearly all the local councils, even if some by default due to an opposition boycott. Despite Morales's victory in the August 2008 recall referendum—68 per cent, on an 84 per cent turnout—the problems besetting the Bolivian government remain; negotiations will have to be resumed in an attempt to solve the intractable issues of the new constitution. Nonetheless, popular support for these governments is substantially greater than appears in the media; in the recent referendum, for example, Morales obtained 14 per cent more than he had in the 2006 presidential vote.

As for Lula, although the crisis provoked by accusations of corruption has not entirely gone away, he has won a second term and still enjoys an approval rating of 70 per cent. This popularity is the reward for a

comparatively steady economic expansion, but most of all for the appreciable effects of the government's social policies, suggesting that it will be hard to settle on a candidate to succeed Lula for 2010. Tabaré Vázquez should find it easier to choose a successor, although the Frente Amplio is split between those supporting his moderate chancellor, Danilo Astori—branded by the left as a neoliberal, but praised by Tabaré for the economic stability he has maintained—and those preferring a more left-wing candidate, most probably the former Tupamaro, José Mujica.

Like Morales and Chávez, Cristina Fernández has been under fierce attack from the right. Her attempt to raise the duty on farm exports—the dominant sector of Argentina's overseas trade, above all transgenic soybean—caused furious protests among rural producers, large, medium and small, due to the new tax's disastrous failure to discriminate between them. After taking over from her husband, Néstor Kirchner, in April 2008, the president's popularity nose-dived during the first months of her administration, as the traditional urban middle-class opposition—concentrated in Buenos Aires, almost the only constituency to reject her at the polls—joined forces with meat and grain producers in their campaign of road blocks and lock-outs.

Cuba is beginning to relax the rigid policies it was obliged to put in place to get through the 'special period'. Such reforms are not necessarily the effect of Fidel Castro's withdrawal from the helm; they reflect popular wishes that have been repressed ever since the nation had to tighten its belt following the collapse of the collective, long-term economic planning system of the socialist camp. The government's first reshuffle did not bring in younger politicians; on the contrary, the old revolutionary guard was reconfirmed, as though to signal that reforms would only be undertaken within the ideological framework of the revolution. However, the Party Congress scheduled for 2009 must be an opportunity to refresh the leadership, indicating the possible future shape of a post-Fidel Cuba, fifty years after the revolutionary victory of 1959 that changed the history of the Latin American left.

Hegemonic contestations

What kind of place will Latin America be after this wave of progressive governments? How irreversible are the current changes? Into what kind of regression might it drift, should present political processes fail

to be secured? Counter-neoliberal strategies—in the only possible form they can take, given the balance of power on the global, regional and national levels—imply a protracted dispute for hegemony: neither an unequal alliance with dominant bourgeois sectors (the reformist strategy), nor the annihilation of the enemy (the premise of armed struggle). Instead, these strategies involve restating the dispute over hegemony in terms of the conquest of power, including legislation to reverse the processes of marketization and empower the reconstitution of social subjects ‘for themselves’. Beyond this, at a higher stage, it means the foundation of a new state, able to embody the new balance of power between major social blocs.

In Bolivia, for example, the conquest of power through the ballot box was achieved in the wake of one of the most thorough bids to dismantle a state that the continent had ever seen. This began with the liquidation of the tin mines and culminated in the privatization—‘capitalization’, in the language of Bolivian neoliberalism—of the principal state-owned companies, rescinding state control of natural resources and crippling the government’s power to impose any form of regulation. This was the situation inherited by the Morales government, which at once began to implement its strategic platform: nationalization of natural resources, the most urgent being gas; convocation of the Constituent Assembly; and first steps toward agrarian reform. The nationalization scheme was unable to dispense with the collaboration of foreign firms, because the state could not shoulder the investment burden and the Bolivian gas company had been thoroughly stripped of technical and managerial expertise. The best the government could do was to raise gas export taxes from 18 to 84 per cent, creating an essential fund to cover the bulk of government spending on social programmes, particularly aimed at children and the elderly.

With respect to the design of the Constituent Assembly, the government had originally planned for direct representation of indigenous peoples and all the social movements, but excluding political parties, which would have guaranteed a crushing victory against the opposition. But Bolivia is not Venezuela, where the state is strong—the stronger for retaking control of the national oil company—and the corporate sector relatively weak, so that its attempts at a political boycott fell flat and had no economic repercussions beyond limited shortages and inflation. In Bolivia, economic power is overwhelmingly in private hands and

concentrated in the eastern provinces, the fiefdom of the right. There was reason to fear that the opposition, faced with the prospect of outright defeat, might launch a damaging economic boycott against the government, deepening the risk of the country splitting up. Thus the Assembly was finally structured around existing parties, with an outcome that gave the government an absolute majority but not the two-thirds it needed to legitimate its constitutional project. The opposition presented a common front in the hope of capsizing the Constituent Assembly. By multiplying the deadlocks, it ultimately precipitated an institutional crisis, upon which it attempted to capitalize by calling for a referendum on the issue of autonomy—not for indigenous peoples, as MAS intended, but for provincial governments. This would enable them to block agrarian reform in their provinces as well as pocket a substantial proportion of the revenues generated by gas exports. Hence they interpret ‘autonomy’ as applying only to the provincial leaders, who for the first time in Bolivian history have been directly elected by the inhabitants of the *prefecturas* rather than appointed by the president, as was the case until 2007.

Against the background of a strategy based on the accumulation of forces through social mobilization, so as to rectify the balance of power and conquer a new hegemony, the government was anxious to avoid violent confrontations and armed uprisings, for these could only shift the conflict onto a ground auspicious to the right, which could rely on support from the police and armed forces within, and the US without. The tactic was therefore to draw the opposition into the Assembly and use this gathering to consolidate the new hegemony. The right, seeing their interests severely threatened, reacted stormily—there were separatist attempts, violent attacks, racist outbursts—in a context that did not favour them, where the overall tendency was toward policies in pursuit of a new economic model with less emphasis on exports, particularly of transgenic soy which is so lucrative for the rich agribusinessmen of Santa Cruz de la Sierra.

This example shows the play of manoeuvring in a lengthy war of entrenched positions, a war which the left in these countries is fighting at the government level, with broad popular mandates and plenty of scope for initiative, even when confronting the economic and media power of the opposition. No gains are irreversible. Yet the setbacks experienced by the right, with the isolation and fall of the most orthodox neoliberal governments, allow us to suppose that were they to return to power,

displacing today's left and centre-left, they would make sure to maintain some of the present governments' social schemes or implement versions of their own, something that was unthinkable before. There is no doubt, though, that they would resume the privatization programme, halt the regional integration process and seek rapprochement with the US and the North as a whole. The sole alternatives to the progressive governments now in power, including the most moderate, lie to the right of them: the left as it stands today nowhere displays a high enough level of strength and support, or a clear enough alternative discourse.

Some region-wide projects would be very hard to undo if they advanced significantly under present governments: the continental gas pipeline or the Banco del Sur, for example. There is greater popular support for the left, in more countries at once, than this continent has ever known, owing to social policies that contrast with those of neoliberal administrations. This support has proved to outweigh all the economic and media power of the elites, in a scenario that has repeated itself in elections right across the region. Whether radicals like Chávez, Correa and Morales, or moderates like Lula, Vázquez, Néstor and Cristina Kirchner, Ortega, Lugo and López Obrador, these candidates were all faced by a neoliberal bloc, bolstered by the powerful private monopoly of the media. This monopoly 'manufactures consensus', shaping public opinion on a daily basis and determining the topics of the hour. And yet when it comes to an election, people—in Venezuela, Argentina, Bolivia, Brazil, Ecuador and Uruguay—have voted the other way.

Reverberations

What impact might Latin American developments have in the world at large? We could examine the question with regard to three great pillars of contemporary power: the power of arms, the power of money and the power of words. Clearly Latin America can have little impact on the global economic situation, beyond the alliances with India, China, Russia and South Africa, which Brazil in particular has forged. The growth of South–South exchanges ensuing from regional integration—chiefly with China and India, but also with Iran—are steps toward a different mode of international trade relations, in which the weight of the US counts less than before, except for the countries that have signed bilateral FTAs. Similarly, on the question of arms, it seems unlikely that Latin America could do more than play a passive role, refusing to back the military

expansionist plans of the US empire, as it did when Washington failed to drum up a single vote on the UN Security Council in support of the invasion of Iraq—not even from its close economic allies, Mexico and Chile. The isolation of Colombia, the epicentre of US influence, became very clear when its recent incursion into Ecuadorian territory was roundly condemned by every other nation as well as by the OAS. The regional integration projects unique to Latin America offer a path to relative independence from the US, combined with an alternative to the free-trade agreements peddled by Washington. Here, too, are found some of the very few governments in the world that openly defy North American imperial hegemony: Cuba, Venezuela, Bolivia, Ecuador.

None of this, of course, suffices to build a political and military counterweight to the US. At best the continent is resisting, and working on its own forms of integration, in a region whose economic clout has been much diminished by the de-industrializing effects of the economic opening-up enforced by neoliberalism. The founding in May 2008 of Unasur, a project for the integration of all the countries of South America, and the proposal for a South American Defence Council—both initiatives US-free—point toward a new space and model for continental integration; though Colombia's formal participation complicates matters, since Uribe has decided to allow the US to establish a military base on its territory.

The importance of the region as a whole derives from its energy resources, primarily oil, and from its exports of cash crops, soya in particular. But domestic markets are becoming more attractive as their capacity for consumption increases, while regional integration reinforces political negotiating muscle, as has been seen in the dealings of the G-20 with the WTO. The process of breaking with the neoliberal model and founding alternative spaces for trade, such as ALBA, has turned the continent into an indispensable reference in any debate around the alternatives to neoliberalism. It is partly for these reasons that Chávez's leadership has become celebrated beyond continental borders. Yet one of the more vulnerable aspects of post-neoliberal processes is their global isolation; in the absence of other allies Venezuela has been forced to cultivate any governments that are in conflict with the US, such as those of Russia, Iran, Belarus and China. In addition, the Latin American countries that have made concrete moves to break with the model are not the most

developed, relatively speaking; their greatest economic asset is to be able to count on Venezuela's oil.

On the ideological plane, Latin America is better placed to table issues for debate: the pluri-national, pluri-ethnic state; the notion of 21st-century socialism; alternative formulas for regional integration such as ALBA. But there are few platforms for disseminating the new ideas, raising them against the *pensée unique* and its theories, incessantly propounded by the mass media. Latin American critical thought, which can boast a long tradition of far-sighted interpretations and theoretical innovations, is faced with fresh challenges in response to issues such as the new nationalism, indigenous peoples, the new model of accumulation, processes of socialization and de-marketization, and the historical and political future of the continent. In some countries—most importantly Bolivia—the experiments under way are accompanied by a rich process of reflection and theoretical elaboration. In others, there is a considerable dissociation, not to say contradiction, between much of the intelligentsia and the process the rest of the country is embarked on: the most striking example is Venezuela. In countries with a strong university-based intelligentsia such as Brazil, Argentina and Mexico, a significant part of the educated elite will not commit itself to participating in the principal areas of social and political struggle, even if it maintains a high standard of intellectual elaboration. The existing theoretical potential may play an important role in the construction of post-neoliberal models.

World context

In retrospect, the international rise, consolidation and jeopardization of neoliberalism falls into three distinct phases. The first was marked by the Thatcher-Reagan tandem, corresponding to the strongest and most openly reactionary ideological expressions, with Pinochet in Chile and Jeffrey Sachs in Bolivia as its most authentic regional equivalents. The second phase corresponded to the governments of the so-called Third Way, represented by Clinton and Blair, which pursued a supposedly 'light' version, a consolidation of the model, given that the heavy lifting—privatizations, unlimited predominance of the market, opening-up of the economy—had already been carried out. Now it was as if the green light had been given for governments of similar tendency in Latin America—social-democrat and nationalist—to set out on the same path: from Buenos Aires to Mexico City, the Washington Consensus swept

the board. The third phase was inaugurated with the Mexican peso crisis and the onset of turbulence in the globalized economy, while the Bush-Cheney White House imposed a harsher, more conservative tone in response to the attacks of 2001; aggressive policies from Washington combining with an economy in stagnation.

This was the background, in the late 1990s and early 2000s, to the overthrow of one neoliberal government after another in Latin America. Incoming leaders took advantage of the relative weakening of American political and economic leadership to render the FTAA unviable, and began to develop alternative policies for regional integration. This phase also corresponded to a decline in the international preponderance of the US economy and rising demand on the world market from China and India—the PRC in particular developing large-scale direct exchange with many countries in the region.

What might a fourth phase bring? If some governments have encountered setbacks recently—in particular Venezuela, Bolivia and Argentina—world developments are themselves producing further changes. Rising commodity prices and the international impact of the North American recession are favourable for the export of Latin American primary products—in which agriculture still plays an important role. A new Democratic administration in the US after 2009 might seek to change the discourse and break the unprecedented isolation that Washington faces in the region. This would represent a new challenge for the processes of regional integration and the construction of a post-neoliberal model. It is possible to envisage a new drive for cooptation by Washington, based around its traditional allies Colombia and Mexico, plus Alan García's Peru, which has recently signed a free-trade agreement with the US; but the White House would now also seek to attract the centre-left governments—those of Brazil, Argentina and possibly Uruguay—away from the bloc of regional integration, while isolating those of Venezuela, Bolivia, Ecuador and Cuba.

Other processes under way, however—Mercosur, ALBA, Unasur, Banco del Sur, the continental oil pipeline, among others—may well advance, as the North American recession favours the diversification of regional trade with countries such as China, and reinvigorate the conditions for the consolidation of these governments and their projects of integration. It remains to be seen what pattern will result from the combination

of economic recession and a Democratic administration. The internal development of Venezuela and Bolivia, crucial components of the bloc of integration, is in many ways fundamental for the future political scenario of the region; along with Ecuador, which is rapidly moving ahead with the construction of new constitutional institutions, and the new government of Paraguay. Overall, however, it is developments in Mexico, Argentina and Brazil that will determine the outlook across the continent. If Cristina Fernández's government can succeed in overcoming its current crises and if Lula can choose his successor in 2010—thus preventing Brazil from shifting to the pro-FTA, anti-integrationist column—then there are strong indications for a second decade of rule by the new regionalist forces of Latin America.