

The recolonisation of Latin America by global capitalism

Latin America has gone through a tumultuous period of change and uncertainty since the 1980s when it was swept into the vortex of capitalist globalisation, says *William I Robinson*. After a blistering spell of neoliberalism, the emergence of left-wing regimes in many of the principal countries of the continent appeared to offer hopes of a more humane alternative. However, this 'pink tide' has now ebbed away with the resurgence of right-wing regimes intent on integrating the continent more fully into the global capitalist system. Two hundred years after its independence, Latin America remains deeply tied – and subordinated – to the larger world capitalist system that has shaped its economic and political development from the conquest in 1492 right up to the present period of globalisation.

AN academic or journalist returning to Latin America after several decades away from the region would barely recognise the subcontinent as we approach the third decade of the 21st century, so vast has been the transformation of the region's political economy and social structure in recent years as it has become swept up into capitalist globalisation.

Latin America has gone through a tumultuous season of change and uncertainty since the 1980s that has involved the collapse of the post-World War II development model and a period of neoliberal hegemony, followed in the first decade of the new century by a turn to the left known as the 'pink tide', and now the revanchist resurgence of the far-Right, all the while in the midst of great social upheavals and political conflict.

Two hundred years after its independence, Latin America remains deeply tied – and subordinated – to the larger world capitalist system that has shaped its economic and political development from the conquest in 1492 right up to the present period of globalisation. That world capitalist order has itself gone through successive historical epochs over the past five centuries. This new transnational order has its origins in the world economic crisis of the 1970s, which gave capital the impetus and the means to initiate a major restructuring of the system through globalisa-



The export processing zones or *maquiladoras* in Latin America, which employ hundreds of thousands as low-wage workers for the global assembly line, are a premier symbol of capitalist globalisation.

tion over the next few decades.

The larger backdrop to rapid and ongoing change in Latin America has been the integration of the region into the new global capitalism. Now, in the wake of a global crisis that appears to be intensifying, the region's articulation to the larger system is yet again being redefined at a pace that no one could have predicted a few years back.

From the 1980s and on, a new breed of transnationally oriented elites and capitalists led the region

into the global age of hothouse accumulation, financial speculation, credit ratings, the Internet, gated communities, ubiquitous fast-food chains, and malls and superstores that dominate local markets in emerging megacities. There are vast new fields of soy run by transnational agribusiness, sprawling tourist complexes that have displaced thousands of communities, and export processing zones (EPZs) that employ hundreds of thousands as low-wage workers for the global assembly line as Latin American coun-



A soy farm in Brazil. Soy plantations set up by transnational agribusiness have displaced millions of smallholders.

tries experienced a thorough restructuring and integration into the new global production and financial system. Whole neighbourhoods have been built with remittance wages sent by the tens of millions of Latin American emigrants who provide cheap itinerant labour for other regions in the global economy. New trading patterns now link Latin America commercially to every continent.

Earlier research on the global economy focused on the phenomenon of 'runaway factories'. The EPZs or *maquiladoras*, with their tell-tale exploitation of young women, became a premier symbol of capitalist globalisation. *Maquiladoras* are now major components of the Mexican, Central American and Caribbean economies, and EPZs have spread as well to the Andean region and even into the Southern Cone. But the Global Factory has since been joined by the Global Farm, as Latin America's agriculture has become an extension of the new transnational agribusiness, and by the Global Supermarket, as retail sectors have become globalised. Brazil overtook the United Kingdom in 2011 to become the world's sixth largest economy – a powerful testament to the economic rise of Latin America in the Global South and the changing nature of the international order.

Yet as capitalist globalisation has unleashed a new cycle of modernisation and accumulation in the region, it has had contradictory effects. It has

transformed the old oligarchic class structures, generating new transnationally oriented elites and high-consumption middle classes that enjoy the fruits of the global cornucopia even as it has displaced tens of millions, aggravated poverty and inequality in many countries, and wreaked havoc on the environment. Capitalist globalisation has brought about unprecedented social inequalities, mass unemployment, and the immiseration and displacement of tens if not hundreds of millions from the popular classes, triggering a wave of transnational migration and new rounds of mass mobilisation among those who stayed behind. This is what lies behind contemporary headlines on Latin America, such as the recent Central American refugee caravans to the United States.

Neoliberalism swept the region with ferocity in the late 20th century but by the turn of century the model was in crisis. Politically, the fragile polyarchic ('democratic') systems installed through the so-called 'transitions to democracy' of the 1980s were increasingly unable to contain the social conflicts and political tensions generated by the polarising and pauperising effects of neoliberalism.¹

The erosion of the so-called 'Washington Consensus' around this neoliberalism, together with economic stagnation and a string of revolts among popular classes, led to an electoral comeback of the Left early in

the century. This pink tide put forth what commentators referred to as a new 'radical populism' and revived a socialist agenda.

However, in the past few years the pink tide has all but unravelled. The Right has returned to power with a vengeance in Brazil, Argentina, Honduras and Paraguay, and is making major headway in Bolivia, Ecuador and Central America. What remains of the Left in power faces a renewed assault by the transnational capitalist class, the international Right and the United States.

The new globalisation model of accumulation²

Latin America has gone through successive waves of ever-deeper integration into world capitalism, often on the crest of world economic crisis and mass struggles. Latin America's integration into the new global production and financial system followed the collapse, in the wake of the 1970s world economic crisis, of the post-WWII development model in the region.

This pre-globalisation model of accumulation had been based on domestic market expansion, populism and import-substitution industrialisation (ISI), the growth of traditional agro-exports and other primary commodities, the creation of state sectors, a role for the state in guiding accumulation, and redistribution through corporatist and populist coalitions. This model became exhausted and its breakdown, starting in the late 1970s, paved the way for the neoliberal model based on liberalisation and integration to the global economy.

Diverse social forces and political movements clashed during the next two decades over what would replace the old model. During those two decades, the mass movements, revolutionary struggles, nationalist and populist projects of the 1960s and 1970s were beaten back by local and international elites. The tide turned against those projects in the face of the debt crisis that hit the region hard in the 1980s, amid state repression, US intervention and the collapse of a

socialist alternative.

Behind all this, globalisation shifted the correlation of class forces worldwide away from nationally organised popular classes and towards a new transnational capitalist class and local economic and political elites tied to transnational capital. In the 1980s and 1990s, as the logic of national accumulation became subordinated to that of global accumulation, new, transnationally oriented elites among the dominant groups in Latin America gained control over states and capitalist institutions in their respective countries and used that control to push forward capitalist globalisation and a new model of accumulation.

The new transnational elites and capitalists forged a neoliberal hegemony, privatising, liberalising, deregulating, 'flexibilising' and cheapening labour, and implementing fiscal austerity, free trade and investment regimes that facilitated transnational corporate access to the region's abundant natural resources and fertile lands. As the region integrated deeper into world capitalism, trade in goods as a percentage of the regional gross domestic product (GDP) increased from 10% to 18% from 1989 to 1999.

Globalisation thus ushered in a new model of capitalist accumulation in Latin America that has vastly restructured the region's productive base and, along with it, transformed the class structure, the social fabric, political systems, and cultural and ideological practices. The commanding heights of Latin America's economy are now a new set of activities that were introduced starting in the 1980s and that form part of globalised circuits of accumulation. They include *maquiladora* industrial production, transnational agribusiness complexes, global banking, tourism, the 'retail revolution' (the spread of Walmart and other superstores that now control some 70% of the region's commerce, up from just 10-20% in 1990³) and the transnationalisation of labour markets that has made Latin America a major exporter of workers to the global economy. Six dynamic

Table 1: Manufacturing exports f.o.b. as percentage of manufacturing, select countries (aggregate value, at constant 2000 prices)

	1995	2000	2005
Argentina	15.8	18.2	22.6
Bolivia	19.8	36.7	15.8
Brazil	21.3	26.6	45.5
Chile	17.4	26.6	33.3
Colombia	28.9	36.6	49.8
Costa Rica*	26.7	97.8	98.0
Ecuador	24.3	61.6	92.0
El Salvador	15.9	21.4	28.1
Guatemala	23.8	34.1	49.0
Honduras	33.7	28.6	53.1
Mexico*	81.6	129.6	155.0
Nicaragua	22.6	8.0	11.5
Paraguay	15.8	15.0	26.6
Peru	10.4	15.1	27.0
Uruguay	24.3	28.1	28.7
Venezuela	12.1	13.0	20.4

Source: Calculated on the basis of ECLAC, *Statistical Yearbook for Latin America and the Caribbean*, 2006, Tables 2.2.2.4 and 2.1.1.15.

* Figures are above 100% for Mexico because a portion of manufacturing exports in the in-bond industry is calculated by statistical agencies as manufacturing exports but not as part of the national manufacturing sector. The Costa Rican case appears skewed because the very high percentage of manufacturing value-added as exports is accounted for by the installation of a major Intel computer chip plant in the country in 1997 and the export of high-value computer chips.

new activities, in particular, have come to dominate the region's political economy and its articulation to the world economy over the past three decades.

First, industry has been reoriented towards global markets, with national industrial activity integrated into global production chains as component phases of the Global Factory. Most notable is the phenomenal spread of *maquiladora* assembly plants, which were established along the US-Mexico border in the 1970s and on and subsequently spread throughout the Greater Caribbean Basin and more recently into South America as far south as Brazil and Argentina. Through this 'industrial reconversion', as it is known in international development discourse, small and medium industrial enterprises have also reoriented from the national to the global market by becoming local subcontractors and out-

sourcers for transnational corporations. Table 1 shows the ongoing reorientation of industry into the Global Factory.

Second, new transnational agribusiness exports have increasingly eclipsed the old agro-export and domestic agricultural models. Every national agricultural system in Latin America has been swept up in the new global agribusiness complex. Alongside beef, coffee and sugar, King Soy now dominates agriculture in Brazil, Argentina, Paraguay and Bolivia. Soy is mass-produced and processed as industrial and edible oils, as feed for animals and as food for markets in Asia and elsewhere. Soy plantations set up by transnational agribusiness and run as capitalist 'factories in the field' have displaced millions of smallholders, eating up the rainforests and savannas, and generated an ecological disaster.

In Brazil, former Workers Party

(PT) presidents Luiz Inacio Lula da Silva (2003-10) and Dilma Rousseff (2010-16) gave powerful support to agribusiness over small farms and the landless. In the countryside land ownership became more concentrated at the end of the PT's rule than it was 50 years ago. The countryside is 'a landscape of endless seas of soy plantations, massive cattle ranches, and poisonous industrial farms that displace poor Brazilian families and cut down ever-larger swaths of rainforest', observed writer Benjamin Dangl in his 2010 book *Dancing with Dynamite*.⁴

In Mexico, millions of acres previously planted in corn, beans and other crops for the domestic market have been replaced by fruits and vegetables for the Global Supermarket. Colombia and Ecuador are now the second and third largest exporters of cut flowers, respectively, to the world market. Chile's Central Valley, once the country's bread basket, is now a specialised region for the intensive production and export of canned and fresh fruits and wines. Transnational agribusiness in Honduras has snatched up vast stretches of rural farmland from local peasant, Afro-Honduran and indigenous communities and converted them into oil palm plantations. This new face of transnational corporate agribusiness in Latin America involves capitalist rather than the earlier oligarchic or semi-feudal relations of production and draws in rural, often female, workers rather than the earlier peasant or peon labour.

Third, the growth of the global tourist industry has exploded over the last two decades. Virtually every Latin American country has been swept up into the industry, which now employs millions of people, accounts for a growing portion of national revenue and gross national product, penetrates numerous traditional communities and brings them into global capitalism. Local indigenous, Afro-descendant and mestizo communities have fought displacement, environmental degradation and the commodification of local cultures by tourist mega-projects such as the Ruta Maya

in Mexico and Central America, the Ruta Inca in Peru, Punta Cana in the Dominican Republic, San Pedro de Atacama in Chile and the Roatán-Northern Coast tourist complex in Honduras.

For many countries – including Mexico, Costa Rica, Guatemala, Ecuador and most of the Caribbean nations – tourism is the first or second most important source of foreign exchange. By 2004, tourism represented 12% of Latin America's aggregate foreign exchange receipts, 33% for Cuba, 35% for the Central American republics and the Dominican Republic, 36% for Jamaica, and so on.⁵

Fourth, services, commerce and finance have become increasingly transnationalised. Latin America's national financial systems have merged with what is now a single integrated global financial system. The arrival of the Global Supermarket has involved the invasion of transnational retail conglomerates like Walmart, K-Mart, Costco, Carrefour and Royal Ahold, as well as fast-food chains, as noted above, generally in partnership with Latin American investor groups. Fast-food chains, superstores and malls are the outlets for the distribution of goods from the Global Farm and the Global Factory. They have displaced thousands of small traders, disrupted local economies, and propagated a global consumer culture and ideology. Meanwhile, data-processing and call centres, outsourced from the Global North, have spread at an astonishing rate. Already by 2003, half a million Brazilians laboured in call centres, largely women from 16 to 24 years of age, in what some characterised as 'informational *maquiladoras*'.

Fifth, labour has been among the major exports to the global economy. The wave of outmigration caused by capitalist penetration and disruption of local communities and of whole national and regional economies, and the social ravages of neoliberalism over the past few decades, is without precedent, comparable to migrations generated by war.

Migrant labour is exported across Latin America to intensive zones of

accumulation and to the global economy, the United States, Europe and beyond. In turn, this Latin American immigrant labour sends back remittances. Latin Americans working abroad sent to their home countries \$74.3 billion in 2016.⁶ Families receiving remittances have become integrated into a global retail sector that now controls over 70% of local retail markets. In other words, the social reproduction of millions of Latin Americans is dependent on these new global labour, financial and commercial flows.

In many countries remittances are the number one source of foreign exchange, ensuring macroeconomic stability, mitigating fiscal crises, and providing an escape valve for acute social and political tensions. In 2017, Mexico received nearly \$29 billion in remittances, the country's single most important foreign exchange earner, even beating out petroleum (if we don't count drug money that enters the financial system, which is estimated at close to \$35 billion).⁷ In most Central American and Caribbean countries, remittances outstrip the combined value of all other exports, and in several – El Salvador, Haiti, Honduras and Nicaragua – they hover at or above 20% of total GDP.⁸

Sixth, a new round of extractive activity has been launched, including a vast expansion of mining operations and energy extraction to feed a voracious global economy, especially in China and the Asia-Pacific region, which has displaced the United States as Latin America's principal trading partner. China is now the biggest foreign investor and lender in the region, much of its capital being invested in extractive activities and accompanying infrastructural projects. Ironically, a major portion of this extractive expansion took place in the pink tide countries under leftist-oriented governments (see below).

The new face of global capitalism in Latin America is driven as much by local capitalist classes that have sought integration into the ranks of the transnational capitalist class as by transnational corporate and financial capital. Propelled by privatisa-

Once the 2008 world financial crisis hit, they came up against the limits of redistributive reform within the logic of global capitalism. The extreme dependence on raw material exports and other accumulation activities discussed above threw these countries into economic turmoil when global commodities markets collapsed, undermining governments' abilities to sustain social programmes and generating political tensions that helped fuel popular protest and open up space for a right-wing resurgence. Throughout this time, the pink tide states remained tied to the larger institutional networks of the global financial system and beholden to transnational finance capital.

There are lessons to be learnt here for leftist projects around the world. The structural power of transnational capital, and especially of global financial markets, over the attempts of states and social movements to undertake transformations is enormous and pushes states to accommodate these markets. Once a left force wins government office, it is tasked with administering the capitalist state and its crisis and is pushed into defending that state and its dependence on transnational capital for its reproduction, which places it at odds with the same popular classes and social movements that brought it to power.

These popular masses in Latin America were clamouring for more substantial transformations. Under the pretext of attracting transnational corporate investment in order to bring about development, the demands from below for deeper transformation were often suppressed. Social movements were demobilised, their leaders absorbed by the institutional Left in government and the capitalist state, and their mass bases subordinated to the Left parties' electoralism. Yet it is only mass mobilisation from below that can impose a counterweight to the control that transnational capital and the global market exercise from above over capitalist states in Latin America.

There is an evident disjuncture throughout Latin America between the mass social movements that are

at this time resurgent and the institutional and party Left that is losing power and influence by the day. The Left has lost the hegemony that it had conquered. This hegemony is now being disputed by the return of a violently retaliatory Right.

The outcome of this dispute is uncertain. Worldwide, global capitalism faces a spiralling crisis of hegemony that appears to be approaching a general crisis of capitalist rule. In the face of this crisis, there has been a sharp polarisation in global society between insurgent Left and popular forces, on the one hand, and an insurgent far-Right, on the other, at whose fringe are openly fascist tendencies. Yet the far-Right has been more effective in the past few years than the Left in mobilising disaffected populations around the world and has made significant political and institutional inroads.

Nowhere is this more evident than in Latin America. There are recessionary tendencies at this time in Argentina, Brazil, Mexico and other countries in the region. The economic crisis, far from being resolved, will get worse as the Right returns to power. There are storm clouds on the horizon. The masses of Latin Americans face acute political polarisation, an escalation of repression, dispossession, and an increasingly open dictatorship of transnational capital and its local agents, some of whom are pushing a 21st-century fascism, as evinced in the October 2018 election of Jair Bolsonaro to the presidency in Brazil. It would seem that the task of criticism and renovation of the Left is urgent if it is going to be in a position to take advantage of the upheavals that are to come and to push back the Right. ◆

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Notes

- 1 On 'transitions to democracy' and polyarchy in Latin America and worldwide, see William I Robin-

son, *Promoting Polyarchy: Globalization, US Intervention, and Hegemony* (Cambridge: Cambridge University Press, 1996).

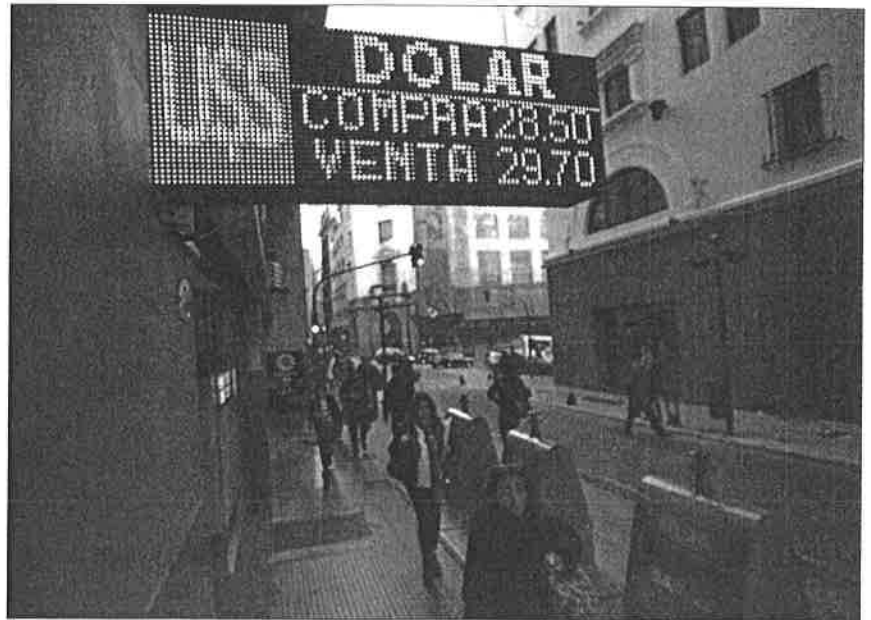
- 2 For detailed analysis of the matters raised in this subhead, see William I Robinson, *Latin America and Global Capitalism* (New York: Cambridge University Press, 2008).
- 3 Thomas Reardon and Julio A Berdegue. 2002. 'The Rapid Rise of Supermarkets in Latin America: Challenges and Opportunities for Development', *Development Policy Review*, 20(4).
- 4 Benjamin Dangl, *Dancing With Dynamite: Social Movements and States in Latin America* (Baltimore: AK Press, 2010), p. 134.
- 5 For brevity's sake, this data and all data not otherwise cited in an endnote are from Robinson, *Latin America and Global Capitalism*.
- 6 For general discussion and detailed data, see Robinson, *Latin America and Global Capitalism*. For the 2016 figure, see Abby Budiman and Phillip Connor, 'Migrants from Latin America and the Caribbean Sent a Record Amount of Money to Their Home Countries in 2016', PEWS Research Center, 23 January 2018, accessed on 18 November 2018 at <http://www.pewresearch.org/fact-tank/2018/01/23/migrants-from-latin-america-and-the-caribbean-sent-a-record-amount-of-money-to-their-home-countries-in-2016/>.
- 7 'Record Remittances of \$28.7 Billion in 2017', *Mexico News Daily*, 3 February 2018, accessed on 17 November 2018 at <https://mexiconewsdaily.com/news/record-remittances-of-us-28-7-billion-in-2017/>
- 8 See Table 3.15 in Robinson, *Latin America and Global Capitalism*, p. 162.
- 9 On these details, see Robinson, *Latin America and Global Capitalism*, pp. 171-78. For detailed exposition on the transnational capitalist class more generally, including its rise in the former Third World, see William I Robinson, *A Theory of Global Capitalism* (Baltimore: Johns Hopkins University Press, 2004); and William I Robinson, *Global Capitalism and the Crisis of Humanity* (New York: Cambridge University Press, 2014).

tions and liberalisation during the 1980s and 1990s (and in many countries, into the 21st century as well), sectors of the capitalist class and the elite in Latin America amassed an unprecedented amount of wealth and power. They have merged with one another across borders into powerful *grupos* and conglomerates, known as *multilatinas*. In turn, these have cross-invested with extra-regional transnational corporations. According to one estimate, some 70 *multilatinas* are capable of competing worldwide in the global economy. Conglomerates like Mexico's Telmex, Cemex and Grupo Carso; Brazil's Gerdau; the Cisneros dynasty in Venezuela; the Cuscatlán conglomerate in El Salvador; and the Argentine-based Grupo Arcor, among others, are full-fledged global corporations.⁹

In sum, transnational capital has poured into the region in the form of productive investment in these dynamic new circuits of accumulation but also as portfolio and speculative financial ventures, taking advantage of the bonanza opened up by the privatisation of public assets, the deregulation of banking systems and the issue of government bonds as a widespread mechanism in the region to attract investors from the money markets that dominate the global financial system. In comparison with today, in the 1960s and 1970s there were still major pockets of society that were pre-capitalist or that at least enjoyed some local autonomy vis-à-vis national and world capitalism. But 21st-century global capitalism has penetrated just about every nook and cranny of Latin America. Capitalist relations are practically universal now in the region.

Global capitalist crisis and the unravelling of the pink tide

The pink tide governments transformed the political landscape in the Americas and inspired popular and revolutionary struggles around the world. They reversed the most glaring components of the neoliberal programme, halted privatisations, re-



Pedestrians in the financial district of Buenos Aires walk past an electronic board displaying currency exchange rates. Latin America's national financial systems have merged with what is now a single integrated global financial system.

stored health and education, introduced social welfare programmes, broke with the International Monetary Fund (IMF) and staked out a foreign policy independent of Washington's dictates. Yet notwithstanding the leftist rhetoric, the pink tide governments oversaw a vast expansion of raw material production and the other accumulation activities discussed above, in partnership with foreign and local contingents of the transnational capitalist class. They based social welfare on the capture and redistribution of surpluses generated by an expansion of mining, carbon-based energy resources, large-scale agribusiness and other forms of extractivism.

As a result, the pink tide countries became ever more integrated into the transnational circuits of global capitalism and dependent on global commodity and capital markets. Even in the more radical experiments in Venezuela, Bolivia and Ecuador, where energy and other natural resources were nationalised, the governments deepened their dependence on the export of hydrocarbons and industrial and precious minerals. Venezuela was even more dependent on oil exports in 2017 than it was at the turn of the century.

The Left in state power, with the

exception of Venezuela and, to a lesser extent, Bolivia, did not undertake structural transformations – that is, they did not challenge the prevailing property relations and class structure. What emerged was an elected progressive bloc in the region committed to mild redistributive programmes yet unwilling or simply unable to challenge the global capitalist order.

The pink tide governments were 'leftist' insofar as they introduced limited redistribution and restored a minimal role for the state in regulating accumulation and administering its expansion in more inclusionary ways. When we cut through the rhetoric, however, they were able to push forward capitalist globalisation with greater credibility than their orthodox and politically bankrupt neoliberal predecessors.

The commodities boom financed the expansion of social programmes that reduced poverty and raised the standard of living of the working and popular classes. Yet because there were no more substantial structural transformations that could address the root causes of poverty and inequality, these social programmes were subject to the vagaries of global markets over which the pink tide states exercised no control.