

GLOBAL, POOR AND UNEQUAL: THE CURSE OF THE “EXTREME WEST”

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Properly speaking, the paper I sent to our Congress is a work in progress. That is why I will be very glad for any suggestions and criticisms from you all. What I would try to do this morning, is to make explicit some of the aspects that in the original text remain implicit or behind the scenes. I will try to go beyond the paper and make some propositions more directly related with the topic of this morning's round table, namely "The Global Economy and the Polanyi Legacy".

What I attempt to study in a larger work, is to review the ideas and the practical experience of LA development since 1945, when the international economic order started to function..My main purpose in doing this, is to reconstruct critique, based upon historical reflection, of one of the most popular common places in the economic and sociopolitical literature about LA of the last two decades of the 20'th century: that the region was in the main a "closed" region, an economic and political fortress, not to mention culture. This I claim to be mostly an ideological construct, closely related to the crusade for neo liberalism unleashed in the last decades of past century.

Here in Mexico, neo liberal critics have even suggested that cultural nationalism was drastically opposed to any form of cosmopolitanism, denying *tout court* the important advances of Mexico's national culture due precisely to nationalism. Not withstanding the perversities incurred by the State in the uses of mexican nationalism, which took the form of political repression in the sixties, I think that culture was a very important positive factor in Mexico's economic development and social change that occurred after the Revolution. In any case, a rigorous critique of cultural nationalism and nationalism at large, was developed successfully precilely during the sixties by oustnading intellectual figures like Octavio Paz and Carlos Fuentes, Rufino Tamayo and José Luis Cuevas. At present, the attempts to link nationalism with the attitude of Mexico towards terrorism and the mass murder in Manhattan, sound as preventive counter offensives inspired by the so far most powerful mith of globalization, namely that it is a one and only natural phenomenon that does not admit any revision what soever.

In conjunction,these thesis served pretty well as an ideological platform that soon become the mainstream in LA development political economy. As you know, this ideology supported, inspired? the

most audacious, but so far unsuccessful, experiments in social engineering in LA at the end of the century. These experiments, labelled in general as neo liberals, both in form and rethoric looked like another great transformation, in some sense similar to the one Polanyi studied and thought about. However, after almost twenty years of trying, this vernacular but nonetheless ambitious mutation has not given place to the expected double movement, that could have society moving now towards a more humane and sustainable equilibrium, in economic, social and political terms. We seem to be in the middle of the pendulum, in some countries just at the border of catastrophe, in others in an ubiquitous center, a center that has no name nor content, and that has not been clearly defined by the social and political forces of the countries that constitute the sub continent.

Being in this fragile and pantanous center, it seems necessary to address what has been called the "question of the new agenda for development". To my mind, the call for a new agenda (Stiglitz, Ocampo, Rodrik) obliges us to revisit the basic failures of the neo liberal experiments that LA realised in the wake of the Great Crisis of The Debt (1982). But not only this, LA progressive political economy and social thought has to come to terms with the actual changes occurred in the domestic structures of the region's nations and, at the same time, assume the shortages of previous thought about development, together with the profound disequilibria produced by the concrete historical strategy and set of policies implementd in the age of protected industrialisation, the so called state centered matrix of LA development. My exercise is not one on regression, but of recognition.

Contrary to what was said in the last twenty years, the region has always made great efforts to achieve a fruitful and productive integration into the international economic order. When this order collapsed, and even when it started to fail at the beginning of the 70's, LA did not opt for isolation but basically for more and faster d intergration. Probably it was this choice that led her to bigger problems of tuning with and adaptation to the actual economic and financial realities that the core of the system was facing. This difficulties or incapacity to adapt and redefine ways of sinchronysation with the world economy, have to be attributed to the States and political systems taht processed the relations with the rest of the world. In the sort term, these circumstances deepened the recesive impacts of the external adjustment imposed by the debt crisis.

It could also be shown, and I would like to do it a try on another occassion, that politically and culturally, practically without exceptions, most of LA countries have always tried to accommodate their domestic structures to the main criteria that organise the polity and the culture in the West. Speaking in practical and historical terms, these criteria have not always been those of representative democracy and pluralism and respect for diversity. During Cold War times, democracy was always restricted by national security considerations, and the openness of westwern culture, without going into censure or persecution, suffered the impacts of the different kinds of Mackarthism that assolated the free world. Here, in LA, we

also lived under that sort of restrictions that were taken to the extreme in Argentina, Uruguay and Chile in the seventies and the eighties.

From this point of view, I think that time has come for basic and painful recognitions

1.- First, the ideas, our ideas. We have to come to terms with the findings and policy efforts promoted and realized by ECLA, the favorite Bete Noir of the neo liberal critique and its more powerful international policy forum: the Washington Consensus. From the early Prebisch and the LA Manifesto of the 40's (Hirschman), to Productive Transformation with equity (the view from the lost decade) to her latest Manifesto for 21st century (Development, Equity and Citizenship), ECLA and the intellectuals linked to her ideas, have tried to internalize, import and develop, the most rigorous and engaged international social and economic thought, assuming that one main component of analytical rigour is a permanent engagement with the quality of life and the well being of the populations. In one of its most interesting approaches to the 80's crisis, written just at the end of the Lost Decade, (Productive transformation with equity), ECLA tried to learn from the debt abyss, assumed the deep changes that had taken place in the international system and recognized the extreme and strategic importance of macro economic equilibrium, but at the same time launched the cry for development based upon the domestic forces that have survived the Big Adjustment and those that had been able to emerge thanks to the structural change towards the open market economy, in accordance with the mandate of the WC. Ten years after that text, ECLA put forward a new call for action, this time clearly assuming the urgent need for a critical approach to globalisation (Equity, Development and Citizenship)

2.- Two main stages have to be considered. The first one, from 1945 to the debt crisis, was a series of strategies and policy recommendations highly congruent with the system of "national capitalisms" envisaged by Keynes and codified in different and minor terms in Bretton Woods (Block). This was, as a whole, an age of rapid and partially sustained growth, plagued by high inflations in some countries, specially Chile, Argentina and to a lesser extent Brasil, and in some respects lead by the show case of Mexican Stabilizing Development of the fifties and the sixties.

The second stage begins with the debt crisis and is intensely related with the process of globalisation and its first financial crises.

There is a common denominator: Inequality and poverty. In I, poverty diminishes due mainly to economic growth, whereas in II, poverty increase and inequality is reinforced due mainly to recessive adjustments, acute economic oscillations and drastic openness. This has been the price to be globalized. The Prize of it is in the unforeseeable future. Social policy, historically dominated by growth and accumulation criteria, is now put against the corner and forced to become a laboratory on focalization to fight extreme poverty. But poverty and inequality, remain with us as a dominant feature of our social life.

3.- Open economies and societies, citizenship and the third wave of democracy: attacking poverty and looking for equity are not a side line of development endeavours but a necessary condition for modern

progress and the fulfillment of those proposals. Without societies' engagement and active participation these tasks related with human subsistence are unachievable. But the same could be said of institutions and, taken together, this rediscovery of society and the need of institutions through the recognition of poverty and inequity leads us, again and again, to the State. Maybe not to bringing back in, but to reinvent it, in accordance with the dislocations and changes in civil society and mentalities, common mentalities but also elite ways of thinking the world and their respective societies. The way out temptations, the black mail to vote with their feet, is not only alive but has been intensified by globalisation, both as a myth and as a set of dangers and opportunities.

4.- The new role of the State, towards a new State?. The case of social policy: the national locus for politics and State action in the context of globalization.