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Dynamics of Alternative Trade and Development in Latin America

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Capitalism is a system in crisis. An oft-repeated truism, but what does it mean—beyond a succession of different phases of capitalist development in which the system is pushed to the limits of its capacity to expand the forces of production and then restructured by mobilizing the forces of change released by the crisis?[1] Take the post-world war II process of capitalist development, which has been periodised as an era of state-led development celebrated by historians as the 'golden age of capitalism' (two decades of unprecedented rapid economic growth that came to an end with a system-wide production crisis at the turn into the 1970s), followed by a decade of restructuring and transition to what has been described as a 'brief history of neoliberalism'.[2] The beginnings of this era can be traced back to the early 1980s in conditions of a fiscal crisis of the capitalist state attributed by conservatives to the excessive costs of the social and development programs of the liberal reformist development state; a matrix of forces released by actions taken to find a way out of the crisis and restructure the system; and a new world order based on market fundamentalism and the Washington Consensus[3] regarding the virtues of free market capitalism and the 'structural reforms' needed to bring it about. This paper will delineate the forces of change generated in the neoliberal era of capitalist development in Latin America.

The main idea advanced can be summed up in the proposition that capitalist development in this context resulted in the construction of three alternative economic models, each used to mobilize forces of change in one direction or the other, each associated with a particular type of polity and policy regime, and a particular system for arranging and managing trade and investments as well as relations with US power and the agencies of global capital. The argument is constructed as follows. First we outline the contours of capitalist development within the institutional and policy framework of the neoliberal world order, with a focus on the economic model used by governments as a template and script for the structural reforms mandated by the Washington consensus. Here it is argued that the structural reforms implemented in accordance with the neoliberal agenda (privatization, financial and trade liberalisation, market deregulation, administrative decentralization) resulted in, inter alia, a massive inflow of global capital liberated from the regulatory constraints of the developmental state. This capital took the predominant form of foreign direct investment (FDI) directed towards non-traditional or modern manufacturing, high-tech information-rich services, and natural resource extraction.

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[1] There are a number of theories regarding the propensity of capitalism towards crisis, including the proposition of a built-in tendency for a fall in the average rate of profits, which sets up a cyclical pattern of development induced by the efforts of capitalists to offset this tendency, and the associated ideas of a tendency towards overproduction (vis-à-vis the market) or underconsumption (due to the lack of purchasing power). The dominant idea, however, is that a systemic crisis is normally not terminal or fatal, but in fact functional for the system in bringing about needed periodical 'restructuring' that weeds out inefficient operators. The one idea that can be added is that crisis, whether systemic or merely financial, weakens the institutional structure of the system, generating forces of change that can be mobilised in different directions, to the right or the left. On the theory of capitalist crisis in the era of neoliberal globalization see Petras & Veltmeyer (2013).

[2] The neoliberal doctrine regarding the virtues of free market capitalism and the evils of government intervention was elaborated by a group of intellectuals, mostly economists, associated with the Mont Pelerin Society, a thought collective founded on the initiative of Friedrich Hayek, a classical liberal and an advocate of 'Austrian economics' back in the 1ate 1940s.

[3] This consensus was famously summed up by John Williamson (1990) in the form of a 10-point program of structural reforms in macroeconomic policy.

Other outcomes included the project of a free trade regime designed to deepen and extend the financial and trade liberalization process, and a process of uneven capitalist development that was materialized in the construction of a model to promote development (inclusive growth: boosting economic growth while reducing extreme poverty) and conduct international relations of trade and investment within the policy framework of the new world order. This model is associated with projects for a North American Free Trade Area (NAFTA), which took effect in January 1994, and then, close to a decade on (2003), the project to establish a Free Trade Area for the Americas (FTAA), which was defeated by an anti-imperialist alliance, and more recently (in 2010) the Pacific Alliance (PA) that has brought together Chile, which hitherto had avoided joining any regional integration project, with Peru, Colombia and Mexico, in a regional alliance of neoliberal regimes on the Pacific coast aligned with the US in a series of bilateral trade arrangements. The PA, a nascent regional economic integration bloc formed less than three years ago but in which up to 92 per cent of trade has been liberalized (tariff free), is the world's seventh-largest recipient of FDI, receiving USD 71 billion in 2012, much of it attracted by the profitmaking opportunities provided by the most liberal regime for resource extraction in the mining sector (in the case of Mexico zero royalties and an effective tax rate of 1.2 percent on the value of exported minerals.[4] The second part of the paper elaborates on the outcome of these developments in the 1990s, with a third cycle of neoliberal structural reforms and a broad popular movement of resistance against the neoliberal policy agenda.[5] Here it is argued that the neoliberal 'structural reform' process not only failed to deliver on the promise of economic growth but it generated unsustainable conditions of inequality and poverty and a level of social discontent that threatened to destabilise the political system of neoliberal regimes, leading to governability concerns[6] as well as the construction of a model for another more sustainable form of development and an alternative trade regime. The result was a new consensus on the need to bring the state back into the development process and move towards a more inclusive form of development—what would take shape and become known as the 'new developmentalism' (Bresser-Pereira, 2006, 2007, 2009).[7] Development in these conditions also took form as a project taken on by some governments to realign their international relations of trade and investment, resulting in a rejection of the neoliberal model of free market capitalism and the construction of alternative trade schemes focused on expanding intra-regional trade and regional integration, as well as diversifying trade relations in a global context, and breaking out of the orbit of US power.

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[4] In his latest report, the Auditor General of Mexico, according to the investigative journalist Francisco Bárcenas (2012: 31), put his finger on the ulcer that has caused Mexico to bleed minerals profusely over the years. The auditor established that the fees paid by the mining companies, 70 percent of which are Canadian, for their concessions to mine minerals are below the costs of the administrative procedures. The auditor's report reads: 'The amount of the fees currently paid is symbolic and contrasts with the volumes extracted from the non-renewable mineral resources, since their value is well above the concession fees charged by the state over, as observed in the period 2005 to 2010, when the value of production amounted to [USD 46 billion] and the fees charged were only [USD 543.4 million], some 1.2 per cent of the first.'

[5] Actually it was the third rather than second cycle of neoliberal reforms in that the first cycle, which many associate with Thatcher, Reagan and the neoconservative counterrevolution and the 'new world order' in the 1980s, was initiated under the military regimes installed in Chile, Argentina and Uruguay in the 1970s. In most accounts of this and subsequent cycles of neoliberal free market fundamentalist 'structural reform' the role of Washington and US imperialism is downplayed.

[6] Expressions of this concern included Karl (2000) and Kapstein (1996), both of whom were concerned that the excessive inequalities and growing poverty brought about by the 'forces of economic freedom' under the Washington Consensus would incubate new forms of resistance that would destabilise the fragile democracies and neoliberal policy regimes formed in the process. A more recent expression of the same concern, undoubtedly a factor in the thinking behind the post-Washington Consensus, is provided in a report commissioned by the US National Council on Intelligence. According to this report the main threat towards security in the region is posed by the failure of governments to alleviate extreme poverty in spite of 'the greater integration into the global economy in the past decade' (National Council on Intelligence, 2004: 78.) This failure, the Report adds, could spark regime- and system-destabilising 'populism and radical indigenous action'.

[7] Unlike the strategy and models associated with the developmental state from the 1950s to the 70s the post-Washington consensus was concerned not to re-establish the regulatory and interventionist developmental state but to secure 'a better balance between state and market'. The economic model and development paradigm associated with this school of thought promotes an extractivist strategy of national development (the extraction and development of natural resources) rather than an industrial development strategy based on the exploitation of surplus agricultural labour.

This project took a number of forms, including in particular, Mercosur, an alternative trade scheme that bound together Argentina and Brazil, two of the region's largest economies, with Uruguay and Paraguay, two of the region's smallest, into what would become the world's fourth largest trading if not integrated economic bloc and what some regarded as 'the most progressive trade integration scheme in the developing world' (Paiva & Gazel, 2003: 117).

The paper then turns towards recent developments under changes in the world economy that included a reconfiguration of economic power and a realignment of international relations of trade, and a growing demand for unprocessed natural resources that provoked a 'primary commodities boom' and led a number of countries in south America to turn back towards an extractivist strategy of national development. Here it is argued that these and other changing conditions (such as widespread rejection of the neoliberal model) led to the formation of a post-neoliberal state and the search for a new economic model, as well as the construction of an alternative trade and investment regime (ALBA)[8] designed for 'another world' beyond capitalism as well as neoliberalism. The concluding sections of the paper points towards the uneasy coexistence in the region of three different political regimes, each associated with a distinct economic model and a particular system for organizing international relations of trade and investment. The paper concludes with an assessment of the correlation of forces engaged in the development process related to these three models and a brief discussion of the pitfalls and challenges presented by extractivism as a strategy of national development—a strategy common to each of the three models used to organise production and trade in Latin America today.

Neoliberalism: Capitalist Development in the New World Order

The neoliberal world order was constructed in the early 1980s under conditions of a fiscal crisis in the north and a debt crisis in the south and within the framework of what has been described as the 'Washington Consensus' on the virtues of and need for free market capitalism. This new world order was designed with the aim of reactivating the accumulation (or economic growth) process and liberating the 'forces of economic freedom' (the market, private enterprise) from the regulatory constraints and excessive costs of the developmental state. The means of bringing about this new world order (rules to govern international relations of trade and investment) and globalization process was a program of 'structural reforms', which was designed to open up and adjust the economies in the region to the forces operating in the world economy, namely, privatization (and denationalization) of state enterprises, financial and trade liberalisation, and deregulation of capital and product (and labour) markets. These reforms also implied and entailed downsizing of the state in regard to its role in the economy and the responsibility for economic production and social development, and administrative decentralization—to generate a more democratic form of governance, allowing for greater social participation, i.e. the engagement of civil society in the responsibility for governance and promoting social development. The neoliberal reform agenda was designed as a means of integrating economies in the region into a global economic system governed by the same rules of free trade and marked by increasing interdependence, liberalization, and competition for investments. The purpose or stated aim of this 'globalization' agenda was to reactivate the capital accumulation process and to expand the forces of production to the mutual benefit of all countries participating in the process, presented by advocates as the only way forward. 'There is no alternative', Margaret Thatcher was notoriously quoted to have stated. Needless to say, as with so many development processes, the consequences of actions taken in pursuit of this idea diverged widely from the purported goal and stated objectives. In the case of the Washington Consensus the process set in motion by means of the implicated 'structural reforms' (privatization, liberalization, deregulation, decentralization) is clear as regards its dynamics and outcomes, having been subject to careful scrutiny and close study in diverse contexts (Petras & Veltmeyer, 2001, 2011; Veltmeyer, & Petras, 2014). Outcomes include new inflows of capital in the form of foreign direct investment (FDI) directed towards a. non-traditional manufacturing, b. high-tech services, and natural resource extraction; construction of a free trade regime to deepen and extend the financial and trade liberalization process; wholesale destruction of the productive forces in both agriculture and industry, exacerbating a deep agricultural crisis and accelerating the resulting rural-urban migration process, which was constructed by theorists of development as a pathway out of rural poverty (labour, migration); formation of an 'informal sector' of the urban economy in which rural migrants are forced to work 'on their own account' in the streets rather than in factories and shops, industrial plants and offices for wages or a salary; a 'decade lost to development' (i.e. productive investment), with increasing levels of inequality in the distribution of wealth and income, and the generation of new (urban) forms of poverty, which, according to ECLAC

[8] Alianza Bolivariana de los Pueblos de America. When the project was launched 'Alianza' (Alliance) was framed as 'Alternative'.

(2010: 43-45), increased the overall 'official' poverty rate from somewhere around 40 to 48 percent; and the generation of widespread protests against IMF-mandated austerity measures and neoliberal reforms, as well as new forces of resistance mobilised by a new generation of social movements.

The aim of the World Bank's 'structural adjustment program' and the associated neoliberal agenda was to pave the way for an expansion and increased operations of capital, particularly in the form of foreign direct investment (FDI), the bearers of which were the multinational corporations (MNCs) that dominate international trade in goods and services. Regarding this wave of investment and associated capital flows see the discussion below. There are four different types of FDI depending on the reasons for a firm to invest abroad, namely: (i) resource-seeking capital used to secure access to low-cost labour or natural resources; (ii) market-seeking capital used to open or penetrate new markets, or maintain already existing ones; (iii) efficiency-seeking capital to reconstruct existing production by taking advantage of a lower cost structure in the host economy or economies of scale; and (iv) strategic asset-seeking capital used to enable MNCs to protect or develop their ownership specific advantage—to acquire the assets of existing firms. The latter was reflected in the acquisition of state enterprises put up for sale by governments in the privatization agenda (to revert the nationalization policy of the 1960s and 1970s). It is estimated (Petras & Veltmeyer, 2006: 46) that at least 40 percent of the inflows of private capital in the 1990s—from 1990 to 1996 when the inflow of FDI increased six-fold and Latin America was converted into a major destination point for asset-seeking capital—was unproductive in that it did not mean the transfer of technology, simply the purchase of already existing assets, which led to the denationalization of key firms and entire sectors such as banking in Mexico, where all of the country's big banks except one were acquired by foreign firms. The inflow of both productive and unproductive flows of investment capital, and the privatization and denationalization of firms and economic enterprises with the potential to expand market share or compete on the world market, were facilitated by policies pursued under the Washington consensus within the framework of the new world order.

In addition to the destruction of significant forces of production in industry and agriculture, the consequences of an increased orientation of production towards the world market included a reduction in intra-regional trade as well as an expansion of 'unequal exchange' on a north-south axis. Other outcomes included an expansion of the market for US-produced goods and services, leading to an overall favourable trade surplus of the US with economies in the region, allowing the government to balance the growing deficit on its trading account with economies in other regions of the world economy. To further expand this market, the US government promoted a policy of 'open regionalism' together with a scheme (NAFTA) designed to integrate the three North American economies (the US, Canada and Mexico), and then to further integrate them into a continental scale free trade zone: the Free Trade Area of the Americas (FTAA), a project that in 2003 fell victim to diverse forces of anti-imperialist resistance as well as the opposition of governments such as Brazil concerned to counter the power of the US to impose an arrangement serving US economic interests and to advance the economic interests of the country's agro-export agri-business elite.[9] Thwarted in its efforts to impose a continental wide free trade zone the US subsequently turned towards a strategy of a la carte bilateral agreements with different governments in the region, creating a kind of hub-and-spoke arrangement of trade agreements.

[9] US plans to impose a NAFTA-style free trade deal on the entirety of the Western hemisphere were defeated in Miami in November 2003 at a Ministerial meeting for the FTAA. Many observers attributed the defeat of US plans to Brazil having outmaneuvered the US in negotiations over the terms of the proposed free trade agreement. However, as pointed out by Lori Wallach, director of Public Citizen's Global Trade Watch, 'powerful social movements in Latin America against the FTAA...made it impossible for those governments to agree to a full NAFTA expansion' (Weismann, 2003). Even so, the Latin American trade ministers were also unwilling to succumb to imperialist pressures to adhere to proposals designed to advance and protect the interests of American corporations in areas such as intellectual property rights, investment rules and US agriculture, while surrendering the capacity of Latin American governments to protect the public sector of their economies. On this see "NAFTA's Investor Rights: A Corporate Dream, a Citizen's Nightmare," and "Serving Up the Commons," *Multinational Monitor*, April 2001.

The new Developmentalism: Capitalism under the post-Washington Consensus

Inspired by the ideas of Raúl Prebisch, first Secretary General, of the United Nations' Economic Commission for Latin America (ECLA), a number of regional integration initiatives were made in the 1960s within the framework of an industrial policy based on an 'import substitution' approach to industrialization. The creation of the Latin American Free Trade Association (LAFTA) was supposed to surmount the inherent scale limitations of the small domestic markets while allowing industries to become competitive on a regional level. But by 1980, LAFTA had been replaced by the less ambitious Latin American Integration Association (LAIA, *Span. ALADI*), which was largely structured around bilateral trade preferences.

Partly due to the limited progress on LAFTA's economic front six of LAFTA's eleven members (Bolivia, Colombia, Ecuador, Peru, Chile and later Venezuela) established an intra-regional trade bloc: the Andean Pact. Although very ambitious on the political front, including the institution of supra-national organizations, the backing out of Chile in 1976 signalled the beginning of an internal crisis. Shortly afterwards, in condition of a deep recession the bloc fell apart—another casualty of the new world order. Further sub-regional arrangements were created in Central America but, given the political and military conflicts that cast a huge shadow over the Central American Common Market (CACM), with little success. At the same time in the Caribbean a proposal to establish a common market was advanced in the form of Caribbean Community and Common Market (CARICOM), but it was hindered by the reluctance of member states to reduce trade barriers. Finally, in conditions of the 'new world order' these diverse regional integration schemes finally fell apart, a development that was reflected in a severe contraction of intra-regional trade. By the end of the decade (the 1980s) less than 15 percent of trade in regionally produced goods and services took place among member states in the region, and by 2004 intra-regional commerce in the Mercosur constituted only 12.9 percent of total trade (CEPAL, 2005: 106). The 1990s has been viewed both as the 'golden age of US imperialism'—in regard to the advance of US capital and the hold of Washington over the policy regime adopted by most governments in the region[10]—and a period in which a popular movement of indigenous communities, landless rural workers and peasant farmers, halted the advance of capital and the neoliberal agenda of governments in the region. Both views are undoubtedly correct in pointing towards forces evidently in play. However, neither view captures an essential feature of the decade: the transition towards a new consensus on the need for a different development strategy and a new economic model. It was evident that the neoliberal 'structural reform' process had not only failed to deliver on the promise of economic growth but it generated a destabilising level of social discontent and widespread opposition to the neoliberal policy regime.

The result, or perceived solution, was the construction of a new consensus on the need to bring the state back into the development process, and for a more inclusive form of development—what would become known as the 'new developmentalism'. However, this was only a part of the problem. Another part was an economy geared to US economic and geopolitical interests (increased market share, accessing and mobilizing the region's wealth of human and natural resources), dependence on the investments and operations of global capital, and subjection to the power of the multinational corporations that dominated the world market. A third problem faced by many governments at the time in their concern to advance economic and social development was the power of the imperial state behind these corporations. Imperialism is at issue in the concern and efforts of so many governments to restructure their international relations of trade and investment, and reduce their dependence on trade with the US. Washington consensus policies in the 1980s promoted inter-regional trade on a south-north axis rather than intra-regional trade. This was reflected in a reduction of intra-regional trade and the growth of trade along a north-south nexus. But the 1990s saw the emergence and a move towards what ECLAC economists in the context of a broader globalization process termed the 'new regionalism'—expanding intra-regional trade on the basis of existing intra-regional trade blocs but integrating these blocs into the global economy (Bouzas, 2005).

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[10] By the end of the 1980s all but four major countries in the region had succumbed to the Washington Consensus, but three of these countries—Argentina, Brazil and Peru—were fully integrated into the globalization process as well as the orbit of US power in the subsequent decade. At the same time, the neoliberal reform agenda was extended in the form of the agricultural modernization law adopted by governments in Mexico and elsewhere to promote a 'market-assisted' land reform process, legislation (abolition or reduction of royalties on the extraction of minerals and metals) designed to attract resource-seeking private investment, and labour market reform (increased flexibility, removal of measures designed to protect public sector employment.

In this context ECLAC, formerly an exponent of an industrialization policy based on state intervention in the form of subsidies, protectionism and regulated markets, declared itself a proponent of 'open regionalism' within a global economy marked by increasing interdependency, liberalization, and competition for investments. Accompanied by domestic market-oriented reforms in the form of privatization, deregulation and balanced budgets ('stabilization'), Open Regionalism implied the orientation of production towards both inter- and intra-regional forms of international rather than local markets—a reliance on international trade rather than the domestic market as the fundamental engine of economic growth, a strategy that profoundly reshaped the political-economic landscape in the region but led to less rather than more intra-regional trade.

The most important expression of this open regionalism is Mercosur, an arrangement that binds together four countries in the Southern cone of South America (Argentina, Brazil, Paraguay and Uruguay) into a regional trade scheme that encompasses 47 percent of Latin America's population, representing more than half of its GDP (16).[11] Although Mercosur has evolved as a predominantly commercial initiative, based on the successful implementation of a trade liberalization program, it has gradually incorporated a variety of non-trade issues to its agenda. Referring to the inherent 'trade and cooperation nexus', which distinguishes its integration scheme from a pure free trade agreement, the bloc from the beginning sought to enhance regional cooperation in matters of technology transfer and industrial policy as well as a range of sociopolitical and developmental concerns such as education, justice, environment, energy, technology, health and foreign policy. Addressing these issues was considered to be crucial for the establishment of a sense of community and a regional identity based on shared values and principles. To face and mitigate the societal impact of greater economic integration, Mercosur's Labour ministers proposed, only two months after the signing of the Asunción Treaty (1991), the creation of a *Social Charter* for Mercosur. The charter addressed labour aspects and improved working conditions, as well as issues of development and poverty alleviation (Ruiz-Dana, Goldschagg, Claro & Blanco, 2007: 20). The decision to establish a structural fund of USD 100 million per year, to address the problem of asymmetries and inequalities within the bloc, was momentous. The main objective of this *Fund for Structural Convergence* (FOCEM) was to develop competitiveness; to encourage social cohesion, particularly in the smaller economies of Paraguay and Uruguay; to support the functioning of the institutional structure; and to strengthen the integration process. Nonetheless, the fund was clearly undercapitalized in consideration of the large number of people living below the poverty level in the Southern Cone (approximately 95 million, according to ECLAC). Seeing that poverty is the outcome of the structure of social inequality in regard to both income and land rather than the effect of overall underdevelopment, FOCEM evidently did not address the crucial problem of national income inequality. In this Mercosur reflected the limitations of the post-Washington consensus—in viewing neoliberalism and social exclusion (extreme poverty) rather than capitalism and structured social inequalities in the distribution of income and land as the essential problem.[12]

Changing Dynamics of Foreign Investment in Latin America

As noted earlier the neoliberal reforms implemented in the 1980s as the price of admission into the new world order not only released the 'forces of economic freedom' from the regulatory constraints of the developmental state but generated a massive inflow of capital in search for profit-making opportunities related to assets, resources and markets.

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[11] In 2004, intraregional commerce in Mercosur and the Andean Community constituted 12.9 and 10.4 percent of total trade, respectively (Ruiz-Dana *et al.*, 2007). This is in contrast to what they export to other Latin American nations (15.4 and 16.8%), the US (18.3 and 46.6%), and the EU (23.0 and 11.0%).

[12] These limitations and the thinking behind the post-Washington consensus were clearly manifest in the address to the General Assembly of the United Nations given in October 2013 by President Mujica of Uruguay. The address was received as rather radical in its call for a free and classless society, but it is was evident that for Mujica capitalism was not the problem, not even inequality or social exclusion; the problem rather was self-exclusion and poverty for which the poor themselves rather than the system were held responsible (Berterretche, 2013).

This was in the 1990s, which saw a six-fold increase in the inflows of capital in the form of FDI in the first four years of the decade and then another sharp increase from 1996 to 2001, which tripled, in less than 10 years, the foreign capital accumulated in the region in the form of foreign-company subsidiaries (ECLAC, 2012: 71).[13] Another major inflow occurred in the first decade of the new millennium, in conditions of a primary commodities boom' that worldwide affected (benefitted?) primarily South America. In 2009 Latin America received 26 percent of the capital invested globally in mineral exploration and extraction. And according to the Metals Economics Group, a 2010 bonanza in world market prices led to another increase of 40 percent in investments related to mineral exploration, with governments in the region, both neoliberal and post-neoliberal, competing fiercely for this capital. In 2011 South America attracted 25 percent of global expenditure related to mining exploration (Kotze, 2012).

The main targets for FDI in Latin America over the past two decades have been services (particularly banking and finance) and the natural resources sector—the exploration, extraction and exploitation of fossil and biofuel sources of energy, precious metals and industrial minerals, and agrofood products.[14] In the previous era of state-led development FDI had predominantly served as a means of financing the capitalist development of industry and a process of 'productive transformation' (technological conversion and modernisation), which was reflected in the geoeconomics of global capital and the dynamics of FDI flows at the time. However, the new world order and two generations of neoliberal reforms changed and dramatically improved conditions for capital, opening up in Latin America the market for goods manufactured in the North (the US, Canada and Europe) and providing greater opportunities for resource-seeking capital—consolidating the role of Latin America as a source and supplier of natural resources and exporter of primary commodities, a role that was reflected in the flows of productive investment away from manufacturing and services towards the extractive industries (see Table 1).

Table 1: Percentage Distribution of FDI by sector in Latin America

	'00	'01	'02	'03	'04	'05	'06	'07	'08
Resources	10	12	12	11	12	13	12	15	30
Manufacturing	25	26	38	35	38	37	36	35	22
Services 60	61	51	48	46	48	51	49	47	

Source: Arellano (2010).

The noted sectoral shift in the distribution of FDI was particularly evident and very pronounced in the wake of what has been described as a 'global financial crisis', a crisis that had a relatively minimal repercussions in Latin America, so much so that some analysts would ask 'What crisis? (Porzecanski, 2009). In the wake of this crisis, the inflow of resource-seeking investments in 2008 reached unprecedented levels, accentuating the trend towards primarization—or, more precisely, re-primarization[15]—that can be traced back to 2003, in the context of the growing demand for energy and minerals, and foodstuffs for the expanding middle class in the emerging markets of China and the other BRIC countries.

[13] The 'real FDI boom in Latin America and the Caribbean', according to ECLAC took place in the second half of the 1990s when many State-owned assets were privatized and many sectors, which until then had received little FDI, were opened up and deregulated. It was during this period that transnational corporations began to expand their role in the region's economies. Their level of influence held steady in the years immediately after the boom (between 2002 and 2009) and has recently started to trend slightly up again (ECLAC, 2012: 72).

[14] The share of the extractive industries in global inward FDI stocks declined throughout the 1990s until the start of the current commodity boom in 2003, after which it recovered to about nine percent in 2005 (UNCTAD, 2011: figure IV.1). The decline of the primary sector's share in global FDI has been due to its slower growth compared with FDI in manufacturing and services. In absolute terms, however, FDI in the primary sector has continued to grow: it increased in nominal terms nearly five times in the 1970s, 3.5 times in the 1980s, and four times from 1990 to 2005 (UNCTAD, 2011; annex Table A.I.9). The stock of FDI in extractive industries was estimated at $755 billion in 2005 (UNCTAD, 2011: Annex Table A.I.9).

[15] On the reprimarization of the economies in the region, in the context of recent changes in the global economy, see Cypher (2010).

The scope of this reprimarization process, and the increasing reliance of neoliberal and post-neoliberal regimes in South America on the export of primary commodities for foreign exchange and fiscal revenues, is evident in the data presented in Table 2.

Table 2: Exports of Primary Products, per cent of Total Exports

	1990	2000	2004	2006	2008	2011
Argentina	70.9	67.6	71.2	68.2	69.1	68.0
Bolivia 95.3	72.3	86.7	89.8	92.8	95.5	
Brazil	48.1	42.0	47.0	49.5	55.4	66.2
Chile	89.1	84.0	86.8	89.0	88.0	89.2
Colombia	74.9	65.9	62.9	64.4	68.5	82.5
Ecuador	97.7	89.9	90.7	90.4	91.3	92.0
Mexico 56.7	16.5	20.2	24.3	27.1	29.3	
Peru	81.6	83.1	83.1	88.0	86.6	89.3
Venezuela	89.1	90.9	86.9	89.6	92.3	95.5
LA	**66.9**	**40.9**	**46.2**	**51.3**	**56.7**	**60.9**

Source: ECLAC (2004, 2012).

In 2000, at the turn into the new millennium, the service sector still accounted for almost half of FDI inflows, but Table 3 points towards a steady and increasing flow of capital towards the natural resources sector in South America, especially mining, over the past decade.[16] In 2006 it grew by 49 percent to reach $59 billion, exceeding the total FDI inflows of any year since economic liberalization began in the 1990s (UNCTAD, 2011: Figure II.18). Income on FDI (i.e. profits on capital invested in the resource sector) was particularly high in Brazil and Chile, $14 billion and $20 billion respectively, leading to a surge in the share of retained earnings in total FDI inflows.[17] In the South American countries for which data are available, income on FDI soared from an average of 10 percent in 2000-03 to 61 percent in 2006.[18] Despite the global financial and economic crisis at the time, FDI flows towards Latin America and the Caribbean reached a record high in 2008 (US$ 128.3 billion), an extraordinary development considering that FDI flows worldwide at the time had shrunk by at least 15 percent. This countercyclical trend signalled the continuation of the primary commodities boom and the steady expansion of resource-seeking capital in the region.

[16] According to ECLAC (2012) Canadian FDI in Latin America and the Caribbean is a recent phenomenon, taking place mainly in the 2000-2008 period. Since 1995, from 42 to 56 percent of the Canadian stock of FDI in developing countries has been concentrated in Latin America (CA$60 billion in 2008, 42 percent of the total). And most of this 'natural resource seeking' FDI went to the mining sector, for both exploration and production.

[17] In the context of this investment, the region remains the world's leading source of metals: iron ore (24%), copper (21%), gold (18%), nickel (17%), zinc (21%), bauxite (27%) as well as silver (Campodónico, 2008; UNCTAD, 2007: 87). Oil made up 83.4 percent of Venezuela's total exports from 2000 to 2004, copper represented 45 percent of Chile's exports, nickel 33% of Cuba's exports, and gold, copper and zinc 33 percent of those of Peru. Together with agricultural production, the extraction of oil, gas and metals remains central to the region's exports. From 2008 to 2009 exports of primary commodities accounted for 38.8 percent of total exports in Latin America (CEPAL, 2010).

[18] ECLAC (2012: 71) attributes the extraordinary increase in the profits of transnational corporations in the region since 2003 to a combination of two factors: a substantial FDI stock and higher returns on that stock—'a sharp rise in the profitability of FDI in the region.'(ECLAC, 2012: 71). Data on FDI disaggregated by sector shows that investments in the mining and hydrocarbon sectors of Peru, Chile and Colombia generated profitable returns at an average rate of 25 percent. By contrast, returns on investments in Mexico barely averaged three percent.

Table 3: Net inflows of FDI, by leading country in Latin America

(US$ billion)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Argentina	10.4	2.2	2.2	1.7	4.1	5.3	5.5	6.5	9.7
Bolivia	0.7	0.7	0.7	0.2	0.1	-0.3	0.3	0.4	0.5
Brazil	32.8	22.5	16.6	10.1	18.2	15.1	18.8	34.6	45.1
Chile	4.9	4.2	2.6	4.3	7.2	7.0	7.4	14.5	16.8
Colombia	2.4	2.5	2.1	1.7	3.0	1.0	6.7	9.1	10.6
Mexico	18.0	29.8	23.7	16.5	23.7	21.9	19.3	27.3	22.0
Peru	0.8	1.1	2.2	1.3	1.6	2.6	3.5	5.3	4.1
Venezuela	4.7	3.7	0.8	2.0	1.5	2.6	-0.6	0.7	1.7
	2009	**2010**	**20111**	**2012**					
Argentina	4.0	7.9	9.9	12.6					
Bolivia	0.4	0.6	0.9	1.1					
Brazil	25.9	48.5	66.7	65.3					
Chile	12.9	15.4	22.9	30.3					
Colombia	7.1	6.8	13.4	15.8					
Mexico	16.6	21.4	21.5	13.4					
Peru	6.4	8.5	8.2	12.2					
Venezuela	-2.2	1.9	3.8	3.2					

Source: ECLAC (2012: 50).

The rapid expansion in the flow of FDI towards Latin America in the 1990s reflected the increased opportunities for capital accumulation provided by the neoliberal policy regimes in the region. In the new millennium, however, conditions of capital accumulation and the context for capitalist development had radically changed. In this new context, which included a major realignment of economic power and relations of trade in the world market, and the growth in both the demand for and the prices of primary commodities, the shift of FDI towards Latin America signified a major change in the geoeconomics and geopolitics of global capital. Flows of FDI into Latin America from 2000 to 2007 for the first time exceeded flows into the United States, surpassed only by Europe and Asia. And the global financial crisis brought about an even more radical change in the geoeconomics of global capital both in regard to its regional distribution (increased flows to Latin America) and sectoral distribution (concentration in the extractive sector). In 2010, in the throes of a financial and production crisis the advanced capitalist economies at the centre of the system and the epicentre of the crisis (the US and the EC) attracted and received less than 97 percent of global flows of investment capital—for the first time since UNCTAD has tracked and kept records of these flows, i.e. since 1970 (Zibechi, 2012). In 2005, the 'developing' and 'emerging' economies attracted only 12 percent of global flows of productive capital. But in 2010, against a background of a sharp decline in these flows, these economies overcame the 50 percent barrier (CEPAL, 2010). In the same year FDI flows into Latin America increased by 34.6 percent, well above the growth rate in Asia, which was only 6.7 percent (UNCTAD, 2012).

The flow of productive capital into Latin America over the past decade has been fuelled by two factors: commodity prices, which remained high through most of this period, attracting 'natural-resource-seeking investment,' and the solid economic growth of the South American sub-region, which encouraged market-seeking investment. This flow of FDI was concentrated in four South American countries—Argentina, Brazil, Chile and Colombia—which accounted for 89 percent of the sub-region's total inflows. The extractive industry in these countries, particularly mining, absorbed the greatest share of these inflows. For example, in 2009, Latin America received 26 percent of global investments in mineral exploration (Sena-Fobomade, 2011).

And together with the expansion of oil and gas projects, mineral extraction constitutes the single most important source of export revenues for a majority of countries in the region. Although the flow and stock of resource-seeking capital is concentrated in four South American countries Brazil accounted for the bulk of FDI flows. FDI flows to Brazil reached a new high in 2008 of USD 45 billion, 30 percent above the record level posted the year before. Mexico, the second largest recipient of FDI in the region, was hit hard by the financial crisis and consequently saw FDI inflows fall 20 percent over the same year. Much of this fall can be attributed to the decline of FDI in the services and manufacturing sectors, and reduced US imports. In contrast, 'natural resource seeking FDI' drove an expansion of capital flows into Argentina, Chile and Colombia, especially in the mining sector. Thus, while efficiency- and market-seeking FDI have more weight in private capital flows into Mexico and the Caribbean resource-seeking FDI accounts for the bulk and weight of FDI in the region (UNCTAD, 2007: 122-23). Thus, South America today is the centre of gravity for the new geoeconomics and geopolitics of global capital—the new extractivism and the postneoliberal state.

Progressive Extractivism: A New Model for Latin America?

The new millennium opened with a boom—a primary commodities boom stimulated by changes in the global economy, specifically, the ascent of china as an economic power and the associated demand by industry and the growing middle class for raw materials—industrial minerals and precious metals, energy (bio- and fossil fuels), and agrofood products. The demand for these commodities, stimulated by security needs of some governments related to energy and food, as well as 'economic opportunities' for multinational corporations in the extractive sector, led to the growth of what the Food and Agriculture Association of the United Nations (FAO, 2011) and the World Bank (2010) describe as 'large-scale foreign investment in the acquisition of land'—'landgrabbing', in the parlance of critical agrarian studies (Borras, Franco, Gomez, Kay and Spoor, 2012). The volume of the capital deployed to this end (the extraction of non-renewable natural resources) and the profits made in the process is staggering. Higginbottom (2013: 193) estimates that from 1997 to 2010 the multinationals that dominate the world economy extracted a total of US$477.6 billion in profit and direct investment income from Latin America, most of it derived from primary commodity exports. As for the financial returns to other foreign investors the *Financial Times* on April 18, 2013 published an article (Blas, 2013) that documented the fact that traders in commodities have accumulated large reserves of capital and huge fortunes in the context of the primary commodities boom and the financialization of capitalist development. As the author of the article observed: 'The world's top commodities traders have pocketed nearly $250bn over the last decade, making the individuals and families that control the largely privately-owned sector big beneficiaries of the rise of China and other emerging countries'—and, we might add, beneficiaries of the turn towards extractivism and export primarization.

A wave of resource-seeking foreign direct investment was a major feature of the political economy of global capitalist development at the turn into the first decade of the new millennium. Another was the demise of neoliberalism as an economic doctrine and model—at least in Latin America, where powerful social movements successfully challenged this model. Over the past decade a number of governments in South America, in riding a wave of anti-neoliberal sentiment generated by these movements experienced a process of regime change—a tilt towards the left and what has been described as 'progressive extractivism'.[19] The political victories of these democratically elected 'progressive' regimes opened a new chapter in Latin American history, notwithstanding the fact that the wide embrace of resource-seeking foreign direct investment, or extractive capital, has generated deep paradoxes for those progressive regimes in the region committed to addressing the inequality predicament and the crisis of nature. Some leaders and social movements in this context speak of revolution—Venezuela's 'Bolivarian' revolution, Bolivia's 'democratic and cultural revolution', and Ecuador's 'citizens' revolution'—and, together with several governments that have embraced the new developmentalism (the search for a more inclusive form of development), these regimes have

[19] From the post-neoliberal perspective of the centre-left regimes formed in South America over the last decade, a strategy of natural resource extraction is viewed as a means of bringing about a process of inclusive development—using resource rents and taxes on corporate profits as a means of reducing poverty and securing a more equitable distribution of the social product—'progressive extractivism', in the conception of Eduardo Gudynas (2009, 2011), a senior researcher at the Uruguay-based Latin American Centre of Social Ecology (CLAES).

indeed taken some steps in the direction of poverty reduction and social inclusion, using the additional fiscal revenues derived from resource rents to this purpose.

Yet, like their more conservative neighbours—regimes such as Mexico's and Colombia, committed to both neoliberalism and an alliance with 'imperialism'—the left-leaning progressive regimes in the region find themselves entangled in a maze of renewed dependence on natural resource extraction (the 'new extractivism') and primary commodity exports ('reprimarization'). Further, as argued by Gudynas (2009), this new 'progressive' extractivism is much like the old 'classical' extractivism in its destruction of both the environment and livelihoods, and its erosion of the territorial rights and sovereignty of indigenous communities most directly affected by the operations of extractive capital, which continues to generate relations of intense social conflict. Despite the use by 'progressive' centre-left governments of resource rents as a mechanism of social inclusion and direct cash transfers to the poor it is not at all clear whether they are able or disposed to pursue revolutionary measures in their efforts to bring about a more inclusive and sustainable form of development, or a deepening of political and economic democratization, allowing the people to 'live well', while at the same time continuing to hoe the line of extractive capital and its global assault on nature and livelihoods. The problem here is twofold. One is a continuing reliance of these left-leaning post-neoliberal regimes (indeed, all but Venezuela) on neoliberalism ('structural reforms') at the level of macroeconomic public policy. The other relates to the so-called 'new extractivism' based on 'inclusionary state activism' and continued reliance on FDI—on striking a deal with global capital in regard to sharing the resource rents derived from the extraction process. The problem here relates to the inherent contradictions of extractive capitalism and the machinations of the imperial state in support of extractive capital (= extractivist imperialism). These contradictions are reflected in a process of very uneven economic and social development—economic concentration tending towards the extremes of wealth and poverty—and what economists choose to call 'the resource curse' (the fact that so many resource-rich countries are developmentally poor, while many resource-poor countries have achieved a high level of economic and social development).[20] One expression of this resource curse is what economists term the 'Dutch disease', reflected in a the slowdown currently experienced by Brazil in its engine of economic growth—down from an average of over six per cent a year from 2003 to 2010 to only 0.9 percent in 2012 (BBC News, 2013). Another is the boom-bust cycle characteristic of extractivism and natural resource development. The slowdown of the commodity supercycle in the same year (Konold, 2013) suggests that extractive capitalism has not yet outgrown this propensity.[21] Perhaps the most serious 'contradiction' of 'natural resource development'—development based on the extraction of natural resources (as opposed to human resource development based on the exploitation of labour) —is that a large part of the benefits of economic activity are externalised, i.e. appropriated by groups outside the country and region, while virtually all of the costs—economic, social and environmental—are internalised and disproportionately borne by the indigenous and farming communities contiguous to the open pit mines and other sites of extraction. These costs have given rise to a powerful forces of resistance—social and environmental movements that form the social base of the contemporary search in the region for 'another development', development that not only seeks to move beyond neoliberalism but that rejects capitalism as well ('the socialism of the 21st century', as conceived by Hugo Chávez).

ALBA: New Trade for New Times

The *Alternativa Bolivariana para los Pueblos de Nuestra América* (ALBA) was conceived in 2004 by Hugo Chávez and Fidel Castro as an alternative to the FTAA (ALCA), the neoliberal project defeated the year before by the mobilizations of the anti-imperialist movement and the opposition of Brazil and other governments in their concern to accelerate the process of regional integration and—in the words of Hugo Chávez—to 'counterbalance the global dominance of the US' (Wagner, 2006). Advanced as a new model of intra-regional trade, an alternative to schemes of regional integration within the neoliberal world order, ALBA now encompasses nine countries including in addition to Venezuela and Cuba, Bolivia, Ecuador, Nicaragua and several CARICOM countries.[22]

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[20] On this resource curse see Acosta (2009, 2011) and Auty (1993, 2001).

[21] Global commodity prices dropped by 6 percent in 2012, a marked change from the dizzying growth during the 'commodities super cycle' of 2002–12, when prices surged an average of 9.5 percent a year, or 150 percent2 over the 10-year period (Konold, 2013). On the other hand, while prices declined overall in 2012, some commodity categories—energy, food, and precious metals—continued their decade-long trend of price increases.

[22] With a total population of over 70 million people the member nations of ALBA are Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, Saint Vincent and the Grenadines and Venezuela. Suriname and Saint Lucia were admitted to ALBA as guest countries and Haiti is pending full membership.

Unlike the neoliberal or WTO model, which is based on a simple reciprocity of commercial exchange in which each party agrees to exactly the same rules of trade, ALBA involves a series of bilateral trade arrangements that are differentiated to take into account the development status and needs of each country. Thus, Venezuela in its agreement under ALBA with Bolivia or Cuba does not require reciprocity in the removal of all trade barriers. Nor do the regional agreements between governments seek trade liberalization or base trade on world market prices. Moreover, regional integration under ALBA is explicitly designed to advance the specific and different national development agenda of each country, and any bilateral or multilateral agreement is tailored to the development requirements of each country, recognizing the asymmetry of economic and social development (Girvan, 2011). Thus, ALBA is based on an entirely new model of regional integration that reflects the socialist values and principles of the Bolivarian Revolution. However, in addition to a shared commitment to socialist principles the model also reflects the thinking and worldview of the indigenous communities in the region. This is evident in an emerging radical consensus engineered by a coalition of social movements in support of a *minga* of resistance and popular action. On the 29th of February 2009, a regional alliance[23] of indigenous communities and peasant social movements convoked a 'Minga of Resistance' (collective action) in association with 'other peoples and processes' (Abya Yala, 2009).[24] And such collective action, in the search for an alternative to capitalism as well as neoliberalism, is indeed underway in the popular sectors of different countries in the region, especially in the Andes. See for example the Convocation (January 20, 2009) of the Social Movements of America at the World Social Forum in Belém. Departing from a diagnosis of the 'profound crisis' of capitalism in the current conjuncture that the agents and agencies of capitalism and imperialism are seeking to 'unload' [descargar] on 'our people', the representation of a broad regional coalition of American social movements announced the need, and the intention (un 'proyecto de vida de los pueblos' frente al 'proyecto del imperialismo') to create a popular form of 'regional integration' (ALBA) 'from below'—'social solidarity in the face of imperialism' (Abya Yala, 2009). From this perspective the global crisis was, and remains, not a matter of dysfunctional financial institutions and unregulated capital markets but rather a systemic crisis, a crisis of the model used to formulate public support in relation to agricultural production as well as the rules used to govern international relations of trade and investment. Thus, at issue is not the regulation or freedom of capital flows and trade but the sustainability of the global food regime and local markets, rural livelihoods and food sovereignty, small-scale production for local markets, indigenous territorial rights regarding land and resources, protection of the environment and the ecosystem on which both livelihoods and local communities, and life itself, depend.[25]

For example, along the line of principles ratified in a succession of ALBA summits, and supportive of popular action against the neoliberal model and neoliberal policies, a coalition of organizations in Mexico's peasant movement proposed that the government's anti-crisis plan in 2009 include a policy of local production regarding corn and rice, milk, vegetable oil, pork products, etc., ending the policy of free agricultural imports under NAFTA, which, as the Zapatistas had predicted, has been the cause of a major production crisis in the agricultural agriculture, if not its 'death knell'.

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[23] This alliance includes the *Coordinadora Andina de Organizaciones Indígenas* (CAOI), the *Coordinadora de Organizaciones Indígenas de la Cuenca Amazónica* (COICA), the *Consejo Indígena de Centro América* (CICA), the *Movimiento Sin Tierra del Brasil* (MST), *Vía Campesina*; the organizations of the Unity Pact (*Pacto de Unidad*) of Bolivia; and diverse indigenous organizations of Colombia, Ecuador and Peru—meeting most recently on the 26th of February, 2009, in the locality of the Unity Pact in La Paz.

[24] *Minga* is a Quechua word meaning 'collective action' having wide currency among the indigenous poor, both indigenous and mestizo, in the Andes. The call to collective action that is at once local and global has gained force subsequently from both its cultural and historical references to a shared experience of subjugation. By calling their movement a *Minga*, the indigenous participants call attention to both the work that must go into politics and the need for collective action.

[25] The principles of proposed action (*la minga*), ratified in subsequent ALBA summits include: (i) defense of the sovereignty of the people and their right of self-determination, supported with policies of autonomous development, equity, internationalism, and solidarity with the people in struggle; (ii) a united front against neoliberal policies, including in particular privatization and denationalization; iii) support for forms of agricultural production that guarantee food sovereignty, that respects life and mother earth; (iv) promoting solidarity among people and nations; (v) unity in support of the feminist struggle against patriarchy and sexism in all of its forms; (vi) support of an emancipatory [anti-capitalist] culture; and (vii) political participation of 'the people' in the construction of a state committed to the consolidation of ALBA and its objectives.

As for the local production and importing of vegetable oil, the President of the Senate's Rural Development Commission pointed out that in just one case (the elimination of import duties for vegetable oil) government policy put at risk many rural livelihoods and cost the economy up to 10,000 jobs in the sector plus an additional 30,000 indirect jobs (Pérez, 2009).

At issue in this and other such actions taken in the popular sector is whether the political and intellectual Left in the region are up to the challenge levelled by *Abya Yala*—willing to actively support, if not lead, the forces of resistance and revolutionary change that are being formed in the popular sector. As for the Mexican government—by no means progressive or leftist in orientation, indeed, explicitly neoliberal—it responded to this challenge in the same way as have other governments such as Brazil, which is self-defined as postneoliberal in the sense of the post-Washington consensus on the need for 'inclusionary state activism', by implementing a 'new social policy' geared to poverty reduction and inclusion of the rural poor in programs of development assistance. In Mexico's case the basic mechanism of this anti-crisis response is *Oportunidades* (Opportunities), a program designed to assist those with scarce resources and most directly negatively affected by the global crisis. With a negotiated World Bank loan of US500 million this program in 2009 was expected to pump USD 4 billion into the countryside and the local economy, continuing the time-honoured (albeit dishonourable) tradition of using rural development as a means of demobilizing the social movements and defusing revolutionary ferment in the countryside. In opposition to this approach—to combine a policy of social inclusion and poverty reduction with a policy of regional integration and globalization--ALBA proposes an alternative model of regional integration based on socialist principles of social justice, fair trade and a more equitably shared development of the forces of production. In this regard ALBA has turned out to be a key centre of reference and organizing space in the formation and articulation of a region-wide social movement in support of a common program for diverse forces of resistance against neoliberalism, capitalism and imperialism.[26]

Conclusion

The dynamics of capitalist development in Latin America over the past three decades have given rise to the construction of three alternative models of capitalist development, each giving rise to or associated with a particular policy regime and a particular way of organizing the forces of production and conducting international relations of trade and investment. The first model has crystalised around what used to be termed the Washington Consensus but now dubbed (by *The Economist*) the Davos Consensus. It takes the form of a proposal to bring about a process of sustainable resource development, or 'inclusive growth', with 'the private sector' (= the multinational corporations) as the 'driver' of motor of this growth (Canada, House of Commons, 2012). The model is associated with various neoliberal regimes on the Pacific coast (Chile, Colombia, Peru, Mexico) aligned with US imperialism, and various projects to construct a free trade area based on the rules of the neoliberal world order—NAFTA, FTAA, the Pacific Alliance.[27] The second model is based on the post-Washington Consensus on the need for inclusionary state activism and a more inclusive form of national development. It is associated with the left-leaning postneoliberal regimes formed in South America in conditions of a wave of anti-neoliberal resistance at the turn into the 21st century. The trade regime that best reflects the organizing principles of this model—open regionalism within a system of global capitalism—is Mercosur. The third model has taken shape in the form of an emerging radical consensus on the need to not only move beyond neoliberalism but to reject capitalism. The regional intra-regional trade scheme that embodies the principles of this radical consensus is ALBA, an anti-imperialist alliance of post-neoliberal regimes oriented towards 'the socialism of the 21st century'.

[26] Among the 160 or so movements that constitute the Council of the Movements for ALBA (Consejo de Movimientos Sociales del ALBA) formed in May 20, 2007, at an ALBA summit meeting in Venezuela, can be found the Movimiento de Pobladoras y Pobladores, la Asociación Nacional de Medios Comunitarios Libres y Alternativos (ANMCLA), El Frente Nacional Campesino Ezequiel Zamora, el Frente Nacional de Campesinos y Pescadores 'Simón Bolívar', CONIVE, el Frente Bicentenario de Mujeres 200, La Red de Colectivos La Araña Feminista, la Red Nacional de Sistemas de Truke, el Frente Nacional Comunal 'Simón Bolívar', Red Nacional de Comuneros, la Red de Organizaciones Afrovenezolanas, el Movimiento Nacional de Televisoras Comunitarias-ALBA TV, Movimiento de Mujeres Ana Soto, el Movimiento Gayones, OPR Bravo Sur, la Compañía Nacional de Circo, Colectivo Nuevo Nuevo Circo, Jóvenes por el ALBA, la Alianza Sexo – Genero Diversa Revolucionaria.

[27] The Pacific Alliance is also connected to the proposal of a trans-Pacific Partnership between member states, the US and Canada, and six Asian economies, creating the world's biggest free trade zone.

Despite the project of expanding intra-regional trade neither Mercosur or ALBA has managed to substantially increase intra-regional trade or reduce the regional differences in the level of development, and this is not only because of the concept of open regionalism within a global economy, but the continuing commitment of both neoliberal and post-neoliberal regimes to extractivism, as well as conflicts internal to Mercosur related to what might be termed 'Brazilian sub-imperialism.[28] The new extractivism, like the old extractivism, dictates a north-south rather than an intra-regional axis of international trade in that the market for extracted natural resources are predominantly in the global north or the emerging markets of the BRIC countries, not in the region. Nor does extractivism promote or create conditions for a more inclusive and sustainable form of national development. This is because extractivism and natural resource development, like the 'new industrialism',[29] is both destructive of the environment and technology-intensive with relatively fewer development implications than human resource and industrial development based on the exploitation of labour. Indeed, the author estimates that, in the case of the mining sector, the participation of labour in the fruits of natural resource development—in the profits and resource rents generated from exporting the products—is from six to nine per cent, and the share of the governments in these rents is even less.[30] Thus, the issue is not inclusionary state activism or the socialism of the 21st century, but a continuing reliance on resource-seeking foreign investments. As for ALBA, despite its promise as a model of alternative development as well as trade (and its success in challenging the imperialist free trade agenda) it is not likely to serve as a catalyst of a more inclusive and sustainable form of socialist development, or systemic social transformation. This would require the nationalization and socialisation of the commanding heights of the regional economy, as well as abandonment of extractivism as a development strategy. And this is because the social and environmental costs of production far outweigh any benefits, and these benefits are limited and highly concentrated (and externalised—received outside the country) while the costs are exceedingly high and widespread. However, extractivist socialism or socialist industrialization is not likely to be any more sustainable in terms of the environment and livelihoods, small-scale production for local markets, and communities, than extractivist capitalism, even in its 'progressive' form. The problem is fundamental. Extractivism has undermined ALBA as an alternate development and trade model, limiting its use as an instrument of substantive social change and genuine development. Thus it is that extractivism has been rejected not only in the streets but by the social movements that are otherwise united in their active support of ALBA.

To conclude, Latin America's problem is not neoliberalism but capitalism. Neither extractivism nor industrialism, post-neoliberal policy reforms or diversified and fair trade, provide a way out of the fundamental problems caused by capitalism. For one thing, industrialism vs. extractivism is a false dichotomy or choice arising out of a misplaced commitment to 'economic growth' under capitalism: both today are more of a problem than a solution. For another, the fundamental problem is a system geared to private profit rather than human needs, a problem that neither globalization, regionalization or alternate forms of trade can solve. In addition to the nationalization and socialization of production what is needed is another world and a different model concerned with and focused on small-scale cooperative production and medium-sized business enterprises that are geared to and designed to strengthen food sovereignty and both local and regional markets; socialism and self-reliance rather than capitalism and imperialist exploitation, protection of regional producers and regional integration rather than neoliberal globalization; expansion of ALBA as an economic and political organization with a regional development agenda; the expansion and consolidation of a regional development bank to counter the impact of the Inter-American Development Bank and to replace the current reliance on FDI and the World Bank/IMF for capital and development finance; [31] strengthening and creating other regional political organizations such as Unisur[32] as a counterweight to imperialism. In short, get rid of both capitalism and imperialism.

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[28] Different analysts as well as Brazil's partners, especially Uruguay and Paraguay, whose economies are dwarfed by Brazil's, have long accused Brazil of imperialist designs and actions (the quest for regional hegemony). These claims are to some extent reinforced by the huge surplus on its agricultural trade account that Brazil has generated with its neighbours, as well as its large-scale acquisition of land for soya production in Paraguay and Uruguay.

[29] By 'the new industrialism' reference is made to industries that are currently being set up in Argentina and elsewhere in the region, which are not only highly contaminating and destructive of the environment but employ ultra-modern labour-saving technologies such as robotics.

[30] This estimate derives from a series of case studies by the author and several collaborating scholars into what we term the 'surplus value appropriation chain' of mining capital in Bolivia and Mexico (Veltmeyer & Petras, 2014).

[31] Currently there are two models of such a regional development bank: BancoSur and ALBA Bank. The former is a monetary fund and lending organization established in 2009 by Argentina, Brazil, Paraguay, Uruguay, Ecuador, Bolivia and Venezuela with an initial capital of US$20 billion. Argentina, Venezuela, and Brazil were to have each pledged $4 billion, while Uruguay, Ecuador, Paraguay and Bolivia were to have contributed smaller amounts. The aim of the bank is to lend money to nations in the Americas for the construction of social programs and infrastructure. In 2012 member states of ALBA agreed to deposit 1% of their international reserves into a jointly administered development bank as a way of deepening regional economic cooperation and development.

[32] UNISUR, formerly the South American Community of Nations, is a union of South American nations created in 2008 to propel regional integration on issues including democracy, education, energy, environment, infrastructure, and security and to eliminate social inequality and exclusion. It was inspired by and modeled after the European Union. Its members are Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela. Panama and Mexico hold observer status.

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