
Received: 22nd May 2017

IS LATIN AMERICAN NEOSTRUCTURALISM SUSTAINABLE?

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ABSTRACT

Purpose. This paper offers an evaluation of whether Latin American neostructuralism or post-neoliberalism can survive the current cycle of low global commodity prices.

Methodology. The paper relates to development economics and social sciences. The research could not be categorized into one philosophical theory, so to achieve the objectives, the research design was required to utilize both positivism and non-positivism. Data which was collected from international bodies is analysed and tested along with relevant economic modelling to offer an answer to the research question. Bolivia and Argentina were selected as case studies to offer a greater dichotomy regarding the sustainability of this Latin American discourse.

Findings. The paper demonstrates a heterogeneity between the key economic performance indicators achieved in Bolivia and Argentina. The research emphasises that the management of export revenues is a key criterion for the sustainability of the paradigm along with the commodity prices. State-funded welfare policies should address the marginalization of indigenous populations to secure the prosperity of the paradigm. This paper does not join the discussion surrounding varieties of capitalism, but will acknowledge the discussion and advise on further research.

Originality. The sustainability of this economic paradigm, which gained left-wing acclaim at the turn of the millennium, is now threatened for the first time by falling export revenues. The very tenets of the paradigm are being tested. This paper is original and relevant to academics in the field of development economics, politics, and business.

Keywords: Development; natural resources; neostructuralism; post-neoliberalism; exports. This paper is categorized as a research paper.

INTRODUCTION

The period of stability and growth in Latin America which began in the 1950s ended abruptly with the arrival of the 1980s and a major setback for development in Latin America (ECLAC, 2001). The unsustainable level of indebtedness which Latin American countries had accumulated over this period led to the subsequent financial crisis and the implementation of macroeconomic measures and rescue packages through the IMF and the World Bank (Green, 1996). The response to this crisis was the imposition of a neoliberal orthodox economic approach of globalization, free trade, privatization of state assets and market-led policies. The Washington Consensus argued that with globalization, the benefits of free market capitalism would be unparalleled and both industrialized and developing countries would achieve real economic advancement through following its strategy (Green, 1996).

The ensuing economic and political instability resulting from decades of compliance with neoliberal policies, which many in Latin America viewed as hegemony from the United States, lasted until the new millennium (CEPAL, 2012). The complete economic collapse in Argentina in 2001 was simultaneously accompanied by social uprisings in Ecuador, Bolivia and Venezuela in protest against previous government policies, which by 2002 had resulted in 44% of the Latin American population being classified as living in

poverty with 19.4% living in extreme poverty (Grugel & Riggiozzi, 2012). With the fall of right-wing governments and the arrival of left or centre-left governments, a new economic and social development agenda was essential and post-neoliberalism or neostructuralism was conceived.

The pillars of this new paradigm are based on political aspirations focused on reclaiming the authority of the state and on overseeing a new social consensus with regard to welfare. The economic policies associated with post-neoliberalism are a blueprint to achieve growth, whilst simultaneously being responsive to social needs and citizens' demands (Grugel & Riggiozzi, 2012). The framework combines an attempt to re-evaluate the direction of the economy through state spending, increased taxation and management of exports (ECLAC, 2001). Policies for exports include a change of direction from solely exporting primary commodities to include manufactured goods. An increased domestic market consumption should help to address the poverty legacy.

Governments which were following policies of post-neoliberalism were attracting widespread acclaim from the World Bank and the IMF for the manner in which they were addressing the high level of poverty and extreme poverty. The level of poverty in the region decreased dramatically from its peak of 48.3% in 1990 to 23.1% by 2010. The level of extreme poverty fell from the unenviable figure of 22.5% in 1990 to 12.9% in 2010 (Grugel & Riggiozzi, 2012).

The trebling in the value of commodity prices between 2000 and 2010 (The Economist, 2014), which accompanied and fuelled the inception of post-neoliberalism and the eradication of poverty, did not continue. Since 2011, developing countries which rely on primary commodity exports have suffered a punishing 25% drop in the global prices of commodities (World Bank, 2015). The sustainability of this latest economic paradigm and the left-wing acclaim that it had previously garnered (Leiva, 2008) would now be tested under a cycle of low commodity prices. The consequences of primary commodity dependency under this latest low-price cycle have manifested themselves apace throughout Latin America. In Bolivia, the curtailment of some welfare payments due to fiscal constraints has resulted in social unrest, thus threatening the sustainability of the paradigm in Bolivia (International Monetary Fund, 2016). Following disastrous economic results in Argentina, the IMF has recommended a U-turn in policy implementation away from that associated with post-neoliberalism (IMF, 2016). With early social uprisings and governments already debating a paradigm shift, can neostructuralism sustain a period of commodity price stagnation?

A reasoned perception of the value of this paper is that it can be utilized to inform policy and decision-making by economists and governments in Latin American countries which are operating post-neoliberal policies. As suggested in the conclusions, this research could also be utilized to invite or join ongoing conversations in the academic sector about the future and the impact of current economic models. Government policymakers will be able to utilize the paper to inform policy following the results and ultimately to assess the viability and sustainability of Latin American neostructuralism.

DEFINING NEOSTRUCTURALISM

Previous research into the feasibility and sustainability of Latin American post-neoliberalism focused on the regional management of commodity export revenues and, simultaneously, has sought to define the key tenets of this latest economic paradigm

(Leiva, 2008). Earlier research carried out into the sustainability of the discourse demonstrated a requirement for the key variables which define the narrative between neoliberalism and post-neoliberalism to be nuanced. Table 1* offers a demarcation between Latin American neostructuralism and the neoliberal discourse which it sought to address (CEPAL, 2012)

Table 1

Paradigm demarcation between neoliberalism and post-neoliberalism

Economic Theory	Neoliberalism	Post-neoliberalism
Economic Objective	Development and growth through market-orientated economic policies	Development and growth driven by a diversification in the export portfolio and entry point into world markets
Trade Narrative	Free market-specialized trade, focused and reliant on the exportation of primary commodities	A shift in development policy with a reduced reliance on primary commodities and a focus on manufactured secondary goods
Conditions	Privatization. Minimal state intervention and deregulation which allow for market conditions to dominate	Nationalization of certain industries. Re-regulation and an increase of state intervention into export markets and utilization of trade revenues
Social development	Diminishing community and a reduction in social services	An increase in social cohesion through robust welfare reform policies, including education and health
Limitations	Wealth inequality and development issues associated with primary commodity reliance continue to be prevalent	Addresses only short-term development problems and fails to consider the long-run economic consequences. Overexposure to global commodity price cycles remains an issue

(Grugel & Riggirozzi, 2012) (Leiva, 2008)

The influence of the state is displayed throughout numerous key tenets of the neostructuralism paradigm. The importance of the role of the state cannot be hyperbolized.

The re-nationalization of key industries and the ensuing expansion of the state were in direct contradiction to the neoliberal purpose of modernization through privatization (Leiva, 2008). Criticism levied from academics and supporters of the neoliberal narrative has been prevalent since the inception of the paradigm. A key element of this opprobrium is centred on the discourse’s failure to present a long-term development agenda for the region, as it focuses solely on the short to medium term (Leiva, 2008). A

principal tenet of post-neoliberalism is shown to be the policy shift towards the export of manufactured goods from that of primary commodities. Previous research has demonstrated some degree of modernization towards this goal. However, it has only achieved minor success. Manufactured exports in the region grew from 7.5% in the decade 1990-1999 to 8.9% in 2000-2009 (Grugel & Ruggirozzi, 2012). This was accompanied by a sharp increase in primary product exports from 2.6% in 1990-1999 to 11.4% in 2000-2009, which was fuelled by the natural resource boom (Grugel & Ruggirozzi, 2012). Conclusions derived from these export figures demonstrate that there remains an overexposure to commodity price fluctuations and, thus, a weakness in the model.

Following the conceptualization of the post-neoliberal paradigm, initial research sought to scrutinise the political and economic acclaim which ECLAC's latest development narrative for the region was receiving (Kaltwasser, 2011). The decentralization of political power which had occurred under neoliberalism was a key focus for this research. The political arena had devolved to municipal level, at which this new left-wing discourse had greater opportunity to be nurtured. Political upscaling was a major factor in the development of indigenous mobilization (Webber, 2008) and with local issues being upscaled to national level more frequently and with greater ease (Haarstad & Floysand, 2007).

Champions of neoliberalism have concluded that post-neoliberalism should not be considered as a standalone paradigm due to its short-term perspective and should only be considered as a social contract to complement the neoliberal narrative (Leiva, 2008). The dichotomy presented between the two development theories and the ambiguity surrounding the policies defining them have led to opportunities for academics and economists to contemplate a different model (Yates & Bakker, 2013), one more suited for 21st-century development in Latin America (Singh, 2010). In order for the modernization of Latin American political economy to achieve sustainable development in the region, the tenets of the models themselves should not be confined to a single paradigm and suggest that further research is required.

METHODOLOGY

The commonality displayed throughout previous research into post-neoliberalism was to anatomize the tenets of the paradigm. With the focus on the framework of the model, a research gap concerning the actual sustainability of the paradigm has become apparent, especially when faced with the first commodity price collapse since its inception (World Bank, 2015). The strategic research design deemed most appropriate for this paper was the selection of a single country where the implementation of policies associated with neostructuralism has proven successful and effective. The research then develops further strategic design with the introduction and utilization of a second regional country which had also adopted neostructuralist policies with, however, less favourable results. Secondary research was then utilized to demonstrate the effect of commodity price adjustment on each country.

To demonstrate to what extent Latin American neostructuralism can sustain a drop in global commodity prices, a case study comparison was utilized (Woodside, 2010; Yin, 2013). Bolivia and Argentina were the countries which were deemed the most appropriate choice for the case study comparison. Bolivia, Argentina, and Ecuador were the countries which had normalized the compliance of post-neoliberal policies in Latin America (Grugel

& Riggiozzi, 2012). To offer a justification for the selection of the countries for the case studies, key economic and social successes resulting from the implementation of neostructuralist policies are utilized in the development of the research methodology. Historically Bolivia was one of the most impoverished and depressed countries in Latin America (Grimson & Kessler, 2012). However, in 2013, policies implemented by the Morales Administration achieved a growth rate higher than any other country in the region (International Monetary Fund, 2016). Its continued funding of a robust social agenda whilst commodity prices stagnate resulted in Bolivia being the manifest choice for the research.

To offer a dichotomy with Bolivia's data, Argentina is then presented as a second regional case study due to its heterogeneous commodity mix (OEC, 2015) and the contrast in economic and social achievements following the application of policies associated with post-neoliberalism. Argentina, along with Colombia and Chile, belongs to a small cluster of countries whose previous compliance with post-neoliberalism has already witnessed a paradigm shift in their return towards policies associated with neoliberalism. The inclusion of Argentina in this research is justified by the insight which it offers into how neoliberalism can fail (Grimson & Kessler, 2012).

Longitudinal analysis was applied in the development of the research. The paper offers conclusions derived from data analysed during the date range 2006 – 2015. High commodity prices, the 2007/2008 global financial crisis, followed by the emergence in 2011 of this latest cycle of low commodity prices (International Monetary Fund, 2016), were critical criteria in the selection of this 10-year scope. To answer the research question, the case study comparison focuses on the current low commodity price cycle 2011 – 2015 (International Monetary Fund, 2016).

To thoroughly evaluate the sustainability of Latin American neostructuralism, a quantitative approach was adopted in the first instance whilst collecting key macroeconomic data from the IMF, the World Bank and CEPAL including GDP per capita, commodity prices and the poverty index. The data analysis then developed and utilized two growth models which typified left-wing economics. Keynesian growth theories and the Endogenous Growth Theory were applied to the data before the presentation of the paper's conclusions (Mankiw, 2007).

In the development of the paper and to further test whether this paradigm would lead to the harmonious relationship between a larger state, a greater number of welfare projects, and sustainable Latin American growth, it was not deemed possible to achieve this fully by solely utilizing a positivist approach. Other aspects of this research design required that a non-positivist view should also be adopted. Political shifts which have ushered in this latest move towards the left (Grugel & Riggiozzi, 2012) are not always determined by the scrutiny of key economic performance indicators. Voting preference may simply be exemplified as habitual or the result of a political movement which began at local level and, due to political upscaling, escalated to national level (Haarstad & Floysand, 2007). It is these phenomena, feelings, moods and sentiments which have led to popular uprisings and ultimately the demise of neoliberal governments (Kaltwasser, 2011). Due attention was afforded to the political landscape along with key economic data to generate the conclusions.

To analyse all the data correctly, it was necessary to adopt a mixed method approach of both quantitative and qualitative research methods to answer the research

question. This choice was the most appropriate as qualitative research methods are utilized in the analysis of national numerical results including GDP, poverty index, inflation, and trade balances. As the tenets of post-neoliberalism are to achieve sustainable growth through welfare enhancement policies, the paradigm requires governments to fulfil a social commitment to their electorate. It is this commitment and its sustainability which resulted in qualitative methods being utilized in order to convey the state of mind of a nation and its political context. Mixed methods enable the development of rich insights into certain works which would not be possible by solely utilizing qualitative or quantitative methods (Venkatesh, et al., 2013). The utilization of mixed methods has also been advocated as not only being richer but more reliable than utilizing a single paradigm (Mingers, 2011).

Limitations

As the paper focuses on the relationship between fluctuations in commodity export prices and whether the recent fall in the attributed revenues has diminished the sustainability of post-neoliberalism, this paper will be open to criticism from neoclassical academics as it does not consider the long-term effects of enhanced fiscal spending and the increased national debt which may accumulate as a result of this (Leiva, 2008). It is also pertinent to highlight that as mixed methods have been employed, the research is also open to criticism due to gaps in polling data which have been utilized to offer an assessment of a political mood shift. Further issues arise with drawing conclusions from Latin American countries where government corruption has been widely acknowledged (Manzetti & Blake, 1996). Data may not be reliable and it is this corruption, rather than the economy, which may have a greater effect on social mobilisation and the mood of the public.

FINDINGS

Exporting countries whose economic prosperity is sustained by primary commodity revenues are suffering under a cycle of low and stagnating commodity prices which have been prominent since 2010 (International Monetary Fund, 2016). Output growth for commodity-exporting countries slowed dramatically following the 2008 global financial crisis: this diminished from a level of 8.9% in 2011 to an average of 0.4% in 2015. A lack of investor confidence has been typified by a reduction in the level of investment throughout the affected countries. In 2010, the IMF published their five-year forecast for the level of investment anticipated in commodity-exporting countries. The report forecast that the level of foreign investment would be 5% by 2015; the reality was 1.8% (International Monetary Fund, 2016).

This current cycle of low global commodity prices has been exacerbated further by the simultaneous economic slowdown in some of the world's major manufacturing economies. China published growth figures in 2015 of 6.9%, which was a 25-year low for the People's Republic. A fall in demand for raw commodities for the stagnating Far Eastern manufacturing giant has resulted in diminishing export revenues worldwide including in Latin American economies (CEPAL, 2016).

Bolivia

President Evo Morales and his party, the *Movimiento al Socialismo* (M.A.S.), maintain a comfortable two thirds majority in the Bolivian Congress. With their anti-neoliberal agenda, their manifesto abjures political corruption, exploitation, and

oppression. Their manifesto has secured three successive terms in power for the incumbent president Evo Morales (Webber, 2008). However, 2016 witnessed a further political shift in Bolivia when the proposed motion to reorganize the Bolivian constitution to allow Morales to stand in 2019 for a fourth term was narrowly defeated in a referendum (International Monetary Fund, 2016). The reduction in revenues available to M.A.S. has begun to affect the scope in which they can apply infrastructure spending and maintain their welfare reforms. In 2016, as a result of slowing growth, M.A.S. announced that a second monthly Christmas bonus would not be paid (International Monetary Fund, 2016). Recent protests by miners and strikes by truck drivers and handicapped citizens could be signalling a fall in support for *Movimento al Socialismo* and a change in direction for left-wing policies.

Bolivia suffers from a high dependency on primary commodity exports. The small landlocked nation of 10.7 million inhabitants is a relatively strong economic performer in the region which has normalized consistent economic growth since 2006. GDP growth in Bolivia has averaged 5.04% over a 10-year date range (Table 2*). This level of growth demonstrates the application of sound macroeconomic policies in order to continue this trajectory whilst suffering price pressures. During this period, the neoliberal IMF commended M.A.S. for their successful management of state resources (International Monetary Fund, 2016).

Table 2

Bolivian GDP at constant prices as a percentage change 2006-2015

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross domestic product at constant prices as a percentage change	4.8	4.6	6.1	3.4	4.1	5.2	5.1	6.8	5.5	4.8

(International Monetary Fund, 2016)

Bolivian economic output is shown here to be at its highest level during 2013. This result is 2 years into the current stagnation of global commodity prices.

Bolivia's natural resource reserves have fuelled their recent economic prosperity. Hydrocarbons account for the greater part of the Bolivian export portfolio (Table 3*). The resource-rich country exports a limited but varied range of primary commodities (OEC, 2015).

Table 3

Bolivian top 5 exports by \$ value and percentage 2015

Commodity	Value of Exports \$	Percentage of exports
Petroleum Gas	3.81b	46.2%
Zinc Ore	889m	9.8%
Gold	729m	8%
Precious Metal Ore	545m	6%
Soybean Meal	540m	5.9%

(OEC, 2015)

The Bolivian export portfolio is dominated by petroleum gas, which accounted for 46.2% of total exports in 2015.

Petroleum gas is the Bolivian primary export which accounted for nearly half of total exports in 2015 at 46.2%. This figure is congruent with the argument that there is a requirement for agrarian reform in Bolivia, following a steep decline in indigenous agricultural exports (Brabazon & Webber, 2013). Global open markets and their fluctuating prices are not the only rationale to explain the commodity price fall threatening the sustainability of this economic paradigm shift in Bolivia. For future fiscal design, it is paramount that due consideration to changes in environmental phenomena should be incorporated into this framework. In December 2015, petroleum gas prices crashed to their lowest level since 1999 due to a sharp decline in demand (World Bank, 2015). This drop was in part the result of the El Niño weather phenomenon. The milder winter weather in the United States was one of the factors which contributed to a diminishing demand for petroleum gas. The price of this plummeted by 9.1% and meant that the U.S. government could increase stocks of the primary commodity, further driving down the price of future imports. New processes and measures including technological advances such as fracking for shale gas have resulted in some primary commodity markets becoming saturated and storage has become the primary concern rather than supply (World Bank, 2015).

Poverty eradication represents one of the guiding principles of the government's wider *Agenda Patriótica, 2025* (Patriotic Agenda 2025). The key tenets include the improvement of access to education and health care, whilst simultaneously pursuing the state-led social agenda policies around which neostructuralism is constructed. The government of Evo Morales has demonstrated that its policies to eradicate extreme poverty and to fund the wider social agenda have achieved significant success. Following its peak of 66.4% in 2000, the level of Bolivians classified as living in poverty has been reduced by a third to 38.6% in 2015 (World Bank, 2016). This reduction is congruent with the framework championed by CEPAL (CEPAL, 1988). This principal recommendation argues that a larger state, which controls export revenues, is able to utilize these funds for investment in infrastructure and social welfare schemes. The poverty eradication is a direct result of this government's investment programme (Grugel & Riggirozzi, 2012).

Argentina

As with Bolivia, within Latin America, Argentina is a key exporter of primary commodities. However, in contrast with Bolivia, the commodities on which Argentina depends are related to agriculture rather than hydrocarbons. The Argentine economy has become synonymous with performing in a volatile and erratic manner (IMF, 2016) (Table 4*).

Table 4

Argentinian GDP at constant prices as a percentage change 2006-2015

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross domestic product annual growth %	8.10	9.0	4.1	-6.0	10.4	6.1	-1.1	2.3	-2.6	2.5

(The World Bank, 2017)

The erratic nature of the Argentinian economic output is shown here to be at its most prevalent in the years following the global financial crisis 2009 - 2010.

Sustainable growth has not been achieved throughout the years of Cristina Fernandez de Kirchner's administration (2007-2015) and the preceding years of her husband Nestor Kirchner's premiership (2003-2007). The boom and bust years which are counterintuitive to the economic and social prosperity of any country can be viewed as regularly occurring in Argentina. The IMF classifies the 2001-2002 Argentinian crisis as one of the worst economic recessions that any country has ever had to endure (IMF, 2016).

Argentina's primary commodity exports are predominantly agricultural products (Table 5*). In 2015, the largest export by percentage continued to be soybean meal at 17% of exports (OEC, 2015).

Table 5

Argentinian top 5 exports by \$ value and percentage 2015

Commodity	Value of Exports \$	Percentage of exports
Soybean meal	9.6b	17%
Soybeans	4.3b	7.4%
Soybean oil	3.92b	6.8%
Corn	3.28b	5.7%
Delivery Trucks	3.01b	5.2%

(OEC, 2015)

Agricultural exports dominate the Argentinian export portfolio output. The top 4 commodities account for 36.9% of total exports.

Other primary commodity exports in the Argentinian portfolio include soybeans, soybean oil, corn, barley, wheat, animal products and wine. Argentina does not solely export primary goods but has successfully diversified to produce and export manufactured goods (Grugel & Riggirozzi, 2012). Delivery trucks manufactured in Argentina accounted for 5.2% of national exports in 2015, with cars accounting for 3.5% (OEC, 2015). The exportation of manufactured goods is a demonstration of the country embracing a key tenet of post-neoliberalism (CEPAL, 1988).

Throughout the years of Kirchnerism (2003-2015), policies which were designed to address the social agenda and redistribute national wealth under a robust social welfare program were bold and popular with the Argentinian electorate. A signature policy during the 12 years of the Kirchner presidencies was the universal child benefit plan *Asignación Universal por hijo*, which provided a basic minimum income which was related to the size of the family (Grugel & Riggirozzi, 2012). *Progresar* was another initiative created to offer financial support to young adults between the ages of 18-24 who are either unemployed or on very low incomes (Grugel & Riggirozzi, 2012). This programme offered free education to all eligible citizens, and the government simultaneously provided free child care to ensure that young Argentinians could benefit from this and their parental duties did not preclude them from the initiative.

Poverty eradication was a key focus of both Kirchner premierships, which achieved a reduction in the number of citizens who were classified as living on less than \$4 per day. According to the Department of National Statistics and Census in Argentina, *Instituto*

Nacional de Estadística y Censos (INDEC), the level of poverty decreased from 47.8% in 2003 to 4.7% in mid-2013 (CEPAL, 2016). The Argentinian government did not publish data in 2014. However, when figures were made available in 2015, this level had increased to 29% of the population with a further increase to 31.5% by the first quarter of 2016. Information and statistics which have been provided previously from this national body have been refuted by academic organisations including the London School of Economics (The Economist, 2014).

The failure of post-neoliberalism in Argentina in achieving sustained long-term poverty eradication is congruent with the neoliberal argument that the paradigm only has a short-term perspective (Leiva, 2008). Poverty and extreme poverty peaked in 2002 following the Argentinian financial crisis. However, post-neoliberal policies which were implemented during the early years of Néstor Kirchner's and later Cristina Fernández de Kirchner's administrations achieved tangible results in poverty and extreme poverty eradication (CEPAL, 2016). This trajectory was not sustained and both index levels increased by 2015.

Case study comparison

A heterogeneity between the results derived from operating post-neoliberal policies in Bolivia and Argentina has been highlighted throughout the findings. Key differences and the dichotomy in achievements between the case studies are apparent (Table 6*).

Table 6

Case comparison indicators, Bolivia and Argentina 2011-2015

Date range 2011 – 2015	Bolivia	Argentina
Poverty index reduction %	(6.5)	+23
GDP % change	(0.4)	(3.6)
Trade balance \$ billion	(1.8)	(12)
Inflation %	(5.8)	+16.9
Population change	+646,000	+1,761 million

The continued reduction in the rate of poverty by 6.5% in Bolivia is a stark contrast to the elevation in the poverty index in Argentina of 23%.

Poverty eradication

Bolivia has demonstrated a sound management of policies which have in turn led to a reduction in the number of their citizens classified as living in poverty and extreme poverty. The continuous fall in this key indicator of neostructuralism is testament to the policies which aim to address the indigenous marginalization of previous governments (Brabazon & Webber, 2013). Argentina did demonstrate success from the early implementation of post-neoliberalism in the reduction of the rate of poverty level from 47.8% in 2003 to 4.7% in 2013, although this figure, along with published inflation figures, has been refuted by international observers as factually incorrect (The World Bank, 2017). The comparative figures from the two case studies have seen the new centre-right administration in Argentina, elected in 2015, publish updated figures which show a rise in poverty to 31.5% in 2016. The poverty eradication achieved in Bolivia and Argentina between 2003 and 2013 is congruent with the model championed by CEPAL

(CEPAL, 2012; Grugel and Riggirozzi, 2012), which demonstrates that when managed correctly, targeted export revenues utilized for infrastructure investment can have a positive effect on the level of poverty.

GDP

In Bolivia GDP grew at 0.4% less in 2015 than in 2011. The correlation between the fall in growth rate and the stagnation of global prices whilst M.A.S. continue with the level of infrastructure investment via their *Plan de Desarrollo Económico y Social 2016-2020* (PDES) follows a pattern of Keynesian economics. A key tenet of Keynes's economic theories is that an economy's output of goods and services is based on four components: consumption, investment, government spending and net exports. Keynesian economics are especially prevalent in times of economic slowdown (Romer, 2006). Keynes hypothesised that during episodes where a loss of consumer confidence was a factor, governments should intervene to increase aggregate demand in the short run (Romer, 2006). Investment should be increased to create an environment for labour growth. Aside from net exports, animal spirits are a key tenet of this economic framework which theorised that if a population lack confidence, they will not contribute to the domestic economy.

The drop in the Bolivian GDP of 0.4% witnessed during this latest cycle of low commodity prices strengthens the argument that the discourse is only effective in the short term and should not be the advised path for sustained economic prosperity (Leiva, 2008). This neoclassical perspective does not support Keynesian economic theories. However, the maintained financing of infrastructure investment demonstrated by the Bolivian government reaffirms their commitment to welfare spending.

The Argentinian GDP has performed erratically and in a manner which would preclude any government from achieving sustainable growth. National output in Argentina in 2015 was at a level of 2.5%, 3.6% below the 6.1% growth achieved in 2011. During this date range, Argentina twice entered a recession: in 2012 the level of national contraction was -1.1% and in 2014 the economy contracted by -2.6% (IMF, 2016). These results are in no way congruent with the arguments of CEPAL and their championed post-neoliberalism (CEPAL, 2016).

This comparison will now introduce a further economic model to test the data analysis. Endogenous growth theory was conceived in the 1980s as an alternative to the neoclassical growth models such as the Solow Growth Model, which hypothesises that exogenous factors and, in particular, technological advances are the key to achieving sustainable growth in developing countries (Mankiw, 2007). The endogenous growth theory framework focuses on endogenous factors and the role of knowledge and human capital as the vehicle for growth. The simplified production function of the endogenous growth theory can be shown by the following equation:

$$Y = AK$$

To develop the equation and its relation to post-neoliberalism: (Y) represents total economic output, (K) represents capital and (A) is a constant measuring the amount of output produced for each unit of capital (Romer, 2006). Endogenous growth theory argues that to achieve growth in developing countries an increase in capital (K) (representing here human capital or knowledge) will achieve increased output (Y). Recent research has underscored the importance of cognitive skills for economic growth (Hanushek, 2013). When applied to both case studies this theory is congruent in Bolivia with the fact that

educational investment has contributed to the nation's sustained growth during the date range. Fiscal buffers have meant that investment, including in education, has continued during the commodity price reduction. The erratic nature of the boom and bust years witnessed in Argentina, however, suggests that factors other than investment in human capital are responsible for the fluctuations in GDP.

Trade Balance

As highlighted in the research design, this research will focus on the current cycle of low commodity prices and the extent to which this affects the sustainability of neostructuralist policies in Bolivia and Argentina. It is, without doubt, evident that the drop in the trade balance of the two countries is significant and would influence any government's fiscal programme if that nation was solely reliant on natural resource export revenues (CEPAL, 1988). The trade balance in Bolivia in 2011 was +\$0.4 billion and this decreased over the date range to -\$1.4 billion. Argentina's trade balance diminished over the date range, implying that the level at which their agricultural products were affected was greater than that of the Bolivian exports. The Argentinian trade balance began in 2011 at +\$9 billion but ended the date range at -\$3 billion.

Inflation

The Argentinian rate of inflation in 2011 was 9.8%, whereas the published level at the conclusion of the date range was 26.7% (CEPAL, 2016). As demonstrated earlier in the paper, Argentina suffered two years of recession during this date range and the government of the time implemented policies to regenerate the economy through various measures, including quantitative easing (IMF, 2016). This monetary policy tool was coupled with further measures to limit the devaluation of the peso by restricting the purchase of foreign currency *El Cepo*. The implementation of these policies stifled foreign investment and resulted in an unsustainable rate of inflation which the Statistical Institute of Buenos Aires confirmed in 2016 had reached 44.8% (The World Bank, 2017).

In comparison, the Bolivian government has displayed a sound economic policy with regard to inflationary pressures. It has achieved a sustained drop in the price of goods and services from a level of 9.9% in 2011 to 4.1% in 2015. The IMF has attributed Bolivia's reduction in the price of goods and services to the implementation of robust macroeconomic policies and the building of significant capital reserves from export revenues during the commodity price boom (International Monetary Fund, 2016).

Population

Although this paper will not develop in detail the population growth variable in each case study, it is important to highlight that the population growth in Bolivia and Argentina is congruent with a higher population growth associated with developing countries (Population Reference Bureau, 2012). With growing populations, the burden on a neostructuralist government will increase in line with the additional social commitment required per person (CEPAL, 2012).

CONCLUSIONS

The objectives of this paper are to offer conclusions as to whether Latin American post-neoliberalism is sustainable under the pressures of low commodity prices. Utilizing

information from the findings, this research concludes that, under certain conditions, it can survive and have a tangible effect on people's lives.

One of the primary conditions which need to be fulfilled for the survival of the paradigm is the responsible management of any export revenues. This responsibility is paramount in order to ensure that revenues are utilized to maximise their welfare impact so that the poorest in the population benefit from government policies which are, above all, sustainable.

The data analysis has highlighted the dichotomy in sustainability of the paradigm in Argentina and Bolivia. However, the context of their different political spheres should be acknowledged in the presentation of this conclusion. In Bolivia, the IMF and the World Bank highly commended the fiscal buffers built by M.A.S. However, these surpluses have been eroded whilst the government continues to fund their investment programme, and the responsibility for financing this infrastructure and welfare spending will now fall to the central bank. The level of indebtedness will undoubtedly increase in Bolivia with the announcement that infrastructure spending will not be curtailed during this low commodity price cycle. The management of export revenues under the Morales Administration highlights the current government's determination to address the social agenda. However, a responsible fiscal balance will be required to ensure that the level of indebtedness does not become unsustainable.

In addition, it is essential for the continuation and survival of the discourse that the reliance on solely exporting primary goods is reduced and that the portfolio of manufactured products is expanded. Manufactured trucks were Argentina's third largest export in 2015 and accounted for 11% of the export ratio. It is this kind of diversification which will aid the sustainability of Latin American neostructuralism.

The key to the growing sense of optimism that Latin American countries will become less reliant on primary commodities is derived from the increase of investment in education, knowledge and human capital which will, in turn, result in increased skills and an opportunity to develop the export portfolio. Within the findings, this paper has highlighted an emphasis on education investment in both cases studies through a range of policies. This research acknowledges there has been an increase in manufacturing. However, to aid the sustainability of the discourse, further development is required in this area. An increased export portfolio of manufactured goods would undoubtedly reduce the exposure faced by Latin American countries to fluctuations in commodity prices.

A further condition which should be fulfilled to ensure the sustainability of the paradigm is the continued investment in rural and indigenous communities. It is these populations which suffered greatest under the failure of neoliberal policies, and it is these communities which hold the key to the survival of post-neoliberalism. Targeted investment in infrastructure and education policies designated for rural regions with indigenous populations will pay dividends in the medium to long term. It is this workforce which will be key to unlocking the manufacturing potential of Latin American countries with an abundant labour force.

Latin American government corruption remains a prominent variable in the sustainability of this development paradigm. Although not directly considered by this paper, the major impact of large-scale corruption has resulted in the impeachment of presidents and the collapse of entire governments, the most recent of which occurred in August 2016 with the impeachment of the Brazilian President Dilma Rousseff, for alleged

corruption charges. The effect of corruption on the post-neoliberalism framework invites further academic research.

There is a growing consensus amongst academics and economists that perhaps neoliberalism and post-neoliberalism, and the dichotomy which they represent, are not the most suitable model for Latin American development. Varieties of capitalism have resulted in the emergence of a hybrid theory with greater state intervention which attracts foreign investment, and this could be the key which unlocks the Latin American economic chimera. This hybrid theory warrants further research to ascertain its validity and sustainability.

Post-neoliberalism will survive a period of stagnation in the price of commodities, provided that the current revenues are used to establish the foundations for further economic development. An increase in investment, strategic know-how and infrastructure spending on education will result in the eventual transition from primary commodity dependence to a service economy.

RECOMMENDATIONS

To conclude, this research offers recommendations regarding the policies which are key to the sustainability of the post-neoliberalism paradigm and the areas for further research:

A policy shift away from natural resource exportation, towards manufactured goods, is paramount to the sustainability of the paradigm.

Investment in education and human capital should be prioritised to ensure that recommendation (1) can be delivered.

Policy implementation should include the responsible management of export revenues.

To ensure continued support, infrastructure spending should be targeted to eradicate the further marginalization of indigenous communities.

Further research should be carried out into the effects of political corruption on post-neoliberalism.

The dogmatic framework and the variables which define the theories of neoliberalism and post-neoliberalism should be explored further. Could there be a more suitable path for development in the region?

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