



Beyond Neoliberalism? Comparing New Zealand and Chile

- **Outline**

- **Theorising politico-economic transition**
- **New Zealand and Chile: Partners for the 'Pacific Century'?**
- **Parallel historical politico-economic transitions?**
- **Beyond neoliberalism? Continuity and change**

- **Theorising politico-economic transitions**
 - **Relations between political, economic and social structures are complex, and their interrelations with (individual and collective) agency of people are contingent and locally specific.**
 - **Contemporary globalisation processes (enabled and characterised by neoliberalism) are also highly contingent and dialectical – engendering contradictory dynamics (Larrain 2000).**
 - **Local specificity and community responses lead to complex and uneven outcomes on the ground.**

• Why Chile and New Zealand?

- Similar (peripheral?) positions in the global economy
- Similar economic and trade orientations (underpinned by primary exports)
- ‘Models of successful neoliberal reform’
- ‘Neostructural’ or ‘new Keynesian’ policies
- TPSEP: Transcending pure competition?



• Chile and New Zealand: Selected socio-economic indicators, 2006

(unless otherwise stated)

	Chile	New Zealand
Area (km ²)	748,800	268,670
Population (millions)	16.4	4.1
Urbanisation	87	89
GDP (US\$ billions)	145.8	103.8
GDP per capita (US\$)	8,875	24,973
GDP per capita (ppp US\$)	12,435	25,639
External debt (US\$ billions)*	46.0	42.8

Goods exports (US\$ billions)	41.3	22.0
Goods imports (US\$ billions)	30.5	24.7
Balance of trade (US\$ billions)	10.8	-2.7

Exports as a % of GDP	28	21
Imports as a % of GDP	21	24

Primary exports as a % of merchandise exports*	86	65
Manufactured exports as a % of merchandise exports*	13	31
High technology exports as a % of manufactured exports*	5	14

★ 2005 data ▪ 2004 data

Sources: EIU (2007); PRB (2006); UNDP (2006)

• **Chile and New Zealand: Principal exports and imports, 2006**

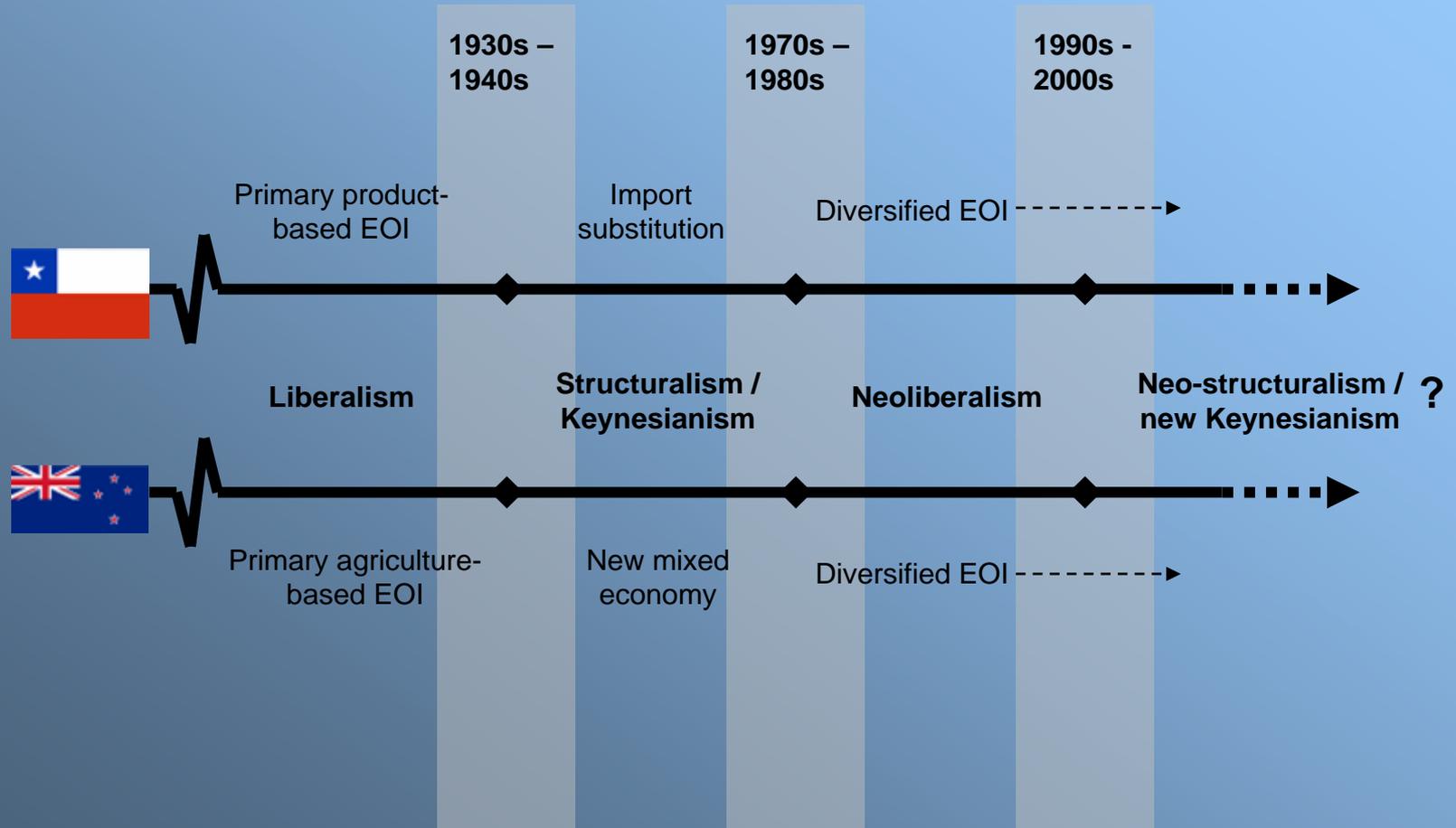


Chile		New Zealand	
	% of total		% of total
Principal exports			
Copper & copper derivatives	38	Dairy products	19
Metallic minerals	26	Meat	14
Fruit	5	Forestry products	7
Principal imports			
Mineral fuels	20	Mineral fuels	15
Machinery	12	Machinery	13
Plastics & plastic products	4	Vehicles	12



Sources: Statistics New Zealand (2006); Servicio Nacional de Aduanas de Chile (2007)

• Timeline of politico-economic transition in Chile and New Zealand

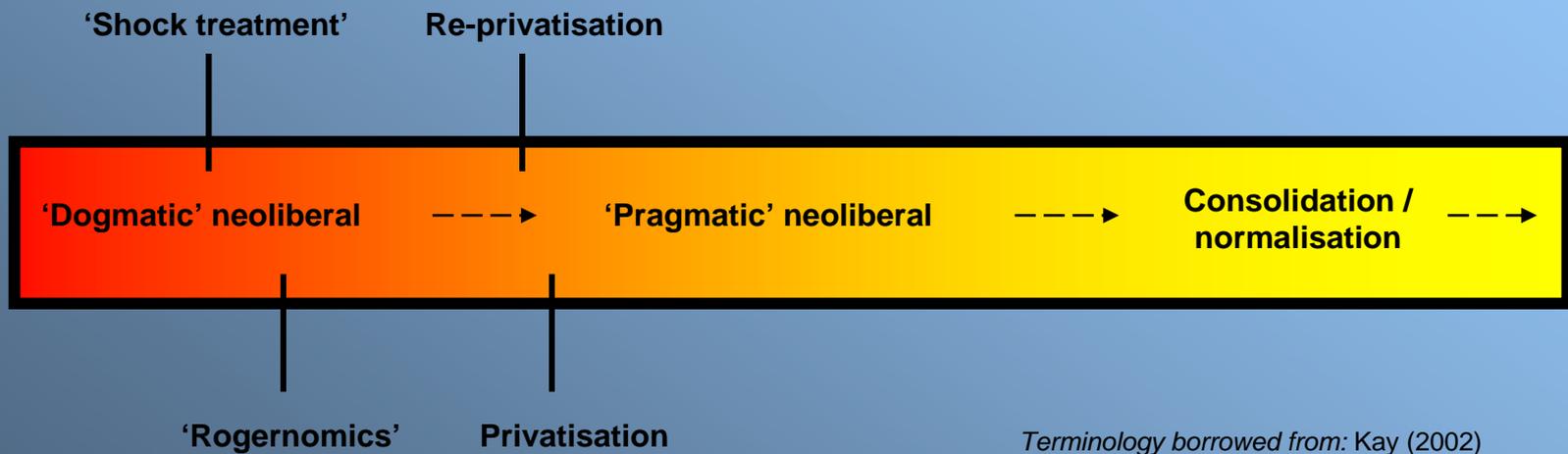


- **Depression and developmentalism**

- **Approaching the 1930s both countries reliant on & over-specialised in primary product exports: Chile in minerals, New Zealand in agri-exports.**
- **As demand and prices fell, governments of both countries were forced to confront external vulnerabilities and internal inequalities.**
- **Free market approach increasingly rejected, as diversification in production & exports was sought:**
 - **Keynesian new 'mixed economy' in NZ**
 - **Structuralist-informed protectionism and ISI in Chile**
- **Industrial expansion, productive diversification, social welfare spending increases.**
- **Respective models were ultimately unsustainable.**

- **Neoliberal (counter)reform & consolidation**

- **Weaknesses of respective developmentalist models combined with external shocks prompted decisive phases of neoliberal reform (1973 & 1984)**



- **Substantial poverty reduction and productive expansion, but persistent and widening inequality, and increasing concentration of wealth.**

- **TINA? Beyond neoliberalism: Continuity and change**

- **Short-term pain for long-term gain / lack of workable alternatives ?**
- **Consolidation and continuity through the democratic transition in Chile and with consecutive National and Labour governments in NZ.**
- **Have there been significant changes to the neoliberal model as deployed in each case? Have these constituted paradigmatic shifts / breaks with the orthodoxy, or rather logical progressions necessary for the retention of government legitimacy amid neoliberal failure? (Green 1996)**

- **With respect to Latin America: A reappraisal of earlier Latin American theories of development - esp. structuralism & dependency theories of the 1950s & 1960s.**
- **Emergence of a broadly 'neoliberalist' position from the late 1980s – esp. in Chile and Brazil (Gwynne & Kay 2004)**
- **Validation of theorisations of structuralist & dependency schools underscore the potential contemporary relevance of the LA development theories.**
- **Neoliberalism underpins ECLAC's (2002) vision for sustainability and growth with equity in the region.**
 - Both an adherence to structuralist roots *and* an acknowledgement of current global realities are evident.

- In NZ – Revival of state involvement in regional development (Willis 2003) –
Though *bottom-up* regional development initiatives actually continued and proliferated during and in response to the neoliberal reform era.
- Late 1990s – A phase centred around a ‘partnering ethos’ and ‘social inclusion’ (Larner & Craig 2005)
 - Building on, or ‘capturing’, local development initiatives
- ‘Inclusive liberalism’ (Porter & Craig 2004; 2005)

• **Beyond neoliberalism: A clear break with the past?**

- **Despite observed transitions, continuities in both cases suggest that we are not seeing a clear paradigmatic shift to a post-neoliberal politico-economic model.**
- **Governments have rather re-shaped the model to ensure its (and their) continued popular legitimacy in the face of the model's failure to secure growth with equity.**
- **This has amounted to the 'mainstreaming' of the model and resulted in its centrality in virtually all political manifestos in the late 1990s and early 2000s.**
- **Policy reform seems to tinker at the margins, seeking to further entrench the neoliberal model's electoral palatability.**
- **Common occupancy of (arguably) semi-peripheral roles in the global economy - and common transitions and challenges may be explained, in part, by this (Murray & Challies 2004).**
- **A key to breaking out of this (as has long been proposed by structuralists) is to change the nature of insertion into the global political economy.**