

Neoliberalism and Regional Development in Latin America

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Abstract

This paper is an attempt to promote discussion on the contemporary relationship between the adoption of neoliberal policies by many Latin American governments and the social and economic development of space within those countries. The shift towards neoliberal policies in Latin America is also associated with increasing economic integration between countries but this topic is not the priority in this paper. Rather the emphasis is to see if any generalizations can be made on how the productive response to neoliberalism is taking place within the regions of Latin American countries. After brief discussions on the political economy and origins of neoliberalism, the paper seeks to examine some broad themes of the political economy of regional development within Latin America. Issues of regional production have very much focused on the growth of non-traditional exports. It is argued that these can be best divided into two groups - those based on manufacturing products and those based on renewable resources. This paper pursues analysis of the latter category, mainly in relation to regional development in Chile - first in relation to the wide range of primary exports and then more specifically in terms of the impact of agricultural export growth on regional land and labour markets.

Brief Perspectives on the political economy of neoliberalism

The political economy of Latin American countries seems increasingly characterized by neoliberal approaches. The use of the term neoliberal has numerous problems in terms of its ideological connotations. For example in international policy circles, the term Washington consensus (Williamson, 1990) tends to be used, indicating virtually the same package of reforms. These reforms emphasise economic reforms as opposed to social policies or political reform (Kay, 1993). Hence perhaps some writers have talked about “the new economic model” (Bulmer-Thomas, 1996).

The package of economic reforms is strongly supported by international institutions such as the World Bank and IMF - hence the relevance of the label that the consensus was forged in Washington (Edwards, 1996). The reforms tend to emphasise reforms in areas of fiscal management, trade, financial markets and privatisation of state firms. Fiscal reform emphasises the need for the reduction of budget deficits, the creation of strong budget and tax offices and an independent central bank, as well as the need to slash public expenditure on economic sectors and concentrate funding on social areas; the main targets for increased expenditure are seen as education and health. Trade reform is concerned with making Latin American economies more outward looking by

promoting exports (through more effective exchange rates) and reducing tariffs on imports. Abolishing barriers for direct foreign investment (both inward and outward) are reforms recommended for achieving a more global approach for a nation's economy.

Financial market reform has the objective of working toward market-determined interest rates. However, after the Mexican crisis of 1994, it is now understood that such financial deregulation needs to be combined with stronger oversight of banks through an effective and efficient Superintendency of Banks. Privatisation is another recommended reform which has the target of eliminating inefficient and insolvent state enterprises and with the added advantage of boosting income for government in the short term. However, strong regulatory bodies are needed so that in areas of potential monopoly (electricity production and distribution), it is ensured that the private sector companies will work more efficiently than those of the former public sector. Reforms to the labour market and the national institutional framework (such as property rights) are also seen as vital (Edwards, 1996).

These are the core of the neoliberal reforms that are recommended by international institutions. However, over the last fifty year the IMF and World Bank have made many recommendations for the management of Latin American economies - which have often been ignored. Why are their recommendations more acceptable now? Before a brief attempt at answering this question is made, it is worth making three contextual points about neoliberalism in Latin America today.

First, the commitment to and the extent of neoliberal reform in Latin America varies substantially - for example, from Chile (with over two decades of reform) to Venezuela (where conversion to neoliberal reform between 1989 and 1992 was short-lived, although where a second and very mild shift may now be taking place again). Secondly, within states that have been committed to reform for some time, there are comparisons between governments in terms of their policies towards the integration of social policies and the objective of achieving greater social equity - or neoliberalism with a human face as it has been called. The democratic transition in Chile after 1990 saw a significant shift in social priorities, as tax increases were directed to pay for greater spending on social welfare, education and health.

Thirdly, it could be argued that the Chilean case shows that, in order to be successful, neoliberal reform cannot simply be about making economies more market-oriented. Substantial institutional reforms have to take place that in Chile have stretched over a period dating from 1964, emerged from a wide variety of political ideologies and include reforms to landholding, ownership of copper, pensions and taxation. Martinez and Diaz (1996) argue that it is the combination of these profound institutional reforms with market-oriented neoliberal policies that have allowed Chile to develop a competitive economy and society within a globalising and more competitive world.

Origins of Neoliberal reform

However, let us return briefly to the question of why neoliberalism has become the dominant paradigm of the 1990s in Latin America. This is the focus of a related paper that I am writing at present with Cristobal Kay. However, and very briefly, there seem to be a number of historical and comparative factors to point out. First of all, in the 1980s, neoliberal policies provided a framework to extricate Latin economies from the severe debt crisis of that decade, in which access to external finance was suddenly curtailed. Neoliberal economic policies that favoured rapid export growth, high interest rates, privatisation and reductions in government spending were seen to ameliorate the severe constraints of the sudden drop in external finance and increased government indebtedness.

The adoption of neoliberal policies could thus be seen as a specific response to the impact of the 1980s debt crisis. However, in many countries, the adoption of a new paradigm also constituted a wider response to the perceived economic failure of the previous political economy paradigm of inward orientation (Kay, 1988; Dietz, 1995). By the 1980s, this paradigm demonstrated two key economic problems. The first problem was that of stagnant export trade, partly linked to the historical pattern of overvalued exchange rates during inward orientation. Secondly, the inward oriented model left a legacy of very high inflation in many countries, particularly in the 1980s, and increased the problems of economic instability in Latin America.

In addition, the 1980s and 1990s have witnessed big advances in the globalisation of the world economy, with global capital flows, trade and investment increasing dramatically. The inward oriented model was effectively cutting Latin American economies off from the advantages (and problems) of being more fully inserted into a globalising world economy. Neoliberal policies provided the framework for Latin American economies to increase trade with other world regions and increase inward investment and capital inflows from firms and banks in those regions. It was often argued (incorrectly) that such openness had led to the economic success of the newly industrialising countries of East Asia and their rapid recovery from the debt crisis of the 1980s (Jenkins, 1991; Gereffi & Wyman, 1990). The perceived success of the Chilean economic model in a globalising world, particularly after its successful transition to democracy in the 1990s, could be added as another factor which persuaded Latin American governments (such as that of Fujimori in Peru) to shift to neoliberal policies. During the 1980s and 1990s, the link between neoliberal policies and democratic governance has become particularly strong in Latin America (Haggard & Kaufman, 1995) - particularly through transitions to democracy in former authoritarian governments.

Neoliberal reform and regional development

However, the main aim of this paper is to examine the broad relationship between neoliberal policies and regional development. As yet, it has been the focus of limited research. This is partly because there is a significant time lag between the adoption of neoliberal policies and perceived economic and social changes at the regional level. Indeed, most of the examples in this paper come from Chile, where neoliberal policies

have been in force for over two decades. Much of the empirical research on the impact of neoliberal policies has concerned issues of income distribution (Scott, 1996) and the poor (Carter et al, 1996) - although there are interesting implications for the analysis of regional development from such work.

Regional development under neoliberal policies offers a number of interesting questions. To what extent has the core-periphery model so characteristic of Latin America's previous phase of inward-oriented industrialization (Gwynne, 1985; Morris, 1981) been changed? Has the shift to market-led and outward-looking development expanded the manufacturing or primary resource sectors in Latin America? What has been the nature of the non-traditional exports that have emerged in Latin America and what have been their locational characteristics? Have peripheral regions gained from the increased role of the private sector in export-oriented activity?

In broad terms, the outward-oriented nature of economic growth has had an impact on peripheral regions according to the ability of producers in those regions to export successfully to international markets. In those regions where producers have made the shift from supplying domestic to international markets, significant increases in regional investment and labour productivity have often followed. However, in regions where producers remain geared to the domestic market, no such transformation has normally occurred. Thus, in countries that undergo neoliberal reforms, the prosperity of regions is linked to the success of regional producers to insert themselves in the global economy - normally with the assistance of international intermediaries.

A complex patchwork of regions and sub-regions thus evolves in terms of the comparative advantage and factor endowments of regions in world markets. Prosperity becomes linked to an area's ability to attract investment and produce for export markets. In regions that did well under the inward-oriented model but find it difficult to attract export-led capital and restructure production for global markets, economic stagnation and decline relative to other regions has occurred, particularly in terms of labour productivity. Furthermore, the old reliance on supplying domestic markets becomes more difficult as regional producers now face competitive import goods and products (Apey, 1995).

The shift to outward orientation is normally associated with the growth of what have been termed non-traditional exports. These are distinguished from traditional exports that were able to be traded internationally under the inward oriented model. These traditional exports were normally raw materials that were traded on world markets despite suffering from overvalued exchange rates in their country of origin. They tended to be non-renewable resources (oil and minerals in particular) whose international price reflected the global balance of supply and demand in the commodity rather than the costs of production.

In contrast, the growth of non-traditional exports (as opposed to traditional) is very much influenced by the costs of production of potential exports. As a result, non-traditional exports have benefited from the shift to outward orientation and more effectively-valued exchange rates. Quality and reliability of the export product are important considerations as well but the relative cost of production is the crucial factor behind the early growth of a non-traditional export.

Within this context, non-traditional exports can best be divided into two groups - those based on renewable resources and those based on manufacturing products. Renewable resources include such sectors as agriculture, fishing (if extraction rates are controlled), aquaculture and plantation forestry (Clapp, 1995). Exports within these sectors tended to be discriminated against during the inward-oriented phase due to overvalued exchange rates making them more expensive on world markets. However, with the shift to neoliberal policies, these exports have become particularly important for the smaller countries of Latin America (Barham et al, 1992). Carter et al (1996) point out that from the middle to late 1980s, nontraditional agricultural exports grew at rates of 222% in Chile, 78% in Guatemala and 348% in Costa Rica. Due to the renewable nature of these primary exports, the question of environmental sustainability becomes an important issue.

The importance of primary resource exports in smaller countries is partly because these countries have generally been unsuccessful in promoting manufacturing exports (Gwynne, 1985). For smaller countries the previous inward-oriented phase based on manufacturing had been characterised by high-cost and small-scale industrial plants that were weak in terms of industrial competitiveness on a world scale and found it difficult to lift their horizons from domestic to international markets.

However, the shift to neoliberal policies has boosted non-traditional manufacturing exports from the larger countries of Latin America, particularly Mexico and Brazil. In these two countries, the inward-oriented phase of development was much more successful in creating manufacturing sectors that came close to international levels of competitiveness. In the shift to outward orientation, many firms have been unable to compete in international markets and have closed down plants. Other firms, however, have been able to restructure successfully and achieve international levels of competitiveness. Such firms have required access to capital, new technology, best-practice in management and a range of labour skills.

However, the key factor in the international competitiveness of these firms has been low labour costs. For example, wage levels in Mexican industrial plants have been approximately one tenth of those in equivalent plants north of the border in the United States (Shaiken, 1994). Such labour cost differentials have attracted much investment from foreign firms, particularly since the signing of NAFTA in 1993 and the privileged access of Mexico to the United States market; labour markets, the gender division of labour and social relations have dramatically changed in Mexico's northern border towns as a result (Sklair, 1988). Nevertheless, the record of growth in the non-traditional manufacturing exports of Mexico has been impressive - increasing from US\$2.5bn in 1982 to US\$50.4bn in 1994 (equivalent to 83% of total exports). However, for this growth of manufacturing exports to be sustained into the future, improvements in a range of areas, such as technical training and technological capability, need to take place.

Non-traditional export growth and regional development in Chile

This paper will focus on regional development issues concerned with the growth of non-traditional exports in renewable resource sectors. It will therefore be of more relevance to the many small countries of Latin America in which recent export growth has been in primary rather than secondary production (Fitzgerald, 1996). The majority of regional analysis will come from Chile, where the growth of non-traditional exports has been dominated by renewable resource sectors.

Furthermore, in Chile, there has been a longer time period (over 20 years) in which to examine the impact of the growth of non-traditional exports on regional development. The pattern of Chilean regional development also has a well-defined core- periphery relationship. Chile's core is the metropolitan region based around the capital, Santiago. In 1993, this region contained 40% of the nation's population and 60% of industrial establishments. The periphery, meanwhile, is divided into 12 regions with 60% of the national population but only 40% of industrial establishments. Some regional analysts (de Mattos, 1996) subdivide this periphery into two - the two regions with secondary metropolitan areas (Valparaiso-Vina and Concepcion-Talcahuano with 23% of Chile's population) and the remaining 10 regions with 37% of the nation's population. These peripheral non-metropolitan regions of Chile have a rich and highly diversified range of resources (both renewable and non-renewable).

Uribe-Echevarria (1996: 31-33) made an attempt at classifying the regional distribution of exports. From his classification, it is possible to recognize that the exports of different regions are dominated by different renewable and non-renewable resource groups (see Figure One). Thus, non-renewable mining resources (copper, gold, iron-ore, silver) are dominant in the export profile of three of the northern regions (II, III, IV). In other regions, however, renewable resources predominate in the export profile. Agricultural exports (fruit, wine and vegetables) are the most important in the central regions near to the Santiago metropolitan region (Regions V, VI and VII). Exports derived from extensive forestry plantations (sawnwood, cellulose, wood chips) are dominant in the regions of the Centre-South (VIII and IX). Exports derived from Pacific fishing grounds and coastal aquaculture (salmon, hake, trout, fish-meal) dominate the export profiles of the extreme regions of Chile both north and south (I in the north and X, XI and XII in the far south).

It would be useful to compare such regional specialization in non-traditional exports with data on income distribution and how this has changed at the regional level during the two decades of neoliberal reform. Unfortunately such data is not fully available. However, it is helpful to consult Scott's (1996: 172) analysis of regional poverty through headcount data from MIDEPLAN and how this changed through a period of rapid export-oriented growth (1987-1992) - see Table One. Scott compared the evolution of regional headcount ratios between 1987 and 1992 with the value of the regional tradeability index, defined as the share of regional tradeable output in regional GDP in 1990. Scott's (1996: 173) statistical analysis suggested that "increased tradeability of regional output *increases* regional poverty after controlling for other relevant factors"; in statistical terms the low tradeability of Santiago may affect this data. Nevertheless, the results also showed that the larger the devaluation of a region's real exchange rate for exportables, the lower the incidence of regional poverty.

“Specifically, a ten per cent real devaluation between the mid-1980s and 1990 reduced the incidence of regional poverty by approximately 2.7%” (Scott 1996: 174).

There are perhaps two wider themes that can be developed from Scott’s detailed statistical analysis. First, there is the contrast between regions that specialize in renewable versus non-renewable resource exports with the former being more price-sensitive on world markets and hence more influenced by devaluation in terms of regional production; hence agro-exporting regions will benefit more than regions exporting copper from devaluation and the expansion in export-oriented production that this can produce.

The second theme concerns the characteristics of production of non-traditional resource exports in their regional setting. Labour productivity will be enhanced and regional poverty more effectively reduced if the production of the nontraditional export is labour-intensive and involves large numbers of regional workers in the export activity. In terms of Chile’s four resource categories, agriculture (with the production of fruit and vegetables for export) is the most intensive user of labour, particularly in terms of harvesting and packaging, where a distinct gender division of labour also exists (Barrientos, 1997: Bee & Vogel, 1997). Both forestry and mining, in contrast, tend to use limited labour; forestry relies increasingly on sub-contracting arrangements (Contreras, 1988) whilst copper mining has become highly mechanized. Thus, in Scott’s data it is not surprising to note that the biggest reduction in poverty (of 40%) between 1987 and 1992 was in Region VI (O’Higgins), a region that has specialized in the production of fruit (grapes and apples) and wine for export; by 1992, the region’s poverty level (at 27.1%) was nearly as low as that of the metropolitan region. In contrast, the highest poverty levels in 1992 were recorded in the two regions that had specialized in forestry exports - Bio-Bio (VIII) and Araucania (IX) with the headcount levels of 46.6% and 43.4% respectively.

What has been the impact of Chile’s period of neoliberal policies and the growth of non-traditional exports on the highly centralized nature of Chile’s space economy? The rapid growth of export activities in the peripheral regions of Chile has substantially increased labour productivity in the regions. Uribe-Echeverria (1996) calculated that labour productivity in Chile increased by nearly 40% between 1983 and 1991, with the most striking advances taking place in the export-oriented regions. This shift to a more equal pattern of regional labour productivity was associated with a reduction in regional inequality of per capita production - by about 40% between 1983 and 1991 on the Theil Index that Uribe-Echeverria (1996: 18) utilised.

The regional distribution of investment in non-traditional exports has definitely favoured Chile’s peripheral regions. In terms of foreign investment 86.7% of investment in primary sectors, 43.7% in manufacturing (which includes non-traditional sectors such as cellulose, wood and fish products) and 85.6% in transport was destined for Chile’s twelve peripheral regions (see Table Two). However, over 50% of foreign investment in Chile went to the mining sector during the first twenty years of the neoliberal period, and two-thirds of this went to the peripheral regions. Nevertheless the sector with substantial foreign investment growth over the second half of this period was that of services (financial, producer, professional) and over two-thirds of this investment was destined for Santiago (de Mattos, 1996).

TABLE TWO
FOREIGN INVESTMENT BY SECTOR IN CHILE AND THE METROPOLITAN
REGION OF SANTIAGO, 1974-1993 (US\$ thousands)

	Agricult. Fishing Forestry	Construct. & Utilities	Industry	Mining	Services	Transport	Total
Chile	230,655	203,162	1,688,471	5,220,057	2,488,256	86,058	9,918,657
Santiago Metrop. Region	30,651	108,580	951,271	1,747,628	1,667,027	12,410	4,517,657
% Sector	2.3	2.1	17.0	52.6	25.1	0.9	100.0
% Santiago	13.3	52.9	56.3	33.5	67.0	14.4	45.5

Source: de Mattos, C (1996)

This is consistent with the idea that during the early period of neoliberal reform, most productive investment is directed towards the resource periphery of a Latin American country. However, during a later period, investment in services grows faster than that in resource categories and this service investment is highly concentrated in the primate city. Thus, during this later period, the traditional core-periphery pattern of regional development in Latin America is re-emphasized. Furthermore, this gradual shift also takes place in the manufacturing sector with more relative investment going to the main metropolitan region. This can also be demonstrated from Chilean data. For example, in 1986, 45% of total industrial construction (in square metres built) took place in Santiago: by 1993, this had risen to 54.6% (de Mattos, 1996). With sustained economic growth during this period, the industrial sector was changing in terms of more investment going to sectors oriented to the national market. As in the inward-oriented phase of development, the primate city was the favoured location for this type of industry.

Agricultural Exports and Regional Development in Chile

The role of agroexportation in national and regional development is a deeply contested issue. There is a significant gap between proponents and opponents of agricultural exports in regional development. Proponents see improvements in regional productivity and employment as “positive spillovers of the challenges of producing labour-intensive crops for internationally-competitive markets” (Carter et al, 1996: 33). Opponents stress the negative impacts of agricultural exports on the rural poor: “lessening access to land, insufficient and uncertain labour opportunities, and rising food prices all squeeze the rural poor who are struggling for subsistence” (Carter et al, 1996: 34).

However, by examining the effect of neoliberal policies that stimulate agricultural exports at the regional scale, it becomes possible to propel the discourse onto a

different plane. The effects of agroexportation on regional development vary. Growth in agricultural exports neither automatically improves distribution of income nor makes it worse at the regional level. The generation of employment and the type of employment can be fundamental considerations, and these vary with the type of commodity. Furthermore, the local institutional context in terms of land and labour markets is also important in assessing the impact of export booms on rural populations.

Export booms radically change both the access to land of rural populations and the employment opportunities of the wider family unit. Size of holding becomes a crucial variable as to the incorporation of rural groups into adopting export crops. Owners of larger holdings can become directly incorporated into the export boom whilst those with access to small plots of land find it more difficult. This can be seen from examining two contrasting communities in the Guatulamé section of the Limari valley in Chile's Norte Chico, where a boom in table grape production for exports has transformed the valley since 1983.

Landholding in one community, El Palqui, was the result of agrarian reform in the late 1960s and early 1970s when five agrarian reform projects reorganised land from six expropriated estates (Gwynne & Ortiz, 1997: 30); in one project, Los Litres, 34 farms were created with each farm averaging 5 hectares. During the 1980s, the great majority of these agrarian reform beneficiaries switched to investing in table grape production; capital and technology was provided by international marketing companies (Murray, 1997).

In contrast, the members of the neighbouring community of El Tomé had been traditionally characterised by the intensive production of tomatoes on small but well-irrigated plots of between a half and two hectares in size (Gwynne & Meneses, 1993). The great majority of this community were unable to become involved in the new export boom and plant table grape vines due to lack of land and interest from the holders of capital and technology - the international marketing intermediaries. Instead they continued their specialisation in tomatoes for the national market and were only incorporated into the export boom through contributing labour in the peak labour period of harvesting and packaging.

Carter et al (1996: 37) point to three key factors which will determine to what extent agro-export growth is inclusive of what they term the rural poor - which includes rural populations with access to land after agrarian reform projects:

- 1) Whether small-scale units participate directly in producing the export crop and enjoy the higher incomes generated from it - the small-farm adoption effect.
- 2) Whether the export crop induces a pattern of structural change that systematically improves or worsens the access of the rural poor to land - the land-access effect.
- 3) Whether agricultural exports absorb more or less of the labour of landless and part-time farming households - the labour-absorption effect.

This provides a useful framework within which to gauge the impact of agroexportation on the populations of rural regions, particularly if these are examined within the context of changes in land and labour markets.

Land Markets

Land markets became dynamic in Chile from the mid-1970s after the military government's implementation of the counter-agrarian reform whereby some of the land which had been expropriated by the Frei and Allende governments (1964-73) was returned to former owners and the remainder of the land was subdivided into plots of lands (*parcelas*) which were sold to some members of the reformed sector (Jarvis, 1992). A large proportion of land reform beneficiaries were left without land and over the years over half of the 48,000 *parceleros* sold their land by the early 1990s (Echenique and Rolando, 1991). Many of the former landlords who received part or all of their former property back decided to sell part or all of their land. This together with the sale of *parcelas* greatly enhanced the land market creating a more flexible and competitive agrarian structure.

According to the analysis of Carter et al (1996), land markets have been more dynamic in export-oriented (fruit-producing) regions than in agricultural regions still oriented to domestic markets. In the study's main fruit-growing area, the percentage of *parcelas* sold by 1991 had reached 65% compared to a still substantial 45% in the study area where mixed-crop production was oriented towards domestic markets. However, in both study areas Carter et al (1996: 49) found that there was limited upward mobility of *parceleros* and that downward mobility was very pronounced. In the fruit-exporting region, 46% of households owning 8 to 12 hectares (BIH) in 1977-1978 were landless by 1990-91 and even in the mixed-crop area the figure stood at 35%. Thus the dynamic operations of the Chilean land market, particularly evident in the fruit-exporting regions, has led to an exclusionary form of development for the rural populations. The main gainers in the land market have been new actors who enjoy "substantial sources of income outside agriculture. These well-financed new individuals - often professionals - have successfully accumulated land at the expense of *parcelero* smallholdings" (Carter et al: 49).

In another fruit-exporting region, the Limari valley in Chile's semi-arid north, similar processes can be seen to be operating. It has already been noted that the small-farm adoption of the table-grape vine was substantial in the area of El Palqui. However, small-scale farmers gained access to credit, technology and international market through demanding contracts with international fruit companies (Murray, 1997). These contracts effectively indebted the farmers due to their need to borrow heavily at the outset in order to purchase vinestock and the necessary technologies needed for producing table grapes of international quality. Loans had high interest rates and were only reduced at the end of the harvest season according to the international price for table grapes during the harvest season and the quality and quantity of each farmer's production. During the 1980s, high international prices gave the farmers reasonable incomes and slight reductions in their debts.

However, as international trading conditions tightened during the early 1990s, lower international prices were passed onto the farmer by the international marketing company, sometimes in a more extreme form than the actual change in the international price. The debts of farmers started to increase as a result and many began to record debts nearly as high as the value of their agricultural land. When this occurred the fruit company with whom the farmer was contracted would make moves to take over the property in place of the debt, leaving only the house and garden (from

the original *parcelación*) for the *parcelero* and his family. The land would then either be run by the company (through an administrator) or sold on to a commercial farmer.

In this way, land markets have continued to change through the whole of the export-oriented process. Large numbers of small-scale farmers that were “successful” in switching to export-oriented production have subsequently had to surrender their farms to the intermediaries in the global fruit markets of which they had become a part. However, one must bear in mind the inequality of these agricultural systems in terms of access to capital, knowledge of farming methods, technology, marketing and management. The lack of negotiating power of individual farmers, the lack of cooperative support systems for small-scale farmers from government or other organizations and the imperfect market for information (especially for prices) are structural factors that have contributed to the exclusion and reduction of small-scale farmers in the export-oriented sector. In this process, small-scale farmers change from being landowners to become workers in export agriculture.

Labour Markets

Some commentators have argued that in Chile’s fruit-exporting regions there have been positive indirect effects from increased employment (Carter et al, 1996: 50-1). However, it should be emphasized that the great majority of this employment is temporary and that in the northern parts of the Central Valley, many temporary workers come from urban areas (Gómez and Echenique, 1988). Furthermore, as Barrientos (1997:72) emphasizes: “for the first time large numbers of women entered agricultural employment as independent wage earners”. In general, high levels of rural poverty and a lack of alternative work in rural regions have led to survival strategies in which all able members of the household, male and female, sought employment on fruit farms during the harvest season (Bee and Vogel, 1997).

As most commentators point out fruit production is labour-intensive and can increase labour absorption at the regional level. The arrival of waged labour with agroexportation in poor rural regions has had significant impacts on both income levels for the rural poor and for household relations (Bee and Vogel, 1997). Rural income levels in agro-exporting regions have improved particularly since the democratic transition as the minimum wage has risen substantially in real terms and as labour shortages have appeared in certain localities.

It is interesting to reflect on one group of the rural poor that may benefit more from being located in an area of export agriculture. Micro-scale farmers (with less than two hectares of land) are able to maintain their land (as in the previous example of Tomé Alto) because their holdings are too small to be considered for purchase by large-scale farmers. Meanwhile, the households of these *minifundio* families gain access to substantial employment opportunities during the harvest period.

Concluding Remarks

This paper has pursued the analysis of the regional impacts of one aspect of neoliberalism, the promotion of economic growth through macro-economic reform that favours non-traditional exports. Of the two main groups of non-traditional exports (manufactured products and renewable resources) only the latter has been examined.

The most detailed focus has concerned agricultural exports, with empirical analysis mainly from the Chilean case study. From this analysis, it could be concluded that growth in agro-exportation brings a complex range of benefits and problems for regions. However, the benefits are more widespread and are greater for the poor than for regions specializing in other non-traditional exports (such as plantation forestry) and in traditional exports based on non-renewable resources.

The benefits of agro-exportation to a region depends on the type of commodity being developed and on two key variables: the land access effect and net employment effects. As Carter et al (1996: 38) argue: “The most positive outcome would be one in which small farmers adopt a labour-absorbing crop on most of their land, resulting in high direct participation and greater labour opportunities for the rural poor. The most negative outcome would be one in which small farmers find their participation thwarted by resource constraints and the labour intensity associated with larger farms drops below the levels of previous crop choices”. The reality often lies some way between these two extremes.

Analysis can be furthered by examining the impacts on regional land and labour markets. In terms of land markets, it is the small-scale producers who shift to export production that can be most at risk in terms of long-term survival. The adoption of agro-export crops by smaller-scale producers is tightly constrained, particularly in terms of access to capital, technology and international marketing. The small-scale producers come to rely heavily on international fruit companies and the asymmetrical contracts that these tend to impose. The consequence has tended to be one of non-competitiveness (in terms of the contractual system) among small-scale exporters which has induced a pattern of structural change in access to land that has steadily worked against them. Structural change has reinforced the exclusionary nature of changes in land access.

There are more positive spillover effects for rural populations in terms of labour absorption. Although labour is characterized by its temporary nature, it nevertheless includes most household members during the peak periods of harvest and packaging. The most favourable spillover effects have perhaps been found among micro-scale farmers that produce for national markets and find additional employment opportunities in the export sector. However, it must be emphasized that the favourable spillovers in the Chilean case are partly linked to the labour intensity of fruit exports in general and table grapes in particular. In these cases, the labour intensity of the fruit orchards is sufficiently greater than for traditional crops so as to ensure a net increase in employment opportunities for the rural poor. Exports of other crops in other countries may not have such an advantage.

Finally, the regional analysis has indicated that efforts to make agro-export growth benefit the rural poor require more than market liberalization and an outward-looking policy orientation. In the areas of small-scale export production, government assistance (eg in forming cooperatives) would have given small-scale producers an alternative to relying on the asymmetric contractual systems of international fruit companies. Many more small-scale producers would have survived and the small-scale farming sector would be in better conditions than it is at present.

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