

Natural Resources, State Enterprises and the New Role of the State in Latin America

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It is now commonplace to speak of 'new developmentalism' or variants of 'post-neoliberalism' in Latin America. At the heart of state-driven development policy and industrial planning is the consolidation of export-led growth through the strategic control of natural resources. In this context, Brazil and Chile are considered exemplary cases of resource-led development. Not only have these countries mitigated the 'resource curse' effects, the above cases demonstrate that, under certain political and economic conditions, natural resources can be used as a leverage for development. But traditionally, resource-led growth was facilitated by foreign direct investment, and therefore, the relationship between states and multinational capital was crucial in sustaining this model. The paper therefore explains the ways in which Brazil and Chile have sought to attract extractive FDI and assert government control over the industry. Specifically, the paper develops a new theory of the state that builds from developmental state and neo-structuralist literature (e.g. Bresser Perreira 2010; Leiva 2011) to analyse how state-led resource governance can provide the initial conditions towards long-term economic development. Drawing from Brazil and Chile that posits two seemingly different models of extraction, the paper argues for the importance of path dependency and historical legacies in driving contemporary policies in favour of state intervention, control over the industry through state enterprises, and strategic planning in the resources sector as the key to exercise political autonomy over market liberalization processes.

Keywords: resource-led development; state autonomy; state-owned enterprises; historical institutionalism; Brazil; Chile