

WSWS International Editorial Board meeting

Report on Latin American perspectives

Part One

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Published below is the first of a two-part report on Latin America delivered by Bill Van Auken to an expanded meeting of the World Socialist Web Site International Editorial Board (IEB) held in Sydney from January 22 to 27, 2006. Van Auken is a member of the World Socialist Web Site IEB and the Socialist Equality Party (US) central committee.

WSWS IEB chairman David North's report was posted on 27 February. SEP (Australia) national secretary Nick Beams' report was posted in three parts: Part one on February 28, Part two on March 1 and Part three on March 2. James Cogan's report on Iraq was posted on March 3. Barry Grey's report was published in two parts: Part one on March 4 and Part two on March 6. Patrick Martin's report was published in two parts: Part one on March 7 and Part two on March 8. John Chan report on China was published in three parts: Part one was posted on March 9, Part two on March 10 and Part three on March 11. Uli Rippert's report on Europe was posted in three parts: Part one on March 13, Part two on March 14 and Part three on March 15. Julie Hyland's report on New Labour in Britain was posted in two parts: Part one on March 16 and Part two on March 17.

Latin America comprises over 20 separate countries extending from Patagonia to the Rio Bravo. I am certain that comrades will thank me for not attempting an exhaustive rundown of political and social conditions in each of them. Rather, I want to touch on some of the most important trends in the region from the standpoint of the elaboration of our international perspectives and the development of the work of the International Committee of the Fourth International and the *World Socialist Web Site* in Latin America.

Our aim over the coming year must be to increase both the amount and the depth of our coverage of Latin America. We will find an audience, winning over the best elements coming into struggle and looking for an alternative to the bankrupt politics of petty bourgeois nationalism and its Stalinist and revisionist defenders.

As comrades know, Latin America has long been a volatile region, repeatedly giving rise to explosive mass struggles as well as great and tragic betrayals resulting in the handing over of the masses to brutal military dictatorships. The Pabloite revisionist tendency that broke with Trotskyism has played a decisive role in these betrayals, particularly in the 1960s and early 1970s.

Today, Latin America remains the most social polarized and politically unstable region on the planet. Since 2000, at least 10 governments have been toppled amid crises, coups, mass upheavals and one US invasion.

In beginning to grapple with these explosive conditions, it is worth examining two interrelated themes that have become increasing preoccupations within not only Washington think tanks, but also the media and sections of both major parties in the US.

The first is Washington's evident loss of influence in a region it has long regarded as its "back yard," and the second and related issue is the so-called "turn to the left" in Latin America. Among the petty bourgeois left and the revisionists, this latter phenomenon is built up as a decisive confrontation with imperialism and even a new road to socialism.

It is nothing of the sort. But there is no doubt a profound objective significance to the coming to power of a series of Latin American regimes that in one way or another identify with the "left" and voice opposition to US economic and political policies.

In US ruling circles there is growing disquiet over the region. Thus, the latest issue of *Foreign Affairs* carries an article entitled "Is Washington Losing Latin America?" Its author is one Peter Hakim, head of the Inter-American Dialogue, a big business-funded think tank that promotes Washington's version of free trade in the region.

He condemns both the Clinton and Bush administrations for benign, or not so benign, neglect toward the region, allowing "... US policy on Latin America [to] drift without much steam or direction" after a period in which he claims Latin America was headed in "the right direction."

In reality, reduced US influence in Latin America is neither merely a matter of foreign policy mistakes nor the result of subjective decisions by this or that politician. Rather, it is bound up with changes in the world economy as well as the catastrophic effects of the US-backed policies introduced during the period when Hakim claims the region was headed "in the right direction."

These changes in the world economy brought on by globalization include the relative decline in the position of US capitalism vis-à-vis Western Europe and, increasingly, as we have discussed in previous reports, China.

The Monroe Doctrine—the seminal US foreign policy of opposing any outside power extending its influence into the Western Hemisphere—has effectively become a dead letter. For nearly 200 years, successive governments in Washington invoked this doctrine as the justification for US interventions in the region and, throughout the twentieth century, for the imposition of military dictatorships to suppress the revolutionary movement of the working class. For most of that period the doctrine was embraced by national bourgeois regimes that subordinated themselves to US imperialism. This consensus has been shattered by changed economic relations.

The European Union has in the course of the last decade eclipsed US capitalism as the principal source of foreign direct investment and trade in South America. The US remains first in terms of trade within the Latin American region as a whole, thanks to its close ties to Mexico under the 1993 NAFTA accord. Two-thirds of US exports to the region go to Mexico, and much of these consist of parts sent across the border to the maquiladora plants set up to exploit cheaper Mexican labor in the

production of goods for the US market.

Even more disturbingly for Washington, China is playing an increasingly assertive role south of the Rio Grande. Chinese President Hu Jintao and the country's vice president, Zeng Qinghong, have made two tours of Latin America in the course of the last two years, signing trade pacts and military-to-military agreements. The region has become an increasingly important source of raw materials for China's industries. China's imports from the region have increased six-fold over the past six years and are expected to reach the \$100 billion-a-year mark by the end of this decade.

To secure access to scarce strategic resources, China has pledged to invest \$100 billion in the building of roads, ports and other infrastructure over the course of the next decade. Beijing is pursuing a number of major projects, including initiatives aimed at securing access to Venezuelan oil, Bolivian natural gas and key minerals.

The US Congress has held two hearings on what is perceived as a Chinese menace in this longstanding US sphere of influence and semi-colonial domination. Testifying before Congress last year, then-Assistant Secretary of State for Western Hemisphere Affairs Roger Noriega vowed that the administration would be "attentive to any indication that economic collaboration will feed political relations that could run counter to our key objectives for the region."

In short, these changes in global economic relations mean that US capitalism is by no means the only game in town—nor in many cases the most profitable one—as far as Latin America is concerned, and the growing economic relations between the region and America's rivals have provided the region's regimes with room to maneuver that goes beyond that which was associated with the Cold War balancing act performed by many nationalist regimes between Washington and Moscow. This is one of the key material foundations of the so-called turn to the left. In some ways this trend could perhaps better be described as a turn to the euro and the yuan.

Within the hemisphere itself, US capitalism faces a nascent challenge from Brazil. With a population of more than 180 million and considerable natural resources, it has become the world's tenth largest industrial power and its fifth largest arms exporter. Brazil's growth has led to its repeated clashes with the US over trade issues ranging from intellectual property rights to agricultural exports.

The political implications of these changes were made clear recently with the White House decision to deny export licenses to a Spanish aircraft manufacturer to ship planes containing US technology to Venezuela under a deal struck between the Chavez government and the Spanish Defense Ministry. Spain has vowed to defy the blockade by making the planes with alternative European technology. Similar confrontations are expected with Spain over the sale of military patrol boats and with Brazil over military planes that are being produced by Embraer for Venezuela.

Brazil responded last week, following a meeting between Lula of Brazil, Chavez of Venezuela and Argentina's Kirchner, with a proposal for establishing a joint arms industry under the umbrella of the Mercosur trade pact. The plan calls for first linking up the arms plants established under the former dictatorships in Argentina and Brazil and for the establishment of an Embraer plant in Argentina. The aim is to eventually manufacture military planes and other hardware for the entire continent, competing with more expensive models from US manufacturers who have traditionally fed Latin America's arms needs to the tune of some \$3.5 billion a year.

This represents a serious challenge to Washington's interests. There is little prospect that US imperialism will quietly cede control of its "own backyard," giving up control of markets and sources of strategic raw materials. To the extent that its previous economic hegemony in the region is fading, it can be expected here, as elsewhere, to respond with

increased resort to militarism.

In the past several years, Washington has quietly built up a network of military bases in the region, while expanding operations of US SouthCom, the regional military command that includes more personnel dealing with Latin America than all other US agencies combined.

The year 2002, of course, saw the abortive US-backed coup against the Chavez government, which, according to some reports, included the direct participation of US military advisers and the deployment of US naval ships and spy planes. And 2004 saw the overthrow of Aristide in Haiti and the invasion of the impoverished island nation by US Marines.

Washington has well-developed plans for an invasion to seize control of Venezuela's oil wealth, along much the same lines that it invaded and occupied Iraq.

There are regular border disputes between Venezuela and Colombia over the four-decades-old insurgency in the latter country. Colombia, meanwhile, has undergone a massive US-funded military buildup—some \$3 billion in military aid in recent years (supposedly for the "drug war") and the tripling of the size of the country's military to over 275,000. It would be a likely participant in any US intervention to overthrow the Chavez government.

Historic disputes also simmer between Bolivia and Chile over access to the Pacific, and between Peru and Chile. That any one of these disputes could ignite a war, with outside powers backing the antagonists, is an increasingly real threat.

Certainly, a key responsibility of the WSWS is to expose and denounce the threats of US imperialism. This active defense of Latin America against Washington's aggression, however, does not oblige us to adapt to the illusions in Chavez or any other bourgeois nationalist regime.

Understanding the origins of these regimes requires an examination of the impact of the policies implemented at the behest of the US government and US-dominated financial institutions during the course of the 1980s and 1990s—the "free market" prescriptions known as the "Washington consensus."

These so-called economic reforms, sold as a means of promoting economic growth, represented a definitive break with the import substitution and national development programs associated with nationalist regimes in preceding periods, and the violent integration of these economies into globalized capitalism.

Tariffs were cut in half compared to the 1970s. Restrictions on international investment were struck down in most countries.

In the 1990s alone, more than \$178 billion of state-owned enterprises were privatized, entailing the destruction of many hundreds of thousands of jobs. This amounts to more than 20 times the value of privatization in Russia after the collapse of the USSR.

The illusory economic growth on this basis is unrepeatable. You can't sell off the same publicly owned enterprise twice.

These policies produced conditions of impoverishment and social polarization that today threaten the entire social order. The UN-affiliated ECLAC reported recently that around 213 million people, or 40.6 percent of the region's total population of 523 million, live in poverty, and 88 million of them in abject poverty.

According to a 2003 study from the World Bank, the richest one-tenth of the region's population earns 48 percent of total income, while the poorest tenth earns only 1.6 percent.

"Inequality in Latin America is extensive: the country in the region with the least income inequality is still more unequal than any Organization for Economic Cooperation and Development (OECD) or East European country," the study states.

"Latin American inequality is also pervasive, characterizing every aspect of life, including access to education, health and public services; access to land and other assets; the functioning of credit and formal labor markets; and attainment of political voice and influence," it adds.

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Venezuela offers one of the more extreme examples of this process, although similar indices could be cited for Argentina, Uruguay and a number of other countries. For Venezuela, the period was characterized by soaring inflation, which hit 100 percent in 1996. Between 1988 and 1997, the country saw a 15 percent decline in the number of industrial jobs.

By the end of the 1990s, real wages stood at 40 percent of their 1980 levels. The purchasing power of the minimum wage by 1994 had declined by two-thirds compared to 1978.

Per capita state social spending was also slashed by 40 percent during the same period. This included real cuts of 40 percent in spending on education, 70 percent on housing and urban development and 37 percent on health care. Between 1984 and 1995, the ranks of the poor nearly doubled, encompassing two-thirds of the population.

The vast increase in social misery was accompanied by a dramatic widening of the gap between wealth and poverty, as a section of the Venezuelan ruling elite and upper-middle-classes enriched themselves through deals with the transnationals.

The major trade unions, affiliated with the Accion Democratica (AD) party, were utterly discredited by their collaboration with the government in imposing the destruction of past gains. There was also a sharp decline in union membership, as workers lost their jobs and were pushed into the so-called informal sector of street vendors, casual labor, etc., which now encompasses more than half the population. The share of the work force belonging to unions was cut nearly in half, from 26.4 percent to 13.5 percent between 1988 and 1995.

Thus, the unions were not identified in any way with opposition or social protest. That, rather, took an explosive and spontaneous form, expressed most powerfully in the so-called Caracazo uprising of 1989, in which an estimated 1,500 people were killed by the army during protests against an IMF-backed structural adjustment program introduced by Carlos Andres Peres of the AD.

These types of developments, repeated in various forms throughout the continent, constitute the immediate social and economic antecedents of what is now being called Latin America's turn to the left, i.e., the recent election of Evo Morales in Bolivia, the governments of Tabare Vasquez in Uruguay, Lula in Brazil, Kirchner in Argentina and, of course, Chavez in Venezuela.

Further such political developments are on the horizon. Ollanta Humala, an ex-military coup leader and ally of Chavez who is described by the Wall Street Journal as a "left-wing opponent of free trade and free-market policies," is now the front-runner in elections scheduled in Peru in April. Andres Manuel Lopez Obrador, the candidate of the PRD, is favored in the Mexican poll scheduled for July, and in Nicaragua, Sandinista leader Daniel Ortega is believed to have a good chance of returning to power.

While these governments have been formed by disparate political elements, they share in common populist denunciations of "neo-liberalism," anti-US rhetoric and appeals to popular anger over social inequality, combined with defense of private property and broad adherence to the essential economic prescriptions of the international financial institutions.

Clearly, none of these regimes offers a way forward for the working class. In many cases, they echo the politics of an earlier period of left nationalism and military populism associated with such figures as Juan Peron in Argentina and Getulio Vargas in Brazil. However, while those movements rested to some degree on rising trade unions, these new populists have emerged, at least in part, out of the disintegration of the old national labor movements in countries like Venezuela and Bolivia, in particular.

To be continued