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Latin America

# The Latin American left - Search of a new model

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**Programmatic challenges and strategic dilemmas were at the heart of the meeting of the Working Group of the Sao Paulo Forum (SPF), held on August 18-19, 2001 in Montevideo, Uruguay.** [1] In the explosive socio-economic conjuncture in Latin America, neo-liberal governance rests on a double protection: that, economic, of the international institutions like the IMF, the World Bank and WTO, and that, political-military, of the imperial power of the United States.

No discourse on modernization, no promise to combat poverty, no fiction of equity can henceforth contain the popular rejection of the adjustment programmes and counter-reforms.

The Latin American political panorama today comprises resistance by peasants, indigenous peoples, trade-unions, urban and popular organizations, the unemployed, the homeless, alternative networks of woman and young people, and movements against impunity in the area of human rights.

This increasingly broad and polarised resistance has in part linked up with a movement of radical civil disobedience which opposes capitalist globalisation. The neo-liberal crisis no longer generates despair, as was the case a decade ago.

A new period of the class struggle has opened, certainly transitory, but indicating very clearly the tendencies at work. The wind has changed direction.

## Failed paradigm

As the document drawn up by the Working Group says, one of the more striking elements of this period is the failure of the "neo-liberal paradigm", in terms of its international power, capacity for political cohesion and social legitimacy, which is translated openly by a crisis of the hegemonic conservative discourse and the so-called single system of thought. [2]

The continent is currently experiencing a major political convulsion and the most acute popular insurrection. Simultaneously, the combination of three processes (social protest, recession and austerity, repression) has unleashed a series of crises of the political and institutional regimes, ungovernable situations and also serious democratic regressions. That indicates both the inability of the existing system to satisfy basic social needs and the progressive delegitimation of the governing elites. [3]

Indeed, this social protest and its radicalisation in numerous countries develops in a context of aggravation of the social and economic crisis, reflected in the majority of these countries by recession, adjustment plans, the deceleration of growth, the foreign debt and the attempts to deepen neo-liberal policies: privatisation, deregulation, labour flexibility and so on.

This situation is accompanied by a recrudescence of repressive measures, social control and "criminalisation" of poverty and actions of protest. [4]

## Two lessons

One can learn two lessons from this description. The years of fraud and peaceful conquest by neo-liberalism are over. To the extent that the crisis acquires a brutal dimension, social protest broadens and political instability becomes a distinctive trait of the region.

Everywhere on the continent, albeit in an unequal fashion, the model unravels, while struggle and resistance grows. The situation of antagonism is exacerbated by the disastrous socio-economic consequences of capitalist globalisation and the reinforcement of the semi-colonial status of the Latin American countries.

It leads to an acceleration of (often violent) confrontations, of the recovery of class consciousness, a concrete anti-capitalism and a militant anti-imperialism.

The programme of these struggles could be summed up thus: to settle the enormous social debt and end the attacks on rights that have already been conquered (economic, social, democratic). In these conditions it is correct to affirm that the new period allows the left and the popular movement to examine other propositions and advance to the overcoming of organisational and programmatic dispersion which continues to characterise the current stage of resistance to neo-liberalism. [5]

The structural causes of the economic crisis have to do with the four transformations that have taken place in the region:

1) the increase in the foreign debt from the 1980s onwards; [6]

2) the dislocation of the industrial tissue in several countries, with the decline of industrial branches linked to development (strategy of import substitution) from the 1930s to 1960s, and with the implantation of sectors closely linked to the export strategy of the big trans-national firms ;

3) the growth of poverty and exclusion; [7]

4) the deterioration of the terms of trade or in other words of the respective values of the exports of these countries in relation to imports.

To these structural causes, [8] one can add another, as Claudio Katz has done: the trade deficit. The vulnerability of the Latin American economy and political and military dependence are then intimately linked.

Some recent examples provide the evidence: the recent accords signed by Brazil and Argentina with the IMF and World Bank (US\$15 billion for Brazil, US\$8 billion for Argentina); the decision of the Pastrana government in Colombia to transfer judicial power to the military in the zones of armed conflict, the rupture of the dialogue with the ELN, the offensive against the FARC in the framework of "Operacion 7 de agosto"; the implementation of operation "Cabanas 2001" in the Argentine province of Salta; the justification, by Brazil's minister of "Institutional Security" of operation "Pescado", devoted to spying on the MST; the elite anti-insurreccional corps in Guatemala, responsible for appalling massacres.

## New modalities

All these events cannot be dissociated from the new modalities set up by the US and the international institutions to overcome the crisis of bourgeois political leadership and the loss of legitimacy of the Latin American governments in the context of economic crisis: "aid" and the authorisation to integrate into the framework of "globalisation" are conditioned by the acceptance of the militarisation of conflict and social protest.

Thus the mechanism of protection comprises three elements: economic, political and military. The FTAA (Free Trade Zone of the Americas), for example, in addition to being an imperialist project of recolonisation, [9] is also a "security bolt" for the counter-reforms, for it prevents any reversibility by left governments by consecrating several key elements as "commercial" norms of the hemisphere.

Plan Colombia, now renamed the "Andean Regional Initiative", [10] is for its part a synthesis of the renovated strategy of counter-insurrection, inaugurated with the Plan Dignidad in Bolivia, and which includes the reconstruction of military espionage bases throughout Latin America and the Caribbean, with a special attention to the "Bolivarian triangle" (Venezuela, Colombia, Ecuador) and the island of Vieques, off Puerto Rico. In the strictly economic sphere it should be stressed that this protection is not limited to financial assistance supposed to prevent bankruptcy and chaos, and thus allow the payment of the foreign debt.

It includes obliging the governments to observe fiscal austerity, reduce social payments, increase privatisations and labour flexibility, political initiatives on the continental scale (introduction of a "democratic charter" in the OAS and a "democratic clause" in MERCOSUR), and regional accords drawing up a web of protection.

## Combined process

Thus a project of continental and regional domination and of stabilisation-reproduction of the current model of the dominant bloc, exclusionary and anti-democratic, is drawn up (essentially by the US). It is a combined process which includes dollarisation and regional trade agreements inspired by the model of NAFTA (North American Free Trade Agreement, made up of Canada, Mexico and the US) as the propositions of the WTO.

Here again examples are many : dollarisation in Ecuador and Salvador; free circulation of the dollar in Guatemala; trade agreement between Mexico, Guatemala, Salvador and Nicaragua; signature of a similar treaty between the Central American region and the Dominican Republic; Plan Puebla-Panama (launched in June by Vincente Fox, the Mexican president, after the approval in Mexico of a law on indigenous rights rejected by the Zapatista communities and the EZLN) which extends the US border towards the south and which opens the door to the intensive exploitation of natural resources by the multinational firms in territories claimed by the indigenous communities; finally, the desire of the governments of MERCOSUR to implement the "4+1" agreement with the United States.

## Different scenarios

Obviously, the situation is far from being homogeneous. Throughout the continent, the neo-liberal crisis, the degree of political decomposition and popular resistance are rooted in different scenarios.

We can sketch three of them:

1) the Andean area (Colombia, Ecuador, Venezuela, Peru, Bolivia), characterized by economic crisis and war, the

appearance of a new populist nationalism, the collapse of governments and political transitions.

This area has a decisive strategic importance for the United States (production of coca, biodiversity, impact on the world oil market). It bears comparison, from the degree of mobilisation and social organisation and the level of institutional decomposition, with the Central American situation in the 1980s.

2) the MERCOSUR region (Argentina, Brazil, Paraguay, Uruguay), characterised by recession and socio-economic crisis. It is conceivable today that in two of these countries (Brazil and Uruguay) the left will come to power.

3) In central America, in Mexico and in the Caribbean, the economic and social crisis worsens, and the social protests multiply (Guatemala, Jamaica). Mexico is going through a phase of recession while the Zapatista struggle in Chiapas persists.

Certain countries (like Honduras and Nicaragua) are victims of rural poverty. While the anti-imperialist mobilisations continue at Vieques (Puerto Rico), the crisis of the left organisations (FMLN, UNRG, Sandinismo) continues without beginning to be resolved, despite possible electoral victories.

It is in this context of socio-economic crisis, political instability and imperialist protection that the Latin American left prepares for the 10th meeting of the SPF. The participants at the meeting of the Working Group found agreement on several questions: the new character of the period opened by the neo-liberal crisis and the appearance of an anti-globalisation movement, of which the most significant expression has been the World Social Forum at Porto Alegre; the diagnosis of the political and socio-economic conjuncture; opposition to the imperialist project of the FTAA (in spite of the hesitations of the Mexican PRD) and the need to propose another form of integration (the Brazilian PT proposed the formula of the "Latin American Community of Nations"); the condemnation of the dominant bloc and the necessity to reinforce solidarity with Cuba faced with the aggressive new Bush administration.

Dilemmas and contradictions manifested themselves in relation to the programmatic perspectives, in particular, and at the initiative of the PT, the question of the model of alternative development.

Within the current framework of capitalist globalisation, which generates crises and dependency, what project can the Latin American left have which would not be vetoed by the economic, political and military regimes?

## Strategic project

Aloizio Mercadante, PT secretary for international relations and one of the principal leaders of the party majority, has developed the idea that this alternative model of development must not be understood as a strategic project of the left, nor as anti-capitalist rupture, but as a stage of transition of the neo-liberal model towards the market of mass consumption, the rebuilding of the Nation, in which the focus will be on redistribution within the internal market and on essential needs: basic commodities, popular consumption with attention to food, popular habitat, sanitation, education and health. Mercadante insisted on the external opposition which will confront a left government on the continent and the heavy heritage of neo-liberalism: crisis of exchange rates, debt, denationalisation of the State, unemployment, poverty, and productive structure dominated by foreign capital.

From the point of view of a left government, in particular in the case of Brazil, Mercadante said that it will not be possible to repeat the De La Rúa experience (in Argentina), but that we did not want to repeat Allende (i.e. a program of nationalization and of rupture with big capital and imperialism). Obviously, the Venezuelan Chavez does not

constitute an alternative way either, because if he has established a plebiscitary political regime (mass democracy), his economic project does not represent a rupture (and Venezuela is one of the principal oil producers in the world).

This "model" would be based on four macroeconomic pillars of "transition" and could be summed up broadly as follows:

- role of the State as pivot of public and private co-ordination, of production and distribution of goods and services, and as support for investment;
- reduction of external vulnerability both in its financial and commercial dimensions, reduction in dependency on flows of capital, in particular of a speculative nature;
- reorientation of direct foreign investment to accelerate the introduction of new technologies and to improve commercial integration. Stimulation of exports and import substitutes in order to turn the trade deficit into a surplus;
- private foreign debt will no longer count on the various mechanisms of statisation and socialization of risks and losses. The public foreign debt will be renegotiated, in order to relieve public budgets and encourage programmes of investment and social policies. On the strictly political level, the PT like the Frente Amplio (two organisations with comparable perspectives of coming to power) agree on the necessity of broadening their system of political alliances to "neutralise" the reactionary and destabilising right wing sectors and on the fact that a veto of the military and employers sectors would not be opposed to a left government.

Illusions? Political realism? Joao Machado, in response to a report of the Institute of Citizenship (linked to the PT majority) [11] whose ideas were presented by Mercadante at a meeting of the Working Group, described this programmatic proposal as inconceivable and anachronistic His criticisms are many and rigorous but they centre on the national question.

To sum up his thinking:

- if one stresses denationalisation, external vulnerability and political instability to justify a programme of reconstruction of the Nation, there is no consensus on the way to reverse this process of denationalisation ;
- if the role of the state is defined as being to co-ordinate and encourage investment, reorient foreign investments and the shares of the multinationals, denationalisation could no longer be stopped ;
- in this sense, the reconstruction of the Nation would involve a sort of association between the state and the foreign companies;
- privatisation is criticised largely for the manner in which it is carried out, and for the absence of regulatory framework. One continues however to have confidence in private investment, without saying that this latter is one of the main sources of the process of denationalisation;
- are moderate proposals still realistic? Difficult to believe: it is not possible to rebuild the Nation having confidence in the multinationals and accepting (even partially) neo-liberal ideology;
- the conditions for a radically different policy, with popular support, are now present. The resistance to neo-liberalism is gaining strength throughout the world, programmatic adaptations only become more anachronistic. The same debate runs through all left forces who aim at governmental power. What should be a strategic opportunity to modify the relationship of forces and develop an alternative model of development and popular self-management becomes a waltz of hesitation, confusion and programmatic adaptation. But it is precisely in these moments of grave crisis that the possibility arises to experiment with innovative ruptures, doing what has not been done before. If the Latin American left does not show audacity in this new period, it risks remaining prisoner of a pseudo-realism and cutting itself off from mass social movements which give a radical content to the anti-capitalist struggle.

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[1] The Sao Paulo Forum comprises the main political forces of the Latin American left and the Caribbean. Its 10th Meeting will take place in

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December 2001 in Havana. The Working Group (WG) is its co-ordinating body, and comprises the Workers Party (PT, Brazil), the Communist Party (PCC, Cuba), the Frente Amplio, (FA, Uruguay), the Sandinista National Liberation Front (FSLN, Nicaragua), the Party of the Democratic Revolution (PRD, Mexico), the Farabundo Marti National Liberation Front (FMLN, El Salvador) and a representation of the Colombian organizations who participate in the FSP (FARC, PC, ELN, Presentes por el Socialismo). The WP drew up a text which will serve as a basis for the 10th meeting, whose final edition will be approved at the next meeting of the WP in Managua, in September.

[2] Preparatory document for the 10th Meeting of the FSP. Editorial Commission, Montevideo, August 18-19, 2001.

[3] Ibid.

[4] Ibid.

[5] Advance draft national resolution, 6th national Conference of the Socialist Democracy tendency of the Workers Party. Brazil, August 2001.

[6] The summit on Social Debt and Latin American Integration, held in Caracas in July, confirms it: the weight of the foreign debt is one of the main sources of poverty and inequality. "Upon being born, each inhabitant of our region owes on average US\$1,550" says Otto Boye, permanent secretary of the Latin American Economic Service (SELA). In 10 years, the debt has nearly doubled: US\$430 billion in 1990 and US\$750 billion in 2000. The servicing of the debt compromises the future of the country, given that it amounts to 39% of the GDP and 201% of the exports of the region; but also any idea of an alternative programme, for foreign indebtedness acts as a mechanism for the transfer of income towards foreign creditors.

[7] Even CEPAL (the Economic Commission for Latin America) recognises that an average growth of 6% annually is needed to face "social problems", lower the "poverty level" and "reduce technological backwardness" in relation to the industrialised countries (Panorama social, 1999-2000). However, all predictions agree on a rate of growth of around 2%. The macro-economic indicators are also unsatisfactory: from 1997 to 1999, the rate of variation of the GDP per inhabitant went from 3.7% to 1.6%. During this time, 220 million people were poor (93 million in absolute poverty) and the average period spent in education is only 5.2 years (whereas according to CEPAL, "10 years of education are necessary in order to avoid poverty").

[8] See Claudio Katz, "[New economic turbulences](#)", IV 331, May 2001.

[9] See [article by Claudio Katz](#) in this issue.

[10] See IV 324, September 2000.

[11] The text is called "Another Brazil is Possible". Joao Machado's reply was published in Correio da Cidadania number 258, Sao Paulo, 2001.