Uruguay

Progresismo and the neoliberal matrix

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The leftwing coalition Encuentro Progresista - Frente Amplio - Nueva Mayoria triumphed at the Uruguayan elections of October 31, 2004, with Tabaré Vázquez of the Socialist Party being elected president in the first round with 51% of the vote (see IV 363, January 2005). The new president assumed office in March 2005 - Ernesto Herrera examines the record so far of his "progresista" government.

To accuse Uruguay's "Progresista" government of "treason" would be an exaggeration. It never proposed an anti-neoliberal rupture, nor did it ever advocate "populism". On the contrary, it opposed any proposal of radical dismantling of neoliberal counter-reforms.

It emphatically denounced the "demagoguery" of "easy promises" so as to deflate the "inflation of expectations" and bring popular expectations back down to earth. At best, "progresismo" promised a road of "possible change" while offering all kinds of guarantees of continuity to capitalist forms of production, profit and rule. As the promise has been made, it now has to be fulfilled.

The neoliberal matrix

The economic course has been defined, both in content and format. There is, for now, no "dispute" in terms of an alternative program. Although some grumbling has begun to be heard from the minister of Ranching, Agriculture and Fishing, Jose Mujica (of the former guerrilla movement the Tupamaros). The tensions originate in the refinancing of the debts of "agricultural producers", the credit that the Bank of the Republic should grant for production, and the so-called "exchange arrears" that affect the "competitiveness" of exporters.

Economic policy shows the crudest continuity, with not a centimetre separating it from the neoliberal matrix established by the governments of the right. If anyone doubted it, the President himself has dispelled them.

On May 5, before an audience of 500 big employers, bankers and investor-speculators, meeting in Buenos Aires for the Inter-American Council of Trade and Production, Tabaré Vázquez defended the "free market", offered a basket of opportunities for "associating with state companies" and again stated that in Uruguay "there is no discrimination between national and foreign investment... because public investment is limited". Moreover, he insisted on the "free repatriation of utilities... respect for banking secrecy" and guaranteed that the foreign debt would be "honoured punctually".

In spite of all the protests from social movements, intellectuals, left parties and environmentalist networks, the government approved the Ence-Eufores (Spanish transnational) and Botnia (Finnish transnational) cellulose plants; it agreed together with Lula to welcome AmBev, a brewing transnational denounced internationally for its policy of union repression; and it promoted the coming of Movil, a US cell phone transnational, whose owners include the Mexican multimillionaire Carlos Slim Helu, the boss of Televisia. All these companies will benefit either from the Ley Forestal or from the Law on Investment, that is, from tax breaks, subsidies (as much as 50% of costs under the Ley Forestal) and special credit facilities.

As the margin for public investment is "limited", Public-Private Associations between capitalist investors and state companies are contemplated. Such is the case with ANCAP (the state owned oil company). Oblivious to the popular
uprising in the anti-privatization referendum of December 2003, the president of the directorate, Daniel Martínez (Socialist Party), said that the company operates "under the norms of private law" and that he disagreed with the irremovability which employees enjoy by constitutional mandate. [1]

The right applauds him: "That an ex-union leader who has become president of a public company promotes the idea that this company is governed according to the norms of private law and that an end is put to labour irremovability shows an exemplary sense of responsibility in the structure of the state". [2]

For the moment, the plans for "association" are not far advanced except for an agreement with the Venezuelan PDVSA for the purchase of a million petroleum barrels and in the possibility of investment to extend and modernize the refinery.

The government's commitment to capitalist investors is clear on the question of water. The constitutional law voted for by 64.7% of the electorate in the plebiscite of October 31, 2004, which establishes an obligation that this service is provided solely by public bodies is not going to be respected integrally. A decree by the government (May 20, 2005) signed by Tabaré Vázquez and all his ministers, establishes that private companies: "will continue providing these benefits until the completion of the term originally agreed".

The National Commission in Defence of Water and Life, promoter of the plebiscite, has already presented a legal challenge to the decree, called a petition campaign and organized a protest march of several hundred kilometres length.

It is not by chance then, that the signature of the Treaty of Promotion and Mutual Protection of Investments with the United States has raised so much dust. [3] Tabaré Vázquez and his economic team favour signing it. Other sectors of the Frente Amplio in the government and among the parliamentary deputies criticize it, especially the Movement of Popular Participation, the Socialist Party and the Communist Party.

The March 26 Movement [4], and some Base Committees reject ratification and propose to discuss it in a National Plenary which has just been delayed. [https://internationalviewpoint.org/IMG/jpg/jose_mujica-150.jpg] Agriculture minister Josè Mujica of the Tupamaros (right)

But, surely, sooner or later the Treaty will be ratified. Jose Mujica has already said that he will vote for it, although he does not like it, because it will win markets: "If I have to eat rotten bread I will eat it, but don't expect me to say the bread is rich." [5]

**Certified Programme**

On June 8, in Washington, the IMF approved a new Letter of Intent with the government of Tabaré Vázquez. A day later, the World Bank approved it. The economic program of progressismo obtained the certification of the employers. Meanwhile, the "productive country" and the "redistribution of wealth" will have to wait for better times.

The minister of Economy and Finance, Danilo Astori, has already said: "Without an agreement with the IMF today there is no change... most of the investment is going to be private and from abroad... for that reason whether or not Uruguayans will have work is going to depend on an agreement with the Fund". [6] And the agreement was made, but without the exemption expected by some government functionaries and economists sympathetic to progressismo.
The Letter of Intent (which covers the period June 2005-June 2008) is unambiguous. Among other conditions, the chronogram indicates the IMF's priority demands: macroeconomic stability, priority for private investment, freezing of "costs" (i.e. social investment), the "modernization" of public companies to make them "competitive" in the services market, and the "adjustment of public tariffs" to ensure a budget surplus. [7] And "the reform of the Central Bank to increase its autonomy," or what amounts to the same thing, the creation of a sort of "liberated territory" so that the private banks are placed beyond the control of the national government.

The government is subject to a "primary fiscal surplus" of 3.5% (2005), 3.7% (2006) and 4% (2007), which means ensuring a surplus from the national budget to pay interest on the foreign debt and to fulfil the "obligations assumed by the country". In other words, to continue with the transfer of income and national wealth to the "international creditors".

As for the foreign debt, the drain of resources will continue, jeopardizing present and future sovereignty. At the end of 2004, the national debt was US$13,335 million, or equivalent to almost 100% of GDP. 42% of this debt is with the IMF, the World Bank and the Interamerican Development Bank. The schedule of payments (interest and amortization) will consume US$2,000 million in the first years of government (20 times more than the sum devoted to the social emergency) and in 2005 alone, interest payments will absorb 25% of the income of the central administration.

The government's aim was maintaining the "growth of GDP" through reducing the weight of the debt (with the debt-GDP ratio falling in 5 years from 100 to 60%). Neither will happen. The same economic team foresees a fall in the growth of GDP for 2006 (3.5%) with respect to 2005 (6.5%); as for the foreign debt, the "successful" placing of bonds for 500 million dollars and the "fresh funds" to be received from the IMF and the World Bank will increase medium term indebtedness.

**Adjustment and austerity**

They are the common denominators in the agreement with the IMF. The cabinet has decided that in a "first stage", the economic priorities will be "austerity" and extreme "fiscal discipline". The level of public investment will be as miserable as it was under the governments of the right, 2.5% of GDP.

This will have its correlate when the next National Budget Law is drawn up. The "adjustment in costs" will imply very insufficient increases in health and education. We have already had a taster: on March 28, the government issued a decree that capped investment for the Ministry of Housing, at 1,100 million dollars. This means a cut of 45% in investment, which will deepen the housing deficit (currently 80,000 houses), condemning thousands of families to live in temporary housing. [8]

On wages, the government had made it clear during the electoral campaign that there would be no "salariazó" [huge pay increases]. The recovery of purchasing power is effectively delayed, until 2007, as long as the "growth of GDP" and "increased investment" are "sustainable over time". If everything goes well, we can have a distribution of the cake.

The government has, from July 1, increased the national minimum wage from $2,050 to $2,500. The PIT-CNT (trade union federation) had hope the increase would be from May 1 and the sum would be $3,000. [9]

The percentage increase (the basis for the negotiations in the Wages Councils between unions and employers) will
be between 2 and 4%, to be granted on a quarterly basis. If we consider that over the last three years real wages have fallen by more than 23%, this proposal is less than the minimum that the unions demanded. Pensions linked to the IPC (Index of Consumer Prices) will suffer the same (bad) fate, although an increase of 6% (to be paid in two stages) has been granted to "submerged" pensions.

In general this increase is no more than $200 monthly. Things will not get better for the civil servants, who lost 18% under the government of the neoliberal Jorge Batlle. The "recovery" will amount to 0.6% and successive wage increases will be tied to agreements of "responsibility in functioning" (a euphemism for "productivity").

In any case, the priority will be for areas like education, public health, justice, policing and the military. In a lunch organized by the Association of Marketing Directors minister Eduardo Bonomi (Tupamaro) clearly expressed the philosophy of the government: "It is necessary to resolve the problems of the people and then those of the civil servants". He added that "there is no productive development without increased wages". [10]

As far as unemployment is concerned the government aims to cut it to 10% by June 2006 (at the moment, the official figure is 12.3%), thus a diminution of little more than 2%. If it is considered that 52% of the economically active population are in conditions of open unemployment, under-employment and precarity (40% of the employed are not registered with social security), the government's aim of generating between 20-25,000 new jobs for 2005 and 30,000 for 2006 is something of a disappointment. [11]

And then? The devaluation of the labour force through "containment" (confiscation) of incomes, and the maintenance of unemployment and massive under-employment, will continue. The famous "redistribution of income" awaits a better opportunity. Wages will continue being the variable of adjustment to pay the foreign debt and maintain the profitability of companies.

Meanwhile, "tax justice" is in the freezer. VAT (23%) hits the workers while income tax means an extra expropriation of $180 million a year. In fact, the government has agreed with the IMF that it will collect more to pay for the servicing of the foreign debt; while leaving intact the basic characteristics of unjust taxation. Indirect taxes will continue to have more weight than direct ones, so the taxation system will increase the concentration of income and wealth.

**Focused emergency**

The successive neoliberal governments have left a lot of victims, with tens of thousands of people surviving in the most dramatic conditions. For that reason, the Plan of National Attention to the Social Emergency (PANES) assumes "top priority".

The last report of the National Institute of Statistics (INE) crudely depicts the geography of poverty in the country. [12] Nearly a million poor (almost 30% of the total population), and 200,000 in the category of "indigent". 300,000 people live in "lasting or chronic", that is, "irreversible" poverty.

This layer of the "excluded" has an income 22 times smaller than those considered poor. Still worse, 57% of children are born in homes with "unsatisfactory basic necessities".

With this basic landscape, the "fight against poverty" is the flag unfolded to the four winds by the government. PANES has been designed to help nearly 40,000 households (200,000 people) in two years. The objective is to
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The budget of PANES is $134 million annually (100 from the government and 34 from the IADB.).

The amount invested by the government is 0.6% of GDP, a shameful amount if compared, for example, with that destined to the payment of interest on the foreign debt (almost 8% of GDP). It includes a "citizen income" of $1,360 and diverse "benefits" in health, education, lodging for people in a "street situation", and transitory jobs of four months with a pay of $1,900.

The "beneficiaries" must fulfil certain "counterparts" (conditions) like going to health centres, guaranteeing the participation of children and adolescents in schools, and carrying out certain community tasks.

So far, nearly 140,000 people have registered, although only 25,000 have been visited to verify their "real state of poverty". Barely 15,000 people have received the subsidy, leading to protest demonstrations and numerous pickets in the poorest districts. So the announcement that PANES would work quickly in accordance with the gravity of the situation is not going to take shape.

Not only because it cannot rely on the necessary infrastructure or experienced personnel but also because the promised "voluntary" work from the ministry has led to a series of conflicts on information, organization and the payment of travel allowance.

The speeches of the Minister of Social Development (Marine Arismendi, Communist Party) repeating time and time again that PANES is about "constructing independent subjects", able to evolve as "full citizens", clash with the reality of a governmental policy that leaves intact the realities of exploitation and super-exploitation that underlie poverty (injustice, to be more specific) and turns into conditions ("counterparts") what should be basic democratic rights: the right to health, education, housing, work.

Until now, the whole focus of the Plan has been on counter-benefits: demands for attendance of the children of the nuclear family at educational centres and the sanitary control of the family. If the construction of "independent subjects", or "citizenship", or the latent emancipatory potential in "civil society" is reduced to this, it can be affirmed that PANES does not amount to much.

The bourgeoisie are not affected by the "social emergency" because the government has decided on a line of minimal conflict with the propertied classes. Otherwise, instead of a program of greater focusing that by definition is directed at a single segment of the impoverished social layers, they would have focused on the wastefulness of resources by the rich, very much more significant from the point of view of volume and social justice.

For example, it could have made inroads on the gigantic tax evasion of the great companies, on the scandalous tax concessions [13], on the systematic breach of the labour laws on the part of the employer's associations, or on the thousands of million dollars that the smuggling mafias launder in the banking system. Instead of controlling the poor and sanctioning those "beneficiaries" of PANES that do not fulfil the "counterparts", society (and the government) could impose a greater control on the rich and their wealth on the basis that "who has more, pays more".

Legitimacy

Progresismo enjoys an incontestable political and social legitimacy. Unlike the previous governments, it does not criminalize protests and it appears as more responsive to popular demands. It is a government which extends
democratic rights and transparency in the exercise of politics or the handling of public funds. So far, in this last aspect, the government of Tabaré Vázquez and the Frente Amplio is a contrast to the Lula government and the PT.

On the one hand the government takes initiatives that guarantee factory occupations as part of the right to strike, the free operation of community radios, or the elimination of repressive regulations in education, and on the other it goes in a frankly reactionary sense (cozying up to the hierarchy of the Catholic Church, campaigns against the legalization of abortion and “illegal” drug consumption and so on.

This authority allows the government to play the card of the “cursed inheritance” left by the neoliberal governments. Inequality, unemployment and poverty, like corruption, clientelism, the “inefficiency” of the State, “cannot be overcome in a single day”. They impose a necessary period of “post-neoliberal transition”, slow and gradual development of “small continuous changes”. In other words, to cool, delay, or directly to reduce the intensity and volume of the demands.

The approach rests on two pillars; on the one hand, the credit built up by a mass movement that considers the progresista government as an advance of its conquests; on the other hand, the collaborationism of those sectors of left and the trade union movement that, in spite of contradictions and tensions, speak of “our government”.

The government has followed a winding path with respect to the detained-disappeared and impunity for state terrorism in the years of the military dictatorship (1973-1985). It is on this question of human rights that the government faces a political crisis.

The intention “to turn the page” (a euphemism that tries to hide the objective of putting a “full stop”) meets obstacles, mainly because impunity enjoys an institutional status (Law of Lapsing of the Punitive Intentions of the State, approved by 52% of the electorate on April 16, 1989). This Law of Impunity allowed the military to enjoy an amnesty and to avoid judgments and imprisonments.

The government has reiterated its will “to fulfill” those articles of the Law that the governments of the right failed to fulfil (for example, to investigate and to judge some cases of disappearances Tabaré Vázquez hopes the military will provide the information to locate the remains of the disappeared, in particular those of the daughter-in-law of the Argentine poet, Juan Gelman. Despite a persistent media operation around a “historical change” in the Armed Forces results have not appeared. Nevertheless, the government does not abandon the idea of an “institutional pardon” to close this “painful chapter of our history”.

The relatives of the detained-disappeared and the human rights movements insist on the search for truth and justice. New revelations (on clandestine burials and death flights) reinforce the mobilizations, especially those called by the Memory and Justice Plemary. and increase the perception that it is necessary to relaunch a campaign for the cancellation of the Law of Impunity so that the torturers and assassins go to jail.

**Popular hegemony?**

The municipal elections of May 8 extended the political-electoral primacy of the Encuentro Progresista-Frente Amplio-Nueva Mayoria. The traditional bourgeois parties, Colorado and Nacional, were swept aside, placing them on the defensive.

The balance sheet for progresismo could not be more favourable. From July 7 and for the next five years, it governs
8 of the 19 departments, including the capital of the country, Montevideo, for the fourth consecutive time. Under its administration are more than 70% of the total population, almost 78% of GDP and the regions that concentrate industrial production, trade, agro-export, services and tourism.

Add to this the majority in both chambers of Parliament, the directorates of official banks, public companies, and the bodies of constitutional control. It will also have the majority in the municipal legislatures (Departmental Juntas). The avalanche of the useful vote "to continue changing", offered Tabaré Vázquez an "enormous accolade" that reinforces his legitimacy over any party political affiliation. According to all the polls taken, the approval rating of the president surpasses 70%.

Nevertheless, does this political map of absolute progresista colour imply the consolidation of a new hegemonic block? For many sectors (Frente Amplio leaders, political commentators and journalists) the perception is that the electoral results are a culmination of the "construction of popular hegemony" that the Frente Amplio has accumulated over three decades. The problem is that almost all of them do not establish the relation that exists between the ideological, political and programmatic regression of the leading layer of progresismo, and the subordination of that "popular hegemony" to the conditions of economic domination and social exploitation that the possessing classes maintain.

The strategic perspective of progresismo is based on three pillars: 1) a broad "social agreement" that guarantees "governability"; 2) the priority of plans for "fighting poverty" as a way of containing and deactivating social radicalization; 3) the "sustainability of the macroeconomic policy" imposed by the international financial institutions.

In fact, it is about continuity with the matrix of the neoliberal program. It is then valid to affirm that the forces interested in maintaining and reproducing the capitalist order have obtained a sizeable victory, extending their hegemony beyond their traditional base, and forcing left political organizations and currents, associated historically with the anti-capitalist and anti-imperialist struggle, to kneel down before the programmes of "free trade" while adapting completely to "electoral democracy".

Radical reforms and transformations in the area of politics and the economy are vetoed. It is for that reason, that the importance "of being the government" and having displaced the right from political command of the state, finds its counter-tendency: this government which emerges from a long trajectory of popular struggles and an anti-neoliberal mass movement, ends up applying conservative economic policies that fragment its own social base.

This generates a crisis of left "paradigms", a backward movement in class-consciousness, frustration and loss of belief that "another Uruguay is possible".

Those who believe that the political-electoral changes suggest a "historical defeat" for neoliberalism are deluding themselves.

Far from being defeated, the neoliberal hegemony continues, impregnating political, programs and strategies of the forces (and governments) that in the popular perception, are located on the left, centre-left and progresismo. Examples are the neighbouring models of Lula, Lagos and Kirchner. The alliances, programmatic pacts, and subordination to "democratic governability", are explained by political, ideological, social, cultural changes that the left has undergone in recent years. This would have to be considered when there is talk of the construction of a "popular hegemony" where, nevertheless, notions as essential as accumulation of capital, exploitation, oppression, the class nature of the state or imperialist domination, appear dissolved in the cliché of a "productive country".

Building alternatives
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Does the legitimacy of progresismo imply that the workers’ and popular movement has delegated its demands to the government? Reality demonstrates that, in an unequal and fragmented way, the social movements continue with their demands and mobilizations. Still, we are in a time of greater ebb tide of social struggle.

Nevertheless, to exert pressure to produce changes in the governmental policies, to face the employers power that continues generating conflicts, dismissals and ignorance of labour rights, means extending and fortifying popular organization, so the resistance maintains a thread of continuity.

The mobilizations of COFE (civil servants), the resumption of the struggle for respecting of the plebiscite on water, the marches against the cellulose plants, the occupations of leather, refrigerators and wine-product factories, the protests against the soldiers and functionaries of the last dictatorship, the demands of the cooperative sector, neighbourhood demonstrations for services, protests of small debtors and so on, combine with a significant growth of urban and rural unionisation in recent years. [15]

There has even been a general work stoppage of three hours, although with the obligatory explanation that "it is not against the government". All this at a time of increasing "interest in politics" and the revitalization of debate and mobilization around the question of human rights.

These "contradictions" make up a process of a final, conflicting, opening of the class struggle. Where the decisive word is with the social resistance, the popular movements, the classist and combative left. A process where demonstrations of criticism and protest also appear in militant sectors of the Frente Amplio (Tupamaros, Communist Party March 26) and some rank and file committees; not only on the economic policy of the government, water and the cellulose plants, but also against the Treaty with the United States and any attempt to assure impunity.

The breach can be deepened, slowly but surely, to the extent that there is a popular movement that demands "solutions". It would be false to think that a government like that of Tabaré Vázquez (inheritor of the socio-economic crisis and the loss of credibility of the bourgeois parties) can maintain in a prolonged form and without tensions "democratic governability".

But the neoliberal economic policies of progresismo can aggravate the social fracture and the weakening of the possibilities of answers on the part of the wage earners, the unemployed, and the impoverished.

Developing an alternative policy to the program of progresismo constitutes a social and political urgency which must go beyond a resistance based in the reduced sectors of the social movements, because what is needed is a broad social convergence to defeat the economic policy of the government and the IMF. Indeed, if that (social and also economic) alternative is not satisfied centrifugal political dynamics will increase weakening the social fabric. That could leave the scene free for the return of the dominant elites and their servants.

This is the basic (strategic) question posed for a radical and anti-capitalist left that, beyond its tactics of "accumulation of forces" and its horizon of "regrouping", has been incapable of building an alternative and unitary politics, as much to overcome dispersion as to promote action and popular mobilization. Here is the greater deficit.

The radical left is on the defensive and atomized in a dozen groups with militant volume and diverse social implantation. Some spaces of political coordination have begun to develop [16] in the unions, the neighbourhoods, the fight against impunity and, mainly, in the movement for the defence of water. That is, in the area of social resistance and the most urgent popular demands.
The Treaty between Uruguay and the United States has, in fact, more political importance than economic, to the extent that it affects relations with the MERCOSUR partners and if ratified, it would confirm (article 17) the blockade against Cuba. The Treaty was signed by the government of Jorge Batlle on October 25, 2004 and sent to parliament on February 26, 2005, a few hours before the progresista government assumed power.

The March 26 Movement is the most visible opposition to the economic policy of the government inside the Frente Amplio. Recently, it suffered an important split, with its main public figure and former deputy, Raul Sendic, leaving it because of its "sectarian" criticisms of the government to form a new political group with other activists, leaders and municipal councillors.

Some public tariffs were increased even before the agreement with the IMF, such as water (5%) electricity (9.3%) fuel (6.7%).

It is estimated that around 200,000 people lives in "asentamientos" or temporary dwellings. The majority are unemployed, "informal" workers and young people who cannot pay a rent.

The last Congress of the PIT-CNT (2003) demanded a minimum wage of 5,500 but the union leadership has, successively, reduced the demand.

A study by the Banco de Previsión Social (BPS) indicates that during the last year alone, the bank failed to collect 136 million dollars because of exonerations or reductions in the employers' contributions in industry, transports, construction, the rural sector, and other areas. These exonerations, which have been permanent in recent years, did not stimulate the creation of jobs as claimed by the neoliberal governments. On the contrary, unemployment increased. Report entitled "Exoneraciones de aportes patronales del BPS: algunos de sus efectos en los programas de previsión social".

With 48.8% of the votes, the centre-left coalition reaffirmed its absolute majority throughout the country. The right was relegated to the 11 departments with smaller populations and political and economic weight: the National Party (29.7%) has 10 departments, and the Colorado Party (16.8%) just one.

The increase in unionisation involves 30,000 new members, including a new police union. The PIT-CNT estimates that 130,000 workers are unionized (10% of the work force).

This is the case with the Fuerza Revolucionaria Militante, which involves more than 100 radical left activists and social fighters, with the objective of constituting a space for political and social coordination on the basis of a common platform.