

# Latin America: The Center Left, Nationalism and Socialism

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**The new governments of South America share a critique of neoliberalism, questioning unrestrained privatization, the excessive opening to the world market and social inequality. In addition, they propose to build more productive and independent capitalisms with greater state regulation. But their ascension to power has raised two questions: Do they form a common bloc? And will they enable ordinary people to gain power?**

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The new governments of South America share a critique of neoliberalism, questioning unrestrained privatization, the excessive opening to the world market and social inequality. In addition, they propose to build more productive and independent capitalisms with greater state regulation. But their ascension to power has raised two questions: Do they form a common bloc? And will they enable ordinary people to gain power?

## Neoliberalism's troubles

Brazilian President Luis Ignacio da Silva (Lula) and Argentine President Nestor Kirchner rose to power because neoliberalism did not succeed in reversing Latin America's decline on the world market. This loss of position is confirmed in the stagnation of investment and per capita income, and it stands out in comparison to China or Southeast Asia.

Cycles of prosperity continue to be subject to financial flows and export prices. Therefore the benefits that capitalists received during the 1990s proved unsustainable. Besides, reductions in labor costs did not compensate for the contraction of the internal market. The decline in purchasing power affected accumulation.

The opening to the world market increased the competitive disadvantage of Latin American

businesses on the world market. Many capitalists profited from public debt, but deregulation has reduced political, fiscal and monetary autonomy required to counteract periods of recession.

Neoliberalism did not force surrender on the social struggles. Ruling classes did not win victories comparable to the ones they won in previous decades. On the contrary, they have faced revolts that overthrew several presidents in the Andean area and in the Southern Cone.

Direct action by peasants (Perú), the indigenous upheaval (Ecuador), street protests (Argentina), a climate of insurrection (Bolivia), land occupations (Brazil), political awakening (Uruguay), antiimperialist mobilizations (Chile) and battles against coup plotters (Venezuela) marked the new cycle of rebellion in the region.

Ruling classes have lost the confidence they showed in the 1990s and their chief representatives have left the scene (Menem, Fujimori, Salinas, C.A. Perez, Lozada). At the same time, the neoliberal identification of corruption with a state-controlled economy has crumbled. The continued embezzlement of public funds during the last decade showed that corruption is a feature of all regimes that are entwined with big business.

Neoliberalism in Latin America has lost the momentum that it seems to be regaining in Europe. In both regions, first Thatcherism, and then social liberalism, attacked. But the effects of business deregulation and labor flexibility have been different in a core zone of the world economy than in a peripheral zone. The same confrontations with the working class that in Europe provoked a loss of historic working class gains, in Latin America precipitated widespread catastrophe. Therefore the intensity of popular reaction has been higher in a region with very vulnerable economies and very unstable political systems.

### **The character of the center-left regimes**

Lula and Kirchner change the political framework that the ruling classes have known for decades. Big business and bankers that profited from deregulation now accept the turn to state intervention. The sectors most affected by the shocks of the 1990s look to soak up state subsidies and stop foreign competition.

The dominant alliance of financiers, industrial capital and agroexport industries that holds the reigns of power do not conform to the classic 'national bourgeoisie' of the 1960s. They reinforced their integration into international financial circuits (as borrowers and state creditors) and they consolidated their export-oriented profiles at the expense of internal markets. They maintain substantial investments outside of their countries.

Nevertheless, this major transnationalization has not removed their local roots. To preserve their principal activities in the region, the Latin American ruling classes present themselves as a distinct and rival sector of business against corporations from outside the region. They provide the principal foundation to the new governments and influence the increasingly conservative behavior of these governments' functionaries.

Lula and Kirchner avoid populist demagogery and conflicts with the U.S. State Department because they are on the same wavelength as the big regional capitalists. This cautiousness explains why they negotiate World Trade Organization rules and 'lite' versions of the Free Trade Agreement of the Americas, rather than forming a real customs bloc. They implement fiscal adjustment, comply with the IMF and reject the formation of a "debtors front."

The new presidents have refused to participate in the imperialist occupation of Iraq, but few heads

of state are accompanying Bush in this crusade. On the other hand, in sending troops to Haiti, they have helped the Pentagon free up troops for the war in the Arab world. Lula, Kirchner and newly elected Uruguayan President Tabaré Vazquez collaborate with a puppet government that seals the coup against Aristide, regulates drug traffic and controls massive emigration to Miami. That Latin American troops act under the figleaf of the UN doesn't change the service they are rendering to the U.S. A humanitarian effort did not require police, but rather solidarity campaigns and initiatives to cancel the debt of this impoverished country.

The center-left governments do the job of pacifying the rebellious movements in the region. Lula's and Kirchner's emissaries fulfilled this task during the Bolivian crisis of 2003. They intervened in the midst of the popular upheaval to support formation of a caretaker government that will assure the privatization of hydrocarbons. Other presidents with progressive origins have done this reactionary work without needing external help. This is the case with Ecuador's Luis Gutierrez, who promised sovereignty and governs with repression and privatization.

## **Brazil and Argentina**

The new presidents emerged from different conditions. Lula took power in the final phase of an economic crisis that accentuated Brazil's urban inequality and rural misery. Kirchner took over the reins of government at the culmination of the worst depression in Argentine history. This collapse included the unraveling of the financial system, the confiscation of savings and a level of poverty, hunger and unemployment never seen before.

Lula has earned the plaudits of Wall Street because he preserved F.H. Cardoso's neoliberal model. He repeated the same arguments of his predecessor ("to earn the markets' confidence to attract investment") to reinforce the authority of the financiers who run the Central Bank. Moreover, he underwrote bankers' profits by running an unprecedented budget surplus of 4.5 percent of GDP and the highest interest rates in two decades. With these mechanisms, he guarantees payments to creditors that are twice the level of social spending.

Kirchner avoided this straightforward continuation of his predecessor's policies because he had to rebuild broken circuits of accumulation. He adopted more heterodox policies in order to rebuild earnings for all capitalists, redirecting the distribution of losses. He used the economic recovery to combine fiscal adjustment with multiple subsidies and reestablished equilibrium between winners (banks and privatizers) and losers (exporters, industrialists) from the 1990s currency peg to the U.S. dollar.

Because he confronted a more serious economic collapse than that of Brazil, Kirchner had to privilege certain creditors over others, disbursing payments and financial penalties. Now he negotiates rates and regulations with privatized companies. Lula could avoid this process of reconstitution of capital. Nevertheless, both governments defend corporate profits at the expense of workers.

Already, the Brazilian president has pushed through a regressive pension reform, frozen agrarian reform and accentuated the deterioration of real wages. His party holds back union struggles and has succeeded in reducing the level of popular mobilization. In contrast, Kirchner faced a more complex social situation, because he took power in a climate of popular rebellion. He has sought to dampen social protest through cooptation (by turning protesters into functionaries), exhaustion (media attacks and isolating the most militant sectors) and criminalization (dozens of imprisoned fighters, thousands more charged).

Kirchner managed to diffuse the pot-banging protesters and piqueteros, but he hasn't eliminated the mobilizations as a backdrop of Argentine politics. He is governing like a conservative, but he obscures his continuity with the neoliberal past much more than his Brazilian counterpart.

While Lula's ascension was accomplished without ruptures in the system of government, Kirchner came into office at the end of a stormy sequence of resignations and temporary governments. What in Brazil was a regular transition of governments, in Argentina had been a delicate operation of restoring the state's credibility in the face of massive questioning of the regime ("que se vayan todos"- "they all must go").

Lula completed the transformation of the PT into a classic political party in the bourgeois system. He tossed aside his leftist past and brought the PT into a two-party system. With government money he finances an army of functionaries that supported the PT's expulsion of deputies who opposed the pension reforms.

This same transformation of a popular movement into an arm of capitalist domination affected Peronism for a long time. Therefore Kirchner renews for the umpteenth time a party that guarantees governmental stability for the ruling class. But he duplicitously covers these clientelistic relationships with well-received gestures on human rights, for independence of the courts and opposition to corruption.

## **Uruguay and Bolivia**

By reason of the magnitude of its economic troubles, Uruguay is similar to Argentina. But the lower intensity of social struggle and its higher degree of political stability made its transition more like Brazil's.

Although the GDP and investment collapsed, the crisis did not reach Argentinian proportions in the Eastern Republic (Uruguay). The Broad Front party managed to assure institutional continuity, avoiding lurches and a political vacuum. Now the future Broad Front government ministers are preparing themselves to introduce Lula's orthodox economic program. They promise to keep paying the foreign debt, to keep the regressive tax system, off-shore banking privileges and an enormous government surplus to prevent any defaults on debt payments.

This transition is explained in part by the weakness of social resistance owing to unemployment, emigration and the aging of the population. But it also reflects the historic traditions of a country that has known neither popular insurrections, nor significant institutional ruptures, under a deeply rooted political party system.

The Broad Front (FA) is taking office after making strong commitments to maintain the status quo and putting forth a program empty of any transformational content. The official message it spreads is that "a small country can't do it on its own" as if progressive changes were the province only of big and powerful nations. This discourse justifies impotence and will clash with the expectations raised by the coalition's election victory. The FA's social base will not easily swallow the leadership's 'crackpot realism'.

In Bolivia, the center left (represented by Evo Morales's Movement to Socialism party [MAS]) doesn't exercise power directly, but props up the wobbly President Carlos Mesa and works to defeat him in the 2007 elections. But this political calculation doesn't mesh with regional instability, nor with the fragile control of a ruling class that lacks economic resources, and the political and institutional means to get itself out of the crisis.

The shifting of Bolivia's productive core from the tin-mining East to the petroleum-producing West makes the economic disaster worse. Mine closures greatly increased unemployment, while the

attempt to eradicate coca devastated the peasantry. This mass impoverishment also accelerates a tendency to national disintegration, as when big business in the Santa Cruz region demands independence so that it can pocket profits from oil development. This demand for independence rose immediately against the popular demand that brought down Sánchez de Lozada in 2003: nationalizing gas and oil to process them in the country.

There exists today in Bolivia an extraordinary tradition of popular uprisings. For this reason, Mesa has pushed a deceitful referendum that attempted to disguise continued energy privatization with promises of nationalization. Mesa's support from Evo Morales permitted him to suggest that the country was moving toward nationalizing hydrocarbons, when in reality, Mesa has every intention of maintaining private hydrocarbon contacts for decades.

To try to govern like Lula, the center-left has to demobilize the rebellion and win back the confidence of the ruling class. MAS's moderate proposals and the politicians that promote them have this goal. But the territorial integrity of Bolivia is threatened by balkanization that exists side-by-side with the potential for a new popular insurrection. In conditions like this, it's unlikely that the recipes for demobilization that work in the rest of the Southern Cone will work in Bolivia.

### **The Bolivarian "process"**

Is Venezuela's Chávez part of this center-left wave in Latin America? The international press consistently contrasts the "populism" of Chávez with the "modernizing" paths that the rest of the Latin American governments are taking, because there are significant differences that separate Chávez from Lula and Kirchner.

Chávez didn't preserve the institutional continuity that predominated in Brazil and Uruguay, and he didn't rebuild the traditional parties as happened in Argentina. He emerged from a popular uprising (the "caracazo" of 1989) and from a military revolt (1992) that propelled him to a landslide election victory in 1998. He began by offering social reforms and by approving a very progressive national constitution. His government radicalized along with the popular mobilizations that confronted right-wing conspiracies. This dynamic distinguishes Venezuela from the rest of the center-left governments, because it reacted against big business (December, 2001), coup plotters (April, 2002), the oil bosses (December, 2002) and the challenge of an attempt to remove him from office by means of a plebiscite (August, 2004). One could tally up many more differences between the Venezuelan process and the rest of South America.

Chávez concretized the displacement of the old ruling class parties that lost their traditional control over the state. Popular sectors support him and he is not seen as an ally of any sector of capital. He hasn't dampened down his promises of change, but rather he has initiated true reforms in land distribution, credit to agricultural cooperatives, and the broadening of education and health services to the population.

Chávez recalls the nationalist tradition of Cárdenas, Perón, Torrijos or Velasco Alvarado. This course is an exception in today's context of a center-left that accommodates to imperialism. It's likely that the peculiarities of the army (with few relations with the Pentagon and the influence from left-wing guerrillas) and the weight of the state-run petroleum company (strengthening the bureaucracy, dampening conflicts with its North American customer, diminishing the influence of the private sector) explain this reappearance of populist nationalism. His antiimperialist profile places him opposite other Latin American dictatorships. Chávez has many similarities with Perón, but none with Videla.

Similarities with 1950s Peronism also are shown in the social gains and the use of national income

for social welfare. Chávez receives the same popular support and bourgeois disdain that Perón received in Argentina. But whereas Perón relied for his support on the unionized working class, Chávez is sustained by neighborhood organizations of informal sector workers.

Chávez's confrontation with the right also sets him apart from his South American colleagues. He dealt several defeats to the right-wing opposition, but it will not stop conspiring against him while it perceives a threat to its privileges. They want to get rid of Chávez or to force him to reverse his program (as the PRI in Mexico did) in order to reinstate the country's socio-racial hierarchy.

The U.S. pulls the strings of whatever coups and terrorist provocations are prepared in Colombia. But the State Department lacks a Pinochet. So it set up the "friends of the Organization of American States" to undermine Chávez. While White House doves circle around Chávez, the hawks prepare a new assault.

Bush cannot act more boldly while his military is tied up in the Middle East. He does not dare put Chávez in the same category as Saddam, but he would rather try to housebreak him like Khadafi. The U.S. needs Venezuelan oil and it must oppose Chávez strategy of intervening actively in OPEC and of redirecting crude oil sales towards China and Latin America.

What's more, tensions with imperialism are aggravated because Chávez has established very strong ties with Cuba, challenging the U.S. embargo and helping the island with petroleum exports and diplomatic support. Venezuela didn't send troops to Haiti, nor does it bow to Washington's commercial demands. Besides, the country is sensitized by the presence of numerous Cuban doctors and teachers. This relationship with Cuba distinguishes Chávez from Perón, because he doesn't breathe new life into a reactionary ideology like that of the Argentine strongman, but rather he offers an interpretation of Bolivarianism that is favorable to the left and open to socialism.

Venezuela is politically divided into two sides separated by income, culture and skin color. The oligarchy seeks to stop the demands of the poor and excluded by manipulating the middle class. The struggle is settled every day in the streets in a battle over which side can mobilize more supporters, something that is not seen in any other country in the region.

Chávez has shown great ability to win support and to awaken militants' energy against right-wing control of the media. The political climate in the country shares some elements of that of Nicaragua in the 1980s or with the military/popular ferment that surrounded "the carnation revolution" that marked the early part of the Portuguese revolution of the 1970s.

Certainly state control of the large income from oil sales gives Venezuela a space for social reforms that doesn't exist in other countries. Using this resource, the government acts boldly, pushing up public spending from 24 percent of GDP (1999) to 34 percent in 2004 and having little trouble servicing the foreign debt.

The Venezuelan process's exceptional circumstances explain its vitality in comparison with the center-left governments. But these same unique qualities create serious questions about the Bolivarian project's ability to spread to the rest of the continent.

### **A regional bloc?**

The regional conferences that Chávez has called haven't had a great response among his center-left colleagues. None of them accept Chávez's secondary goal of resisting the FTAA by constructing a "Bolivarian Area of the Americas." They can share his Latin Americanist rhetoric, but not a decision

to advance projects for antiimperialist integration.

Chávez has proposed three initiatives: joining oil companies into a common entity (Petrosur), a reserve bank for all of the continents' funds (Bansur) and strengthening trade agreements to create continental common markets (from Can-Mercosur to Comersur).

To a certain degree, these initiatives provide a common framework to those businesses that already tie together various groups of capitalists. But these structures don't bring about the autonomous integration that Chávez envisions. That objective would require more far reaching transformation to which no center-left government is committed.

For Petrosur to reverse the region's energy dependence, it would require a renationalization of the oil industry in Argentina and Bolivia, because it wouldn't make sense for private foreign-owned oil companies to join it. But it's clear that Kirchner and Mesa maintain strategic alliances with Repsol to preserve the sector's privatization. The creation of ENARSA, without resources nor oil wells, wouldn't contribute to real regional integration. And neither would it facilitate this process of integration if Petrobras bought the assets of an Argentinian corporation (Perez Companc) or if the Venezuelan state oil company joined with ENARSA to acquire service stations. These businesses don't change the predatory and rentier nature of the oil bosses that reigns in the south of the continent. If Petrosur is assembled within this framework, perhaps it would serve to prop up the profits of some contractors and providers. But it will not provide the energy base the region needs to be able to embark on a type of industrialization that benefits the popular majority.

The reserves to form a regional bank are available but the stranglehold of the IMF prevents its autonomous functioning. There are more than enough reserves, but a reserve bank lacks sovereignty. To create a true Bansur it would have to organize a "debtors' club" to reverse the flow of funds to IMF. This proposal-so often debated in the 1980s-doesn't appear on the agenda of any government today.

The attempts to negotiate major trade agreements face the counterpressure of bilateral accords the U.S. is pursuing. These proposals significantly influence the ruling classes, which conduct more business with the U.S. and Europe than they do with their South American neighbors. MERCOSUR's difficulties reflect this contradiction.

Customs differences persist within MERCOSUR and a common tariff is riddled with more than 800 exceptions. In the European Union exports among member countries exceed 50 percent of total sales, while in MERCOSUR they don't reach 11 percent. Brazil doesn't play the economic role that Germany plays in the EU and Argentina doesn't play the political role France plays in the old continent.

Economic integration is vital to stop the tendency toward territorial breakup that faces several countries (e.g. the West of Bolivia, or the south of Ecuador). But capitalist classes have other priorities. It's not clear that "the national bourgeoisies that survived 1990s neoliberalism are creating a regional trading bloc." [1] The increased transnationalization of this sector has reduced its integrationist inclination and so they resist Chávez's regionalism. Presidential summits, continuing to issue calls for the forging of a South American Community, lack a practical application.

What prospers in the region is the business of transnational enterprises that operate in several countries and seek capital mobility to lower wage costs, cut subsidies and maximize the benefits of cuts in tariffs. This type of economic integration doesn't benefit any ordinary people.

Chávez's hope of spreading the Bolivarian spirit to the center-left governments runs up against a structural obstacle: the region's ruling classes promote centripetal tendencies that historically have

prevented their association. No official argument, nor popular pressure, outweighs this posture. The dream of Bolívar and San Martín will not be fulfilled while these groups of capitalists hold power.

### **The right, contradictions and Fronts**

At times it is said, “a defeat of Lula would boost the right.” But it is better to analyze what is happening rather than what could happen. No one can say that the right is destabilizing Lula, because, unlike in Venezuela, the right is quite satisfied with the PT’s leader.

Other analysts argue that “complying with the IMF and allying with the right” is the price that must be paid for gradual social reforms. But as Lula adopted the program of his adversaries, these gains simply don’t exist. Those who still think that it is not possible “to defeat Lula and the right simultaneously” don’t realize that the president has gone over to the other side and that workers need their own alternative.

The specter of the right is used as a club in Argentina too, without any proof that the establishment opposes Kirchner’s government. The capitalists are grateful to the president who has helped them regain money and power. It must not be forgotten that the same conspiratorial thesis was used years ago to justify the regressive policies of Alfonsín or De la Rúa. But what is worse is to ignore that Kirchner belongs to the same party as Menem and Duhalde and therefore maintains alliances with provincial bosses against the social protest movements and makes agreements with the church hierarchy against the agitation of the unemployed.

Some authors argue for the necessity of a front with the government against the right, starting from the distinction that Mao made between “principal” and “secondary” contradictions. However, using these concepts only makes sense if one assumes a socialist strategy. Outside of this framework, these concepts can be used to justify anything. Crucially, it must be remembered that Kirchner doesn’t embody a national bourgeoisie confronting imperialism, nor does he take part in a struggle that can sharpen irreconcilable contradictions under capitalism. This Maoist schema makes no sense in today’s Argentina.

However, it would be wrong to discount any proposals, including one like this, to assemble a front against the main enemy. When popular demands are relegated to the back burner to curry favor with the ruling classes, unity among the oppressed is broken and this disunity ends up smothering revolutionary projects. Putting off addressing the “main contradiction” to attend only to “secondary contradictions” weakens the bridges that connect the minimum and maximum demands for the oppressed. And this break tends to frustrate the development of a meaningful struggle from below.

### **Identities, bosses and commitments**

Some others argue that the PT’s original identity remains in spite of Lula’s politics. They don’t take account of the fact that a party at the service of the banks has already erased its origin in the working class and its initial political profile. Although it conserves a popular electoral base, it is finished as an organization of the left.

The PT prioritizes business, prizes personalized campaigns, destroys militancy and exhibited its fealty to capital by expelling legislators who opposed the pension reforms. The retreat began with neoliberal commitments at the municipal level and is manifested today in the promotion of regressive labor legislation. The programmatic references to socialism have remained completely submerged in order to grease alliances with the right-wing parties. The exercise of power has totally



diluted the original combativity of the PT, repeating what happened with Peronism many years ago.

Those who advocate “closing ranks with Kirchner” ignore this last issue. They expect from today’s president what workers expected from Peron in the 1950s. But significant differences separate both leaders. Kirchner is not a popular leader overthrown, chased and exiled by the military. He has been a disciplined Peronist functionary who proved himself loyal to the establishment when he was governor.

Many center-left theorists in Brazil and Argentina resort to the argument of “lesser evilism” to support Lula against Cardoso or Kirchner against Menem. But this reasoning follows a series of capitulations, because the size of the “evil” increases with the passage time. It is as if the only other response to two bad choices is surrender.

Some activists recognize their own distaste for this, but shrug their shoulders, saying, “Our project is more complex than we imagined.” In Lula’s case, it’s hard to accept this excuse, because of his open adaptation to the ruling class. Kirchner’s actions have been more unexpected, because he became president before he was sized up. But from his position of power he has also sought to reinforce capitalist domination with popular demobilization.

However one exactly characterizes the PT of Kirchner’s Peronism, what is undeniable is the participation of militant activists in both governments. [2] Neither the history of the party, nor what “the people think” or what popular organizations demand justifies this compromise with the application of anti-worker and anti-popular measures. Accepting positions in these governments implies assuming direct responsibility for carrying out these policies. When one acts like a government official, there are no more “gray areas.”

The expectation of acting as a voice of the people in a cabinet dominated by agents of capital doesn’t make sense, because the experience of the 20<sup>th</sup> century refuted that social democratic myth. Progressive ministers were always unable to implement their proposals and simply used their prestige to cover for those who shamelessly attacked workers. Lula and Kirchner have known how to make use of these contradictions, promoting well-respected figures in the areas of culture, justice and human rights while leaving politics and economics in the hands of the establishment.

## **Venezuela’s dilemmas**

In contrast with Brazil and Argentina, in Venezuela there is a “government in conflict.” In the first conflicts that Chávez faces, what is in play are not only the preferences of one or another capitalist sector, but the interests of the popular majority as well.

The struggles between different business groups to win favors from the government are settled within the framework of the confrontation between the dominant classes and the Bolivarian process. This clash has generated until now a certain anti-imperialist dynamic of radicalization that pits the dominant classes against the oppressed.

Venezuela is not structurally different from the rest of South America. It suffers the same level of social inequality, rural underdevelopment and industrial weakness. Poverty affects 80 percent of the population and three quarters of the workforce works in the informal sector. It is impossible to eradicate this situation without removing obstacles that block Latin American development. But advancing means breaking through the limitations that frustrated other nationalist projects.

Social programs, the redistribution of unproductive lands and credit given to producers’ cooperatives are only the beginning of a progressive redistribution of income. But reversing social regression and structural unemployment (results of incomplete and misdirected industrialization) requires huge government investments. It’s not possible to achieve “endogenous development” in

the cities and the elimination of unproductive lands in the countryside. A program of industrial planning that eliminates the privileges of big business and their associates in the official bureaucracy is needed. Those who embezzled revenue from oil sales will never become authors of economic and social development.

A big step was taken with the removal of the pro-transnational management that ran the government oil firm, PDVESA. The boosting of industry fees and the decision to reduce dependence on the U.S. oil market (50 percent of exports and eight refineries are in the U.S.) widened Venezuela's energy autonomy. At the same time, however, there are new indications of technocratic maneuvers, ill-advised deals for oil exploration and dubious investments.

The ambitious social reforms that Chávez proposes require a major political radicalization. Lula, Kirchner (or Spain's Zapatero) aim to neutralize this process and consequently advise Chávez to build bridges to the opposition and the rebuild the old regime. The Organization of American States, Jimmy Carter and Human Rights Watch play the same role.

But the main obstacle to the Bolivarian process is found within Chávez's administration itself. There a self-seeking and inefficient bureaucracy will offer its services to the opposition if it feels the wind blowing in that direction. To prepare for that eventuality, one sector of the old establishment (Comando Ayacucho) organized a presidential recall referendum through a fraudulent collection of signatures. After Chávez's victory in the referendum, the opposition has continued to pressure him to negotiate with the big business conspirators.

Experience shows that if a popular movement doesn't move forward, it goes backward. If the Bolivarian process is stopped, it will repeat what happened to the PRI in Mexico or with Peronism, which were twisted into instruments of the ruling classes. The opposite path is that of the Cuban Revolution. Chávez has many times declared his admiration for this second path, but he has not implemented any of the anti-capitalist measures that Cuba adopted in the 1960s.

In Venezuela, a radical democratic transformation of state institutions is taking place. The structures of the state didn't collapse as they did in Nicaragua in the 1980s, and the possibility of a revolutionary turn still exists. Those who think that "nothing is happening in Venezuela" or that Chávez is rehashing the "populist script" by not leading a social revolution are mistaken. The Latin American volcano is bubbling in the country that represents antiimperialist resistance in the region. Newly formed unions and popular self-organization in "the missions" and the Bolivarian circles show that the constituents of radical change are in motion now.

## **Globalization and U.S. predominance**

The advance of nationalism and the center-left has changed the intellectual climate of South America. No longer is discussion focused on how far neoliberalism has advanced, but on how it can be confronted and defeated. In this debate, many recognized that Lula and Kirchner are taking the wrong road. But from this realization another question arises: Can something else be done? Doesn't globalization mean that the left has to retreat? Doesn't capital's international reach keep all possible transformations within the neoliberal framework? [3] Frequently it is argued that the changes in contemporary capitalism have completely altered the Latin American scene. The impacts of the information revolution, the globalization of finance and the internationalization of production and capital are obvious. But the key question is how these changes affect the region. Do they lessen or worsen historic problems? Do they increase or decrease industrial underdevelopment, the dominance of finance or economic dependency?

The acute nature of the crises suffered in the last decade shows where globalization has left Latin

America. The same process that enabled the partial recovery in the rate of profit in several developed countries brought about a brutal social polarization of income and a great divide between prosperous economies and devastated ones. Today it is evident that Latin America suffers from the triple impact of impoverishment, disinvestment and increasing dependence on raw materials exports. Could the region regain a certain amount of autonomy to reverse this process?

Center-left and nationalist theorists say yes and propose to encourage the development of a model of productive, inclusive and regionally integrated capitalism. This project only takes into account existing niches in which to start new businesses, without recognizing the imbalances that this kind of development creates in the periphery of the world economy. Neither do they recognize that the development of Latin America is insufficient to compete with the imperialist center, nor to follow in the footsteps of the great powers.

It becomes very difficult to determine just what space exists for the center-left economic model, because its implementation would require determined antiimperialist initiatives and a sharp break with neoliberal capital. And because none of these governments seems likely to follow such a course, the riddle about how to create "another capitalism" remains unsolved. The new presidents simply issue anti-neoliberal proclamations and perpetuate the status quo. Therefore anticapitalist radicalization and a socialist perspective remain the only sure way of attaining progress and welfare. But will the frightening power of the U.S. rule out this option?

U.S. dominance is nothing new in the region that has born the weight of being the great power's "backyard." All attempts at national and social transformation in the 20<sup>th</sup> century clashed with this power. And on more than one occasion, these attempts could have given in to an enemy that seemed invincible. The staying power of the Cuban Revolution after 40 years of invasion, embargo and conspiracies stands out.

It's true that in the last decade the U.S. strengthened its military predominance and recovered its economic and political primacy. But its domination remains unstable because its rivals challenge it and peoples resist its domination. What happened in Iraq reveals the limits of U.S. power. The marines have not been able to reduce the country to a colony, nor have they managed to loot the country's oil resources. It remains to be seen if Bush will up the ante militarily or bring in a help from Europe to negotiate some compromise in the region.

The scope of the preemptive wars that Bush threatens is terrifying. But one doesn't have to accept the triumphant image of themselves the neoconservatives promote. This picture hides the great socio-cultural divide that underpins the right-wing shift inside the U.S. The combination of several economic imbalances (overseas financing of the U.S. budget and trade deficit) and political troubles (national struggles against imperialist aggression) challenges U.S. dominance.

### **External and internal challenges**

Those who note the unfavorable balance of international power believe that it would be very difficult to sustain a victory against imperialism in a Latin American country. It's certainly true that international isolation is a recurring problem in every revolution. But Cuba has shown how long it has been able to sustain its social transformation in the face of imperialist harassment. Globalization doesn't add difficulties that are qualitatively different to those that already exist.

Besides, it must be remembered that all revolutions break out under unfavorable conditions and survive without a large amount of outside help. They always erupted on a national scale and changed the regional scene by virtue of their example. At certain times, they swept up more than one country

(Central America in the 1980s), but they never developed at the same rate. Although this lack of synchronization is a negative feature, what frequently frustrated these processes were internal obstacles and disagreements.

The Sandinista experience shows that the obstacle isn't external. However well they confronted imperialist aggression, their project was undermined by the conversion of a new elite of the rich who allied with the right to divide up power. Twenty-five years after this revolution, nothing remains of agrarian reform or literacy programs, in a country tormented by levels of poverty and inequality only outdone by the Haitian tragedy.

But do we have to deduce from the frustrations of the 1980s that the socialist project is buried? Must we conclude that it is not possible to go beyond the efforts of the center-left or the proposals of nationalism? The continuing popular rebellion contradicts this idea. The series of uprisings that shook several countries (Ecuador, Bolivia, Argentina) in the last few years shows that there exists the will and necessity to consider radical antiimperialist transformations to reverse the increased immiseration that Latin America suffers. The obstacles to developing this project are not found in the international context, but in the errors (or betrayals) found on the side of working-class fighters.

What persists is difficulty in elaborating an alternative politics for the region's exploited. The popular classes take to the streets during strikes, confrontations and mobilizations, but they hand over their destiny to the enemy when they must define their countries' political courses. The best example today of this paradox is the center-left's ascension to government on the back of grassroots protests only to demobilize these protests once it reached power.

### **Scenarios and disjunctures**

When their honeymoons are over, Lula and Kirchner will face the unrest of a region marked by social inequality, imperialist bullying and economic vulnerability.

These tensions can be aggravated if pressure from U.S. business leads to lower tariffs and new privatizations. The loss of resources that generate payment of the external debt adds another complicating factor to this picture, because any international financial instability tends to provoke capital flight and exchange rate volatility.

But the most explosive ingredient that threatens the region is Bush's militarization, multiplying the number of military bases and transferring to regional commands the decision for military intervention. That Bush chose to launch his second term by embracing Colombian President Alvaro Uribe will foreshadow the Pentagon's active intervention in South America. The new presidents try to moderate the corrosive impact of imperialist pressure with declarations and maneuvers. But the shift to the right in the U.S. government touches them as well.

In broad sections of the population, Kirchner keeps alive hopes like those that Lula raised. Fighting these illusions requires the left to devise the right tactics for very different circumstances. But relating to these popular aspirations is not the same as promoting illusions in these governments. Telling the truth-however much it hurts-is a duty for all socialists, even while Chávez and Castro express support for the center-left presidents.

These praises fall on death ears, because Kirchner and Lula do not applaud the Cuban revolution nor salute the mobilization against the right in Venezuela. Neither of these two wants to find themselves in the crosshairs of the State Department. In contrast, Fidel and Chávez praise the new governments so as to avoid isolation and to derail U.S. imperialist designs. But they confuse diplomatic action with an unnecessary and counterproductive political support for the organizations of Brazil and Argentina. The left must not repeat the errors of the past, subordinating its action to foreign policy

deals between states. Many capitulations were justified by “defense of the Soviet Union.” The South American left faces serious challenges. What is central is to reaffirm its place on the side of the oppressed without taking account of big business’s preoccupations. The challenge is to renew the socialist project and not to discuss the type of capitalism that corresponds with each country. Pursuing this second agenda, several leaders propose “to democratize capital” “to seriously increase national income” and to make “the bourgeoisie do its job.” This same course is announced with more vague formulas (“to nurture something new” “to develop different policies/politics”, “to create a society for everyone”). But in either case, the left abandons its identity and hauls down its flags of equality and emancipation. By taking this road the left buries its future.

One mustn’t lose sight of the goal from the vantage point of the current stage of the struggle. Many young people enter political life admiring the revolutionary legacy of the preceding generation. But they also see how part of this generation joined the establishment and resigns itself to the rule of the powerful. The course to recover the legacy of the 1970s is more commitment, conviction and courage.

## Notes

[1] Mermet Rolando. “Bolivarismo revolucionario y unidad suramericana” *Questión*, septiembre 2004, Caracas suggests this.

[2] As has been the case with the Democratic Socialist current in Brazil y with “Barrios de Pié” (Neighborhoods in Struggle) in Argentina.

[3] These issues are discussed in, among other texts, these: Harnecker Marta. “La izquierda latinoamericana y la construcción de alternativas”. *Laberinto* n 6, junio 2001, Harnecker Marta. “Sobre la estrategia de la izquierda en América Latina”. Venezuela. Una revolución sui generis, Conac, Caracas, 2004, Petras James. “Imperialismo y resistencia en Latinoamérica”. “La situación actual en América Latina” *Los intelectuales y la globalización*. Abya-Yala, Quito, 2004, Ellner Steve. “Leftist goals and debate in Latin America!”. *Science and society*, vol 68, n 1, spring 2004.

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## P.S.

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