

# The Fate of Latin America's Pink Tide

Review of "The Ebb of the Pink Tide: The Decline of the Left in Latin America" by Mike Gonzalez

Monday 6 May 2019, by [FARBER Samuel](#), [GONZALEZ Mike](#) (Date first published: 1 May 2019).

**This is a welcome book by Mike Gonzalez, an historian and veteran contributor to International Socialism (Britain) and other publications, with a long record of writing about Latin America. Ambitious in scope, the book provides a valuable analytical synthesis of the left turn in Latin America, the so-called Pink Tide, its ascent and its decline, over the past two decades.**

The author's central focus is on Venezuela and Bolivia, the countries at the center of this turn, which for him is characterized by the adoption of an extractivist and developmentalist orientation as an alternative to neoliberalism. His analysis has important implications for understanding the dynamics of international capitalism and the limits of reformism.

It also brings to the fore the consequences for those sectors of the international left ignoring political realities, or even lying to paper over the failures and abuses of Pink Tide governments.

To contextualize this Pink Tide, Gonzalez describes neoliberalism's main traits, which in Latin America, as in the rest of the world, have included the massive movement of capital to the financial sector, reduction of the welfare state and state regulation of economic activity under the pressure of growing debt and the policies of the IMF (International Monetary Fund).

As a result, in Latin America and elsewhere a great deal of the public assets on which the states or governments counted for welfare and other economic and social purposes were privatized and the economy became widely open to foreign capital.

This led to powerful exporters, agribusiness, and especially soybean cultivation acquiring much greater economic weight and importance. Thus, Gonzalez reports, export agriculture and extractive industries attracted new external investment through the 1990s, from China in particular, at the expense of manufacturing and services. (12, 13)

One important feature of neoliberalism in Latin America was the transformation of the labor market that led to the loss of many labor rights and job permanence, leading in turn to the increase of part-time labor and the growth of the informal economy with the consequent big rise in poverty levels.

With the rise in countries like Mexico of cheaper imports produced by highly mechanized U.S. agriculture, peasants had to abandon or were forced out of their lands. This led to their displacement and migration either to the city or abroad, especially northward to the United States. (3)

Neoliberal economic policies, avers Gonzalez, also had a substantial political and cultural impact with the growth of the politically conservative Protestant evangelical groups, based on the communitarian and material assistance they provided to people who had been abandoned by the state.

Along parallel lines was the growth of NGOs (Non-Governmental Organizations), designed to compensate for the absence of state public agencies in providing welfare services which, as Gonzalez points out, have basically involved emergency responses rather than mechanisms for the dependable, continuous delivery of services and resources and did nothing to promote social and political structural change. (15)

### **The Power of Resistance**

It wasn't long before resistance to neoliberalism developed in various Latin American countries, opening the way for the election of center left and left governments.

The earliest mass explosion marking the resistance to the imposition of a program of IMF structural adjustment policies was the Venezuelan Caracazo, an urban uprising that began on February 23, 1989. It resulted in the loss of hundreds of lives at the hands of the authorities.

That event marked the starting point of a process that eventually led to the rise of Hugo Chávez to power in 1998. The following year, in Ecuador, the indigenous organizations under the leadership of the Confederation of Indigenous Nations of Ecuador (CONAIE) rose up, in coordination with the trade unions, in the battle against the dollarization of the economy in 1999.

On January 1, 1994, the Zapatista insurrection and its occupation of San Cristóbal de las Casas, the capital of the Mexican state of Chiapas, exploded on that same day as the militant answer to the implementation of NAFTA, responding to the long history of land dispossession by the cattle interests in the Lacandon Forest and its likely growth under the terms of that agreement.

Six years later, in January 2000, the Cochabamba Water War broke out in Bolivia in protest against the privatization of water, a massive protest that shut down the city for several days and became part of the process that eventually led to the election of Evo Morales in 2005.

### **Focus on Venezuela**

The Pink Tide in Venezuela came in with Hugo Chávez. It was based on his strategy of using oil — Venezuela being one of the world's larger oil producing countries — then at its highest price, to finance the growth of a Welfare State through which to reduce poverty.

As Gonzalez recounts, the rise of Chávez originated in the political turmoil engendered by the Caracazo in 1989 that effectively ended the over 30 years-long pact that established the peaceful alternation in power between the Social Democratic (Acción Democrática) and Social Christian (COPEI) parties.

While this agreement had provided for relative political stability, it maintained an unjust socio-economic status quo, a good deal of corruption, and significant repression of the groups and individuals who rebelled against it. It was when Carlos Andres Perez from Acción Democrática, the president elected on an anti-austerity platform, betrayed his promises and accepted an IMF austerity program in 1989, that the "Caracazo" broke out.

Chávez, a military officer of humble background, had led a failed military coup in 1992 but was democratically elected president in 1998. Shortly after his election, Chávez called for a Constituent Assembly that in 1999 produced a democratic but socially moderate constitution.

That document was characterized by Douglas Bravo, well known former guerrilla leader, as neoliberal in its economic planks for failing to include labor rights and or to challenge globalization and its impact on Venezuela, while promising to comply with the country's international financial

obligations. (37)

Chávez's government became radicalized in response to two 2002 events. The first was a failed coup against him in April, supported not only by the primarily white middle class right wing with its growing street violence, but also by Fedecámaras, the employers' organization, and by the leadership of the Venezuelan Workers Confederation, a bastion of the Acción Democrática Party.

This short-lived coup, which was welcomed by Washington, was defeated by major mass action that came out in support of Chávez, in great part due to his identification with the poorer and darker Venezuelans.

The coup attempt was followed by a rightwing political strike in PDVSA, the Venezuelan oil giant, launched in December of the same year. The strikers were the corporation's white-collar employees, technicians and managers who, according to Gonzalez, also engaged in extensive actions of physical sabotage of the plant. The strike was squashed and three months later PDVSA, free of its striking managers and technicians, was able to resume production.

For Gonzalez, an important manifestation of Chávez's radicalization was the extensive nationalization that his government undertook of strategic economic sectors, which eventually accounted for a substantial portion of the economy. This included the banks, the oil industry, the generation and distribution of electricity, telecommunications, cement, extractive industries such as mining, steel and aluminum manufacture, all taken over in the 2006-2007 period.

It should be added though, that in contrast to other revolutionary governments like Cuba, Chávez's nationalization was sui generis in the sense that his government bought, often at inflated prices, the capitalist enterprises instead of confiscating them.

### **Attempts at Popular Power**

The 2002 events also radicalized substantial sections of the population. Expressions of this were the emergence of forms of workers' control in certain industries such as aluminum and of cooperatives in other sectors. Popular grassroots organization, such as the consejos comunales and the comunas, emerged to administer a number of tasks at the community level.

The Chávez government initially supported many of these popular initiatives. One example was the Missions, created as the first stage of the participatory democracy promised by the 1999 Constitution. They were expected to function as organs to distribute government resources particularly in the areas of health, education and welfare based on direct and grassroots democratic participation to bypass the ossified structures of the pre-Chávez state bureaucracies.

As Gonzalez points out, however, these new institutions such as the Missions became organs of patronage, conduits for state investment and government decisions. (43) Chávez's successor, Nicolás Maduro, announced the formation of new Missions, all of which would be placed under the control of a single new ministry.

The community-based consejos comunales and the comunas followed a similar fate. All are administrative arms of the state with neither autonomy nor economic independence. (127-128)

As the Venezuelan Marxist social scientist Edgardo Lander has noted, these popular organizations generally do not include all the people living in a neighborhood, but only the supporters of Chávez (and Maduro). This conception points towards clientelism rather than towards a grassroots, participatory democracy inclusive of all people and not just the adherents of a particular political point of view.

By 2007, the number of people in cooperatives had fallen dramatically and attempts at developing forms of workers' collective ownership and establishing workers' control of factories dwindled. In Alcasa, the aluminum factory originally under workers' control, production devolved into a number of coops that became essentially small businesses.

For Gonzalez, Chávez's insistence on maintaining control from above was particularly visible in the government itself: highly placed functionaries were replaced and appointed by Chávez with no publicly accountable mechanisms for hiring and firing. (43-44) The new appointees formed a new layer of young state functionaries who came from poor backgrounds, were unconditionally loyal to Chávez and his inner circle, and were trained and politically educated in Cuba.

For Gonzalez this underlines the substantial influence of the Cuban government in Venezuela in moving the PSUV — the United Socialist Party that Chavez formed after he came to power — towards the highly centralized and bureaucratic model of the Cuban Communist Party, and particularly in the areas of intelligence, policing and social control. (111, 115).

Yet Chávez's government achieved an important reduction in poverty and was undoubtedly quite popular. He (along with Maduro) was nevertheless opposed by a heterogeneous political coalition disproportionately composed of the whiter and more economically prosperous sections of society and animated, to a considerable extent, by conservative, if not outright reactionary political impulses. The more right-wing sectors of the opposition have also been willing to resort to illegal methods of street warfare and even coups to obtain power.

For this reviewer, however, the regressive politics of this internal opposition does not negate, nor does it justify, the authoritarian tendencies of Chávez's (and Maduro's) rule.

Chávez's re-election, for example, ran contrary to the long Latin American democratic and progressive tradition that goes back to the Mexican Revolution's slogan of "sufragio efectivo, no reelección" (effective suffrage, no reelection).

More ominous was the fact that the Chavista-dominated legislature willingly gave up a substantial part of its responsibility and power by allowing Chávez to rule by decree even in non-emergency situations. Even worse was Maduro's decision to bypass the democratically elected National Assembly in December 2015, where the opposition had just gained a majority in the elections, in violation of the democratic rules that the government had committed itself to respect.

Maduro called instead for a Constituent Assembly. In violation of the constitution approved under Chávez, there was no preceding referendum to approve the call for a new constitution.

To assure his control over the Constituent Assembly, Maduro introduced the undemocratic corporatist provision to have one-third of the members chosen by seven social sectors he selected, which were favorable to the government, such as pensioners. Mike Gonzalez points out that this election excluded five million voters from participating and favored the rural areas where Chávez had done best in previous elections. (131)

## **An Explosive Crisis**

Maduro, certainly a less charismatic and politically talented leader than Chávez, was confronted soon after his accession to power in March, 2013 by a catastrophic economic crisis that led to an uncontrolled skyrocketing inflation, growing government debts, low monetary reserves, a serious scarcity of consumer goods and the departure of millions of Venezuelans for abroad — primarily for economic reasons, and to a lesser degree due to the lack of physical security in what has become one of the most violent countries in the world.

The crisis is surely connected with the precipitous fall of the price of oil — the cornerstone of Chávez's developmental strategy — in the world market, although prices have recovered somewhat since the worst of the crisis.

In addition, Washington has been economically harassing the Venezuelan government at every turn, as in the series of sanctions that Donald Trump decreed against Venezuelan functionaries and the government. These include the freezing of U.S. assets of Venezuelan individuals, barring U.S. companies from buying debts or accounts receivable from any Venezuelan government institution, and adopting restrictive measures against Venezuelan international transactions in oil, gold and crypto currencies.

The political offensive organized by the so-called Lima Group composed of several, mostly conservative, governments in the western hemisphere that refuse to recognize Maduro's new presidential term, is very worrisome too, particularly as it creates fertile ground for an internal coup in Venezuela with U.S. support.

Yet as Gonzalez points out, the current economic crisis is to a great extent the outgrowth of the seeds planted by Chávez's chaotic and corrupt oil-dependent government involving elements of the traditional bourgeoisie and the boliburguesia that he created. Much of what Maduro's government has described as an "economic war" inflicted by his opponents on Venezuela is thus the outcome of a variety of economic problems that are to a large extent self-inflicted.

As a major form of capital flight, Gonzalez points out to the many dollars that Chávez's and Maduro's governments provided for imports that ended up being banked in the United States. These were used for the private purposes of both the traditional bourgeoisie and Chávez's boliburguesía in order to exploit speculative opportunities that have been far more lucrative for them than productive investments. (117).

To that effect, Gonzalez cites the specific case mentioned by Venezuelan Marxist economist Manuel Sutherland involving the increase of meat imports by 17,000% between 2003 and 2013, while in the same period meat consumption fell by 22%. As with many other consumer items, it is likely that the meat was diverted to the Colombian market, where a lot of consumer goods intended for Venezuelans end up in the search for illegal private profit.

Besides corruption there is the problem of economic chaos: Oil production has seriously declined due to a lack of investment in plant and infrastructure, particularly after a big fire at one of the plants, which some believed was caused by sabotage.

Other state-owned industries, such as iron, steel and aluminum are paralyzed by the lack of spare parts for machinery, the absence of raw materials, and the failure to invest over time. (125)

In addition, there has been much waste as a great deal of capital has been invested in ill-conceived infrastructural projects or, for example, in the sugar refinery in Barinas province that never opened, while leading Chavistas enrich themselves at state expense. (119)

In a desperate move to solve the growing economic crisis, Maduro has begun the large Arco Minero plan, an enormous extractivist project to attract foreign capital in an area equivalent to 12% of Venezuelan territory. This area is the country's principal source of fresh water. In addition it has large quantities of minerals, oil and gas.

Chávez himself had years earlier rejected a similar proposal, on environmental grounds and in recognition of the right of the indigenous peoples in the area. (130)

To top it all, agriculture is doing very poorly due to a shortage of expensive fertilizer, lack of state investment, and neglect by the large landowners. (124) This is an all too typical situation among oil-dependent states that don't develop other economic activities to compensate for periods of low prices in the inevitable cycles of the international oil market.

## **The Case of Bolivia**

The Pink Tide in Bolivia reached a peak with the 2005 election of Evo Morales as President with 54% of the vote. This was the result of the dramatic succession of large-scale massive struggles from below during the preceding decade, animated by a popular ideology described by Gonzalez as regional, nationalist, communal, and in many cases syndicalist. (73)

This wave of struggle came in response to the onslaught of a series of neoliberal policies introduced in Bolivia in the eighties and nineties that privatized much of the economy, including the selling off of all publicly owned utility companies such as electricity, telephones, railways, and especially the Bolivian national oil company YPFB.

Initially there was little resistance to these changes for a number of reasons, including the fact that the power of the very influential miners' union and COB, the trade union federation under its influence, had greatly declined with the dismantling of the mining industry and the migration of its social base to other parts of the country.

The vacuum was filled by the peasant federation CSTUSB (Unified Syndical Confederation of Rural Workers of Bolivia), much influenced by the politics of ethnic identity (54-55), which assumed the leadership of the resistance with the active participation of the new militant teachers and workers in small factories.

Their struggles were often successful, such as the one against the privatization of water in the city of Cochabamba in 1999, which included indigenous and community organizations, market traders, coca farmers, organized workers, students and civil servants.

There was also the Gas War of 2003, caused by neoliberal President Gonzalo Sánchez de Lozada's decisions to export and hand over control of Bolivian gas to foreign multinationals, and to arrest an important community leader, which provoked a virtual insurrection centered in the city of El Alto (located near the capital of La Paz) and a call for a general strike.

Barricaded highways stopped all traffic into the capital and protesters blockaded the airport located in El Alto. The Lozada government used tanks and helicopters against the mass protest. But the government began to fracture under the overwhelming popular pressure and was replaced by Carlos Mesa, who opted for a policy of compromise and concessions to appease the rebellion.

Evo Morales, the leader of the coca growers and of the broad-left party MAS (Movimiento al Socialismo) initially supported Mesa. He withdrew his support in March 2005, as a second water war developed in El Alto over a new government contract to a private water company, and after Congress approved a new Hydrocarbons Law that stipulated low royalties and taxes. The law failed to meet the expectations of even the more conservative section of MAS.

Eventually, in the midst of a climate of popular mobilization, elections were held on December 18, 2005 and Evo was elected president with an absolute majority. In contrast to the left wing of MAS that argued for the full nationalization of the oil and gas industries, Morales pushed for legislation that fell short of nationalization and instead gave the state more power over these industries in order to extract more income through increased prices, taxes and royalties. (78)

This policy, combined with the new government's fairly orthodox fiscal and monetary practices successfully produced significant economic growth and welfare services. The power of the indigenous groups was also expanded and the social mobility of the Bolivian Indians grew.

As Gonzalez points out, however, Morales' extractivist and developmentalist strategy has recently run into a wall as a result of the decline since 2016 of oil and gas prices in the international market. As a result, imports have declined by 20% leading to a substantial decline in economic activity and consumption.

In addition, his indigenous and environmentalist platform has become burnished and lost credibility. His government's decision to build a highway through the indigenous territory of the Isidore Sécuré National Park (TIPNIS) provoked an important protest by Bolivian indigenous groups.

Morales is also confronting serious political problems: having lost his bid to run for a third time for the presidency of his country in a national referendum called by his government in 2016, the recently established Electoral Tribunal (clearly dominated by Evo Morales) overruled the results of the 2016 referendum to allow Evo to run for President again.

As Mike Gonzalez observes, in the context of the Bolivian process this is a betrayal of the revolutionary impulse and radical democratic practice of the movement that brought Evo to power. (90)

## **Conclusion**

Mike Gonzalez criticizes the general failure of Pink Tide governments to divert part of the surplus from their export of commodities, especially when prices were high, into expanding alternative areas of production instead of having them totally channeled into consumption.

He notes that the same failed strategy continues even now that the expansion of mining and other extractive industries has slowed down with the decline of the Chinese economic boom in recent years. And while there has been a gradual increase in internal trading within Latin America, there has not been much interest on the part of those Pink Tide governments in economic integration to complement each others' economies in a more effective way and independently of imperialism — possibly because they perceive such integration as a surrender of their national sovereignty.

In any case, Gonzalez concludes that the extractivist developmental strategy of the Pink Tide governments has essentially worked to renegotiate neoliberal terms of their relationship with international capital and the imperialist powers rather than to create a new economic rationality and order. (163-165)

Gonzalez laments much of the international left's failure to offer positive criticism of extractivism. He finds an important part of the left, instead of learning how to transform this strategy into one capable of constructing socialist economies that are democratic and that work, intent on apologizing for Pink Tide governments.

Gonzalez shows how the exaggerated claims made by the left on behalf of the Chávez and Maduro governments proved to be ill-founded and a serious misreading of what was happening in Venezuela. That is why he insists that "truth is the first guiding principle of any revolutionary theory." (44)

This apologetic tendency has been equally disastrous in the case of corruption in Brazil. Much of the left has upheld the images of Brazilian presidents Lula and Dilma Rousseff as activists of the original PT (Workers Party) arguing for a revolutionary transformation of Brazil that would be untainted by Stalinism.

The PT in power, however, did not attempt any kind of fundamental social transformation. At most, PT governments established a system of individual payments for the poor, without having stemmed the sources and causes of their poverty, while making deals and protecting the interests of those in power.

The left, argues Gonzalez, must defend progressives and socialists against attacks from the right but not cover up their mistakes and corruption. There is no such thing as right or left wing corruption, he notes — just corruption — and corruption may in fact be successfully used by the right to discredit the left, as in the election of the Brazilian far right president Jair Bolsonaro.

The main issue underlying corruption, Mike Gonzalez concludes, is the absence of transparency and accountability as measures of public office, features that are always critical to democracy. (173-74)

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By Mike Gonzalez

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