

The Paradoxes of Latin American Development

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Introduction

Latin American development presents us with a rich array of paradoxes, which befuddle the predictions, prescriptions, and commentaries of writers and academics from the right and left. Abrupt changes and shifts in the political correlation of forces is matched by striking structural continuities. Political advances alternate with sharp reversals as popular movements compete for power with resurgent ruling class-directed mass mobilizations. Breakdowns in the financial and productive systems, the flight of capital and the demise of ruling class regimes are followed by strong capitalist-led economic recovery, the resurgence of business-led movements and the restoration of capitalist hegemony over the petit bourgeoisie. Horizontal class anchored movements and trade unions, which overcome ethnic, regional and local divisions to challenge the capitalist state are displaced by vertical divisions in which mass-based regional and sectoral capitalist organizations compete over profits. Hegemonic leadership over vast sectors of the lower middle class, urban and rural poor oscillates between the downwardly mobile proletariat, organized public employees, peasantry, and in some cases, the urban unemployed, and organized agro-export elites, financial and mineral-based multinationals led by big business backed radical right wing middle class demagogues. Economic recovery and sustained and substantial growth rates strengthen the political and social power of the ruling class which contributes to extending and deepening inequalities which exceed those preceding the economic crisis. The political pendulum shifts from radical left influence ‘in the streets’, to center-left institutional power, to a resurgence of right-wing ‘street’ and institutional power. Mass social movements, which occupy and organize failing factories and unproductive landed estates, are replaced by the restoration of the previous factory bosses and the forcible displacement of peasants and the vast expansion of agricultural export commodities.

As US hegemony in Latin America becomes less profound and pervasive, Latin America’s local brand of neo-liberalism expands and goes global. The onset of the US recession and financial crisis has little or no effect in slowing Latin America’s export boom, demonstrating the growing de-coupling of the two regions’ economies, rendering obsolete the long-standing cliché...”When the US sneezes, Latin America catches pneumonia.”

The Class Dynamics of the Resurgent Right

One of the key factors driving the resurgence of the right, the weakening of the self-styled ‘center-left’ regimes and the isolation and decline of the radical social movements in the first decade of the new millennium, is the ‘primarization’ of the economies. The primary economic sector, namely agriculture and mining, is dominated by big national and foreign agro-mineral corporations who also lead ‘peak’ business and financial institutions and exercise hegemony over local and regional governments and their employees. Favorable world prices and the opening of new dynamic overseas markets as well as large inflows of foreign investments into the primary sectors have vastly increased the role of agro-mineral elites in the economy and increased their demands for greater influence over national economic policy. The growing centrality of agro-mineral sectors and its ‘satellite’ industries (finance, commerce, farm machines, infrastructure and construction) has shifted the axes of political power from center-left alliances of urban middle class-working class and rural/urban poor to agro-mineral led mass power-bloc

embracing urban small business, professional organizations, rural middle and even small farmers, disaffected urban consumers and fixed salaried employees suffering the ravages of high inflation.

The right wing-led primary sector elites are the foremost exponents of ‘free market’ policies, independently of the decline of influence of the IMF and World Bank, as their basic strategic goal is unrestrained access to overseas markets and importation of capital and consumer goods at the lowest competitive prices. Domestically the agro-mineral elites and their collaborators among the financial, commercial sectors demand the end of government regulation, lowering or elimination of export tariffs, an end of revenue sharing with the national government and the reinvestment of trade surplus in infrastructure projects facilitating exports and earnings.

The shift in power from the radical left to the center left to the right follows closely the fortunes of capital. The radical-left dominated the street and exercised a virtual veto on economic policy and influenced ‘regime change’ at the height of the economic and political crises and breakdown of neo-liberalism at the turn of the 20th century. The center-left emerged from the stalemate between the social movements and the ruling class during the crises: The radical left was able to block capital rule but unable or unwilling to replace it and the ruling class occupied the strategic positions in the economy but was unable to rule. The ‘center-left’ was essentially a ‘transitional regime’ born in the aftermath of the crises and breakdown but only able to survive if and when it was able to adapt to the demands of agro-mineral elites emerging out of the economic boom of the post-crisis period. The ‘center-left’ regimes’ pursuit of policy adjustments and structural continuities created its ‘grave-diggers’ on the right. Secure in their support from the privatized strategic financial, agro-mineral and industrial sectors, the center-left implemented a series of fiscal, monetary and labor policies which ‘force-fed’ the re-launching of capitalist growth. Favorable world market conditions biases the center-left regimes to adopt the primary sector’s growth strategy, independent of the fact that their electoral base was opposed to the leading elites in the primary sector. The center-left operated with a static view of the post-crisis balance of power between the mobilized poor and resurgent bourgeoisie: They envisioned a ‘productive alliance’ where they could harness wealth and revenues generated by a ‘free market’ primary sector to social welfare payments pacifying their mass base. The strategy fell apart from the moment the primary sector boom took off and the resurgent agro-mineral elites flexed their political muscles based on record high profits. The right-wing primary sector elites refused to play along with the ‘productive’ alliance and ‘share the wealth’ policies of the center-left regime. Unable to put the genie back in the bottle, the center-left became a political captive to the resurgent right, back tracking on promises to its mass base and unwilling and unable to protect its supporters, let alone mobilize them against the institutional and street violence of the primary sector’s right-wing shock troops.

The Resurgence of Free-Market ‘Neo-Liberalism’ and the Decline of Social Movements

The ascendancy of the kingpins of the primary sector-driven economy has had important repercussions over the macro-economic and political map.

First and foremost, the right has captured political power in the dynamic agro-mineral regions, and with the windfall profits and local tax revenues, have been able to fund local welfare projects, which mobilize the great majority of the local population in support of their ‘regionalist’ agenda. In so doing they have been able, to a great extent, to turn class conflict into sectoral/regional conflict.

Secondly, regional leverage and the increasingly strategic role of the rightist-dominated regions in the national economy has resulted in greater political influence on national politics. In particular, important economic elites in the capital cities, particularly in the finance and commercial (export-import activities) sectors have joined forces to undermine the center-left regimes. The result has been the increasing ‘bending’ of the vulnerable center-left regimes to the

more radical deregulatory demands of the agro-mineral sector. The problem facing the center-left regimes is that the resurgence of the Right takes place at a time when inflationary pressures are forcing organized labor to demand greater salary increases, especially in light of the past 5 years of rapid growth and growing inequality. The result is a three-cornered conflict in which the center-left regimes face opposition from its former popular base, and have been abandoned by the provincial and capital city middle class.

The regulatory measures, which the center-left introduced in the face of the crisis earlier in the decade, are now being eroded. Their weak efforts to ameliorate extreme poverty and to finance urban employment are being undermined by a self-confident and assertive agro-mineral right, which correctly sees itself as the dynamic center of the center-left export-led development strategy. The dependence of the center-left on the primary sector and its failure to introduce structural changes in land tenure, mineral and energy control were crucial to the powerful resurgence of the Right. The center-left's refusal to re-nationalize the strategic economic sectors privatized during the previous decade and its strategy of political demobilization of the popular movements have dramatically shifted the balance of political power to the right.

The Demise of the Peasant and Indian Movement

By the turn of the millennium peasant and indigenous movements were playing a major role in some countries in Latin America. In Bolivia, Ecuador, Colombia, Mexico, Peru, Brazil, Central America and Paraguay, peasant and Indian movements played a major role in either overthrowing neo-liberal regimes, building powerful regionally-based movements with an impact on national policy, helping elect center-left presidents and, in a few cases, providing mass support for guerrilla movements. Most of these social movements were effective 'veto groups' in the making of a national political agenda. As important political actors, these movements were much sought after allies by self-declared center-left electoral politicians and parties to counter-act the patronage politics of right-wing agro-mineral elites. The moment of triumph of the movements, their recognition as central actors in national politics, as potential makers and breakers of the electoral fortunes of urban-led political parties and leaders, was also the beginning of the end of their role as representative agents of the mass base.

Peasant and Indian leaders succumbed to blandishments or political favors, government jobs, EU/North American-funded NGOs and micro-loans administered by international overseas banks. Movements and leaders witnessed their center-left political allies turn to the right, embracing the agro-mineral export strategy and abandoning promises of land reform, food security and funding for cooperative agriculture. The result was the visible loss of political initiative, internal divisions and mass defections and, in some cases, the transformation of the movements into transmission belts of official policies leading to partial demobilization and the loss of 'street power'. Above all the turn and emphasis on 'autonomy' and ethnic politics, promoted by the NGOs and their EU and North American funding agencies caused the Indian movements to move away from class politics in favor of regionalist/separatist politics. This shift to identity politics isolated them from the trade unions, miners and urban working class and provided the powerful regional agro-mineral elites with a pretext to seize control over the most productive and rich regions of the country, containing the most fertile soil and concentrations of minerals and major gas and oil fields.

Despite the advanced state of decay and disarray of the peasant and especially Indian movements and their increasingly isolated and marginal role in national politics, an army of leftist and progressive journalists, NGOers, academics, and writers continued to prattle on about 'Latin America's powerful social movements', a 'pink tide', the 'advance of the Left' and so on. As the agro-mineral Right in Bolivia passed separatist referendums in provinces which they dominated, and peasants and Indian supporters of the central government were savagely beaten by neo-fascist

thugs backed by the provincial separatist regimes, the Morales-Linares regime abandoned any pretext of defending the physical security of its followers while making every effort to placate the agro-mineral elite. In Ecuador, subsequent to the Indian movement CONAIE's disastrous (2003) electoral alliance with pseudo-populist-turned rightist President Lucio Gutierrez, the movement declined, divided and demoralized its mass base, reaching its nadir in the 2007 vote for the constituent assembly where it secured 2% of the vote for its candidates. The Zapatista Indian movement self-marginalized itself by refusing to support multi-million person protest movement against the presidential fraud of 2006, and by giving minimum token support to the mass urban-rural uprising in the Mexican state of Oaxaca which lasted 6 months under severe state repression.

Social Movement Retreat from National to Local Actors

In the latter third of the present decade, in the face of the ebbing of the Left movements and the demise of the center-left regimes and the resurgence of the hard right agro-mineral elite, the rural social movements have retreated toward local, sectoral struggles, the urban trade unions and movements toward economic-salary struggles and the Indian movements to defensive survival struggle against the dynamic expansion of soya plantations, timber exporters, and mineral and oil multinational corporations. The leading rural movements, like the MST in Brazil, have experienced as many government evictions of land squatters as land occupations. The CONAIE in Ecuador, and the Indians of Chiapas have seen many more of their supporters abandon their ancestral lands, their farms and even the country than have joined the movements. The peasant and Indian federations of Bolivia have witnessed the vast expansion and enrichment of the agro-business export elites, while poverty levels persist at over 65%, forcing massive outward migration overseas.

The dual reality today is the retreat of the Indian and peasant movement and the resurgence of the agro-mineral ruling elites, both reflecting the enormous impetus given to this economic polarity by the center-left's promotion of primarization of the economy.

Latin American Paradoxes: Leftist Electoral Victories and Rightwing Power

Contemporary Latin America can best be understood by examining its most salient paradoxes and identifying the basic contrast between the proclaimed appearances and the empirical realities. Over the past three years the most powerful and organized civil society movements are organized by right-wing urban big business, agro-business elites backed by substantial numbers of the private sector middle class, small farmers, retailers, civic associations, transport owners and professional organizations. In contrast the rural and urban social movements of the poor organized by the left are in retreat, immobilized or in a 'defensive mode'. The resurgence of the right takes place in the context of left-center regimes whose policies have demobilized the movements via co-option, stimulated an economic recovery which has in turn raised expectations and demand from the right for greater 'autonomy', regional power, more lucrative concessions and lower taxes.

A brief survey of Latin American in 2008 of all the major countries confirms the new paradigm of a resurgent right.

Bolivia: By the end of June 2008, the right-wing fully controlled the governments in 5 provinces, ran and won referendums in 4 provinces, dominated the 'streets' and plazas through aggressive 'civic organizations', periodically engaged in violent attacks on assemblies of Indians, trade unions and had the power to call effective general strikes and lockouts closing down the economy. Led by the agro-business oligarchy of Santa Cruz, they set up a parallel government to negotiate tax collection, foreign economic policy and to force the national army and police to abide with its policies. The result is that the Rightist regions now control over 85% of the gas

and oil exports and reserves, 80% of agro-exports and most of the financial and commercial institutions. Popular left organizations have been manipulated and divided by the Morales-Garcia Linera regime, undermining their capacity to counter the rightist resurgence. In June, the mining federation – or at least a majority of its delegates voted for a general strike to be held in July against the resurgent Right and the impotent Morales regime.

Argentina: Throughout the first half of 2008, the leading agro-business enterprises with strong support from the provincial bourgeoisie, small and medium farmers organized massive and sustained lockouts, a multitudinous demonstration of 200,000 in Rosario and forced the Cristina Kirchner government to renegotiate a tariff tax on the windfall profits of grain and soya exports. The right-wing leaders of the boycott succeeded in weakening the popularity of the ‘center-left’ regime, calling into question its authority and ability to govern, while building political alliances with the urban financial and commercial sectors. Equally important, the scarcity of food (meat and grains) led to price rises, fueling inflation and provoking widespread discontent among the urban poor. There was little backing from the popular urban movements either in support of the ‘center-left’ regime or opposition to the rightist road blockages and boycott, except among sectors of the truckers unions. Clearly the rightwing agro-export-led hegemonized rural movement has replaced the unemployed workers movements as the dynamic sector of extra-parliamentary politics. As a consequence of the weakening of the center-left, the right-wing orthodox neo-liberals are likely to become the electoral beneficiaries.

Brazil: During the first six years of the Lula Da Silva presidency, right-wing business and banking leaders and advisers have dominated all the strategic economic positions in the government. The major ‘movements’ in the country-side have been totally dominated by the soya, timber, sugar-ethanol elite who have dispossessed small farmers, Indians and subsistence peasant in expanding their production of bio-fuel crops and other agricultural exports. The Rural Landless Workers Movement (MST) has seen its social actions criminalized, tens of thousands of their organized land squatters evicted, their makeshift shacks burned and crops uprooted by military, municipal and state police and private armies of agro-exporters. One of the driving forces of the agro-export boom has been large-scale, long-term foreign investment in millions of acres of fertile lands, food processing plants, ethanol refineries and storage and shipping facilities. Under Lula Da Silva millions of acres of the Amazon region have been stripped of the tree cover and thousands of indigenous people and poor land settlers have been evicted. At best the MST has been engaged in defensive struggles, declining land occupations and symbolic protests against biotech agriculture and ecological destruction. In contrast to the dynamic expansion of the capitalist-led land takeover movement receiving powerful financial and police support from the Lula regime, the popular movements are in retreat, under vigilance and subject to ‘heavy’ repression, incarceration and assassination if and when they engage in ‘direct action’. The Lula regime, which came to office with the powerful backing of the trade unions, the MST, public sector unions and popular social movements, has become the leader of the resurgent, elite-led agro-export movement. Lula has eliminated the MST and trade unions’ political options and opened the way for the reaffirmation of ruling class hegemony.

Venezuela: After the Venezuelan right suffered a series of severe setbacks, namely the defeat of the military coup of April 2002, the bosses’ lockout of December 2002-February 2003, the referendum of 2004 and the presidential elections of 2006, they returned to the streets in 2007 and secured the defeat of the Chavez referendum in December 2007 by the narrowest of margins (less than 1%). The right-wing in Venezuela has, over the past decade, retained a mass extra-parliamentary presence and a well-funded network of NGO’s which train and engage in wide ranging street demonstrations, aided by US overseas agencies. The Venezuelan Right has combined electoral and extra-parliamentary action, violent terrorist and non-violent mass protest, alternating according to circumstances and opportunities. Taking advantage of concessions from the government, including regime amnesty of the coup participants, rising inflation and

opposition-induced shortages, the right is aiming to win local and state elections scheduled for November 2008, where they hope to win a significant minority of state and municipal elections. Coming off from their leadership in the elite-dominated public and private university student movements and their solid business-agro elite base, the right hopes to repeat their first electoral success in the 2007 referendum. The government and its new mass party, PSUV (United Socialist Party of Venezuela), faces a rejuvenated right, strengthened by the Colombia-US sponsored infiltrators and agitators in the poor neighborhoods capable of violent disturbances and promoting separatist movements, especially in the oil-rich state of Zulia.

Ecuador: The popular uprising of 2005 ousting right-wing President Lucio Gutierrez, the subsequent election of Rafael Correa and the twin victories in the referendum for a new constitution and the constitutional convention delegates (October 2007) all but eliminated the traditional right-wing parties. Having decisively lost their electoral bastions in the legislature and Presidency, the political right launched a large-scale regionalist-separatist 'autonomy' movement based in Guayaquil led by its major. In early 2008, they mobilized 200,000 rightist loyalists in an effort to pressure the constitutional assembly. Even more seriously, the military and its intelligence agencies, working closely with the CIA and the Colombian military, withheld information from President Correa regarding Colombian President Uribe's violent intervention and bombing of Ecuador's frontier region in pursuit of FARC guerrillas. In response Correa fired his Defense Minister and the head of military intelligence as well as replacing the head of the armed forces. The key to the resurgence of the right in Ecuador is the fact that the powerful coastal banks, industrial and financial groups have remained intact, as well as the major foreign-owned petroleum multi-nationals, which control 56% of oil production. The major private mass media allied with the Right dominate the airwaves in the absence of any major government media outlet. While Correa correctly eliminated the most egregious pro-imperialist military officials, the civil and military institutions of the state continue to be honeycombed with appointees from the previous right-wing regimes. If Correa currently dominates the executive and legislature, the Right has demonstrated its capacity to launch a powerful regional-based civil society movement and retain ties to key military sectors. The growth of the Right in civil society occurs at a time when the principal left civil society movements (the Indian movement CONAIE and the petroleum workers trade unions) have been weakened and neglected or marginalized by the Correa regime, making it vulnerable to extra-parliamentary attack.

Colombia: Colombia is a country where the extreme right has made its greatest gains both within the government, civil society, the class struggle, and in relation to its neighbors. With the election of Alvaro Uribe, Colombia witnesses the systematic extension of death squad activity linked to a mass urban middle class movement and the forcible recruitment of tens of thousands of rural informers under threat of torture and death. Backed by over \$6 billion dollars in US military aid, thousands of North American advisers, and the latest in electronic detection technology from the US and Israel, the regime has driven over 2 million peasants out of the countryside into urban slums or over the border. The re-election of Uribe was accompanied by an increase in the armed forces to 250,000. The center-left mayors and congress-people of the Polo Democratico are totally impotent to prevent weekly massacres and are unable to block the enactment of a proposed bilateral free trade agreement with the US. The regime has militarized most of the countryside, isolating and destroying peasant and trade union organizations.

By 2005 the Colombian right was infiltrating paramilitary forces into Venezuela to destabilize the Chavez regime. They organized the kidnapping of a FARC spokesperson in downtown Caracas. The culmination of Colombia's projection of regional power was the bombing of a FARC encampment in Ecuador, identified by the US and Colombia in the course of international negotiations over hostages and prisoners brokered by Chavez. As a result, Chavez bent to Uribe's pressure and publicly attacked the FARC calling on it to disarm and unconditionally submit to the terms dictated by the Colombian government. Today Uribe

mobilizes 1.5 million supporters while the center-left can count on 200,000, while the left popular movements are in retreat.

Far from a period of left advance, Latin America is in the midst of a resurgent right, in civil society and in the electoral arena, in large part thanks to the economic boom, which (together with the consolidation and promotion of their economic backers in agro-business, finance and mining) now threatens to displace the center-left regimes. The growing 'white-tide' has laid the groundwork for a new form of joint imperial-oligarchic hegemony if and when the US recovers from its recession, financial crisis and the military quagmire in the Middle East.

The Paradox of Autonomy

The second paradox is located in the leftist or center-left proposal for 'autonomy', which has strengthened the right and the regional economic elite and weakened the central government and national popular movements. What started as a leftist-indigenous demand for a pluri-ethnic state based on 'regional autonomy' has evolved into the platform of the rejuvenated right – demanding regional autonomy in order to exclusively control and exploit agro-mineral rich regions. The slogan for 'autonomy' raised originally by Indian-led movements and backed by US and European-funded NGO's envisioned local ethnic self-government free of central government tutelage. The problem is that the most prosperous, revenue and resource rich areas are precisely the regions where the Indian communities do not dominate and in which wage labor and commercial relations have largely dissolved traditional indigenous 'reciprocal relations'. With the ascendancy of Left-center government the issue was capturing additional revenue from the resource-rich, white oligarch-controlled regions in order to finance the development of the poorer regions where Indians predominate and to resettle poor and landless Indians on to fertile lands and to provide them employment in productive industries and mines. Instead, regional autonomy has essentially confined the Indians to their infertile and remote mountain regions to administer their own misery and receive little state aid generated by the enormous profits from mining and agro-exports. In contrast, once having lost influence or direct control over the central government, the rich regions dominated by the agro-mineral and financial elites have seized upon the Indian rhetoric of 'autonomy' to move toward de fact secession and monopolize locally generated wealth and revenues against any federal revenue sharing.

The vagueness of the entire 'autonomy' and 'local government' rhetoric failed to analyze the classes, which would benefit from the devolution of power and resources. Moreover the uneven development of regions and unequal distribution of wealth precluded any possibility of an equitable policy favoring the least developed and low-income regions. Regional autonomy, which first appeared (or was discussed) by the NGO community as a way of redressing historical injustices among the Indians, had the opposite effect of denying a majority the fruits of its achievement of national power. The divorce of poverty-stricken Indians from regions of high growth and fertile lands and rich mines was a result of their historical dispossession by big landowners and mine owners; and even earlier the flight from colonial predators in search of indigenous people for forced labor. The progressive demand is not to 'empower' the poor in their impoverished regions but to demand the devolution of lands via an agrarian reform and the expropriation of mines as real mechanisms to create class empowerment. The center-left regimes refuse to expropriate, resettle and empower the poor; instead their policy of 'autonomy' preserves existing elites and property historically cleansed of indigenous peoples and encloses the Indians in their unproductive mountain enclaves and slums. Worst of all, regime autonomy rhetoric played to the hand of the Right, allowing them to seize political control over their prosperous regions at the expense of the federal government.

The Paradox of Popular Electoral Support of the Rightist Resurgence

There is no doubt about the leftist appeals of the center-left politicians and regimes. Studies of the electoral results demonstrate conclusively that their main base of support came from the rural and urban poor, the lower middle class and the organized social movements and trade unions. The driving force of political regime change from the neo-liberal right to the center-left was the deep economic crises precipitated by the unregulated market, wild financial speculation and great concentrations of wealth in the midst of a systemic crisis. Yet it is precisely the popular electoral base of the center-left regimes, which have benefited least from the economic recovery, the commodities boom, and the relatively high growth rate. It is the formerly discredited economic elite, which has recovered its high rates of profits and managed to consolidate its possession of dubiously privatized assets. The center-left regimes have ‘closed the cycle’, which began with the end of the 90’s crises of neo-liberalism, leading to the discrediting of the rightist regimes and the decline of profits. This led to the emergence of powerful social movements, serving as the trampoline for the ascendancy of the center-left to power, the recovery, growth and now resurgence of the Right in both its economic and political expressions. All of this has taken place in less than a decade and far from the accounts of the myopic leftist commentators who still claim the ‘end of US hegemony’.

Paradox of Profits

The highest rates of private profits, growth rates, foreign exchange reserves and fiscal austerity have occurred under popularly elected center-left regimes of the 2000’s, not the neo-liberal rightist regimes of the 1990’s. In part this is because of the high world prices of agro-mineral exports, but it is also because of the political stability, economic incentives and fiscal policies of the center-left regimes. The center-left’s demobilization of the popular insurgency and the channeling of politics into established institutional channels has been viewed positively by both foreign and domestic investors, leading to the repatriation of capital. The regimes imposition of moderate wage increases at a time of expanding capital gains has increased profits and income inequalities. Equally important, the center-left regimes have reduced large-scale, long-term pillage of the economy and massive corruption, forcing capital to invest for profit rather than to rob the treasury. Corruption of politicians is now largely a means of greasing the wheels of investment. The greater growth of capitalism under the putative ‘center-left’ rather than under the neo-liberal right is partly the result of the turn from plundering existing resources to investing in ‘normal’ capitalism. In that sense the difference between neo-liberal right and the center-left is not over capitalism or ‘free markets’ – it is between capitalism that engaged in income from state ‘rents’ and a capitalism that grows via market transactions.

The Paradox of Center-Left Prioritizing Debt Obligations over Social Programs

The hard right prioritized its relations with the international lending agencies, depending in large part on debt financing for many of its investments in unproductive financial sector growth. The right-wing’s pillage of banks and destruction of savers’ confidence led to constant resort to the IMF and World Bank for bailouts, in the process subjecting the economy to onerous conditions limiting growth especially in the real economy. Rhetorically the center-left waged ideological warfare against the IMF and especially its conditionality and onerous debt payments, which it argued impoverished the working class. Once in power, the center-left moved quickly and decisively to pay down the official debt (in fact paying down the debt to the IMF and World Bank), claiming it was limiting their influence. In fact the center-left regimes increased their total private internal and external debt, loyally followed IMF-WB tight fiscal policies and programs on budget surpluses and retained ‘central bank’ links to the financial sector – calling this arrangement ‘autonomy’.

None of the center-left banks placed any restriction on debt payments – none gave priority to the ‘social debt’ over paying bondholders or creditors. The center-left were as prompt and punctual in meeting debt payments as the right had been – once payments were agreed. Argentina, which initially agreed to reduce the debt payments following the financial crises, followed up by agreeing to add or increase payment in accordance with its growth rate. In the subsequent 5 years of 8% growth, its foreign and domestic debt holders more than recovered what was initially deducted. Growth in debt payments and increases in foreign reserves far exceeded incremental increases in the minimum wage in all center-left regimes, making them attractive markets for overseas investors in their stock markets.

The Paradox of Declining Labor Militancy and Greater Dispossession Under Center-Left

There has been a decline in labor militancy and an increase in displacement of urban and rural workers under the Center-left regimes. The center-left with its influence over and cooption of trade unions and peasant leaders oversaw the decline of general strikes and robust politically motivated mobilizations for structural change, which characterized the earlier period of rightist rule. Factory occupations by unemployed workers came to an end in Argentina. Unemployed workers organizations ceased to block major highways. Employers filed claims to repossess occupied plants, and in many cases won judgments in their favor. Capitalist property was protected and functioned with fewer strikes and work stoppages. Land occupations by peasants were replaced by land dispossession by land speculators and agro-business investors. The commodity boom was accompanied by a real estate boom, leading to ‘urban development’ via the displacement of the urban poor from the shantytowns and the building of upscale high security apartments, shopping malls and business complexes. Under the slogans of ‘modernization’ and ‘development’ and easy credit, the center-left converted class-consciousness into consumer-consciousness especially for the organized better-paid unionized sectors of labor.

Paradox of Popular Classes Winning Elections and Losing Social Power

The election of center-left personalities led to the substitution of traditional politicians for grass roots social movement leaders and in some cases the social movement leaders were converted into establishment politicians. In either case, in political office the center-left politicians became apostles of the dogma of ‘representing all classes’ diluting their commitment to their original constituency and substituting Presidential decrees for popular consultations and downgrading the relevance of social power in the streets. The more sweeping the victory of the center-left, the less dependent on social movements, the further it drifted from the programmatic demands of the social movements. The popular organizations were badly compromised, having harnessed their followers to the center-left, were left with a disillusioned constituency with no alternative on the horizon, confined to extracting minor concessions.

Paradoxes of Economy: As Markets Grow – US Influence Declines

Latin American capitalism has become more ‘free trade’, more deeply integrated into the global market and exhibited higher growth rates at a time when US capitalism enters into recession and experiences stagflation. The old cliché: ‘When the US catches a cold, Latin America suffers pneumonia’, no longer holds. Latin America is increasingly ‘decoupling’ from the US economy in three directions: Increasing market ties with Asian and the European Union; expanding regional trade and deepening its domestic market. Given the commodity boom, ‘going global’ means higher profits, better market access and fewer restraints on achieving higher negotiated prices. As a consequence the declining centrality of the US market and political leverage means Latin American exporters can avoid non-reciprocal trade agreements with the US in which US quotas, tariffs and subsidies limit North-South free trade.

As the Influence of the IMF and World Bank Decline – Free Markets Grow

The huge trade surpluses accruing to Latin American agro-mineral exporters grow, the need to finance via the IMF and World Bank declines. Given the harsh conditions imposed by the IFI, Latin American governments can seek commercial financing or draw on local public and private self-financing. The greater domestic and international liquidity had facilitated increased financing of investment in the agro-mineral export sector, which in turn has stimulated more free trade agreements within Latin America and between the region and sub-region and the EU and Asia. The fact that trade barriers are falling as IMF-WB influence wanes, demonstrates that the ‘free market’ policies are endogenously designed and not ‘imposed’ from outside institutions. The ascendancy of the agro-mineral and financial ruling classes in Latin America and the higher profits accruing from wider unrestrained access to overseas markets are necessary and sufficient reasons for their embracing the free market policies, even as the IMF-WB experiences a decline in macro-economic influence.

Anti-Neo-Liberalism as Prelude to Virulent Growth of Neo-Liberalism

Practically all the regimes ruling Latin America from the center-left onward have attacked ‘neo-liberalism’ as the source of ‘mis-development’ in the run-up to elections. Once in power and confronted with the growth of world demand for export commodities and windfall profits, the ‘post-neo-liberals’ have embraced with greater fervor the turn to primary goods exports, the pursuit of reciprocal free trade agreements and the massive importation of finished goods – the typical pattern of the neo-liberal model.

Anti-neo-liberalism became a ritualized demonic icon as a past associated with discredited politicians and corrupted parties. Its invocation however serves to mystify the ‘faithful’ to the fact that the current regimes have taken the neo-liberal prescription further along the non-regulatory path. While castigating ‘old style’ neo-liberalism, the current regimes gain the political capital to promote the new dynamic contemporary version.

The Paradox of Growth and Hunger

The greater the agricultural growth, the greater the export earnings, the worse the inflation, the greater decline in food consumption, the greater the generalized discontent. The enormous increase in demand from the dynamic newly industrializing and mineral rich countries as well as the demand for ethanol from the imperialist West, the greater the growth in agricultural exports. The massive inflows of revenue and the decline of domestic food production as land is converted to soya, sugar and grass for foreign markets, the greater the disequilibrium between local food demand and supply, resulting in inflationary pressures. Inflation outruns wage increases, leading to greater social malaise, food riots, strikes and road blockages. Inflation polarized civil society in multiple directions pitting agro-exporters, transport, consumers, fixed economy pensioners, wage and salaried workers, weakening the leverage of the central government over the economy and eroding its popular and ruling class support.

The Greater the Call for Regional Integration, the Greater the Integration into the World Market

While there are numerous calls for ‘regional integration’, especially Venezuela’s projected ALBA, the principal direction of Latin American trade is toward the dynamic centers of world trade. Increasingly major economic enclaves in specific dynamic economic sectors and regions of Latin America have linked up with fast-growing Asian, European and Middle Eastern regions – far surpassing the rate of growth in intra-regional trade. US proposed regional trade agreement, ALCA, never got off the ground; the Andean union is in tatters as Colombia and Peru seek bilateral agreements with the US; Venezuela’s proposed ALBA includes only the marginal economies of Cuba, Nicaragua, Dominica and Bolivia, and most of the flows are from Venezuela

to its weaker associates, and its principle trading parties still include the US and now Asia, the Middle East and Russia. Ecuador, ostensibly a potential member of ALBA, prefers to maintain its ties with the US, a major buyer of its petroleum exports.

Social Paradoxes

The principal sites of Indian slave labor on haciendas in Latin America are identified to be Bolivia and Brazil: one country led by an 'Indian' president and the other, the former leader of a major trade union confederation. The most flagrant abuse of indigenous citizens protesting economic contamination and elite abuse is in the three 'center-left' regimes of Ecuador (mining centers), Bolivia (especially Santa Cruz) and Chile (scores of Mapuches in the South have been jailed by the 'Socialist' President). The more successful the economic recovery of the center-left regimes, the less support they receive from the middle class, the stronger the elite demands for greater concentration of wealth and the weaker the counter-response of the popular social movements. The center-left regimes have presided over dynamic growth and greater social polarities, which have dramatically shifted the balance of power to the hard right and hastened the demise of center-left political hegemony.

Hypothesis to Explain the Paradoxes

The contrast between the hopes and illusions and dismay resulting from left and right projection of Latin America's 'left turn' break will neo-liberalism and dynamic growth of popular social movements requires severe interpellation and raises important questions:

1. What accounts for capitalist recovery and expansion, booming exports, political demobilization of popular Indian, peasant and unemployed workers movements and political stability?
2. What accounts for large-scale flows of private investment and global integration at the expense of labor's share of income and regional integration?
3. What accounts for decline of US influence and the demise of ALCA even as neo-liberalism deepens and free market policies increase the contribution in foreign trade to CNP?
4. What accounts for the abrupt changes, in less than a decade (1998-2008), from what appeared the terminal crises of neo-liberalism, massive popular upheavals, center-left stabilization, economic recovery and dynamic growth under the aegis of free trade policies and the resurgence of rightist power? What accounts for the shifts in the axis of growth within the ruling class from finance and industry to primary sector exports as the driving force of the economy and the marginalization of urban-led social movements and middle class reformers?
5. What has class struggle politics declined in the face of the resurgence of patronage politics, backed and supported by many of the same formerly militant social movement leaders?
6. Why have vertical elite-led coalitions replaced horizontal intra-class alliances, in which cooption has undermined dissent?
7. Why has easy credit and high rates of consumerism blunted class conflict and emerged unchallenged from traditional trade union leaders?

Tentative Answers to Contemporary Latin American Paradoxes

Schematic form

Social How formal-symbolic power (institutional) leads to loss of substance/informal power for social movements ('recognition' but not substantive benefits or power to set government agenda or make legislation.

Why the 'crisis' of neo-liberalism in the late 1990's and early 2000 did not lead to a decline, let alone demise, of the ruling elite – difference between policy or regime failures and continuation of structural underpinnings.

'Crisis' political outcomes led to regime changes which adapted new 'anti-neo-liberal' rhetoric to policy adjustments within the structural paradigms and institutional setting established by previous neo-liberal regimes.

Post-crisis regimes combined (some carry-over) neo-liberals in crucial economic, financial ministries and central bank with new faces in social ministries administering policies targeting politically active social movements, their leaders and destitute mass constituencies.

The socio-economic result of this 'post-crisis' new policy configuration and political division of labor were favored by high world market prices and expanding markets and the relative weak bargaining power of newly incorporated workers to the largely contingent work force.

Strong prices and world demand for exports, the absorption of under-utilized capacity and the weak bargaining position of labor led to substantial economic growth, and the perpetuation and even increase in social inequalities.

Growth was financed by the capital-intensive agro-mineral export sector and the fuller utilization of existing productive capacity and partial re-investment of profits – not by any large-scale new private or public investment.

New horizontal and especially vertical divisions emerged as a result of the growth/inequality gap and the uneven growth of agro-mineral/urban service-industrial geo-economic sectors.

The right growth/social clientele model, high profit-stagnant wages model, led to increased socio-economic conflicts with organized labor over wages and mass popular consumer protests over inflation, high food and other basic prices.

The economic recovery and growth model powered by the agro-mineral export elite increased their economic weight in the economy and led to demands for greater political power in setting the terms for the distribution of profits between the agro-mineral sectors and the urban service/industrial financial sector.

The centrality of the agro-mineral sector in the post-crisis period found expression in 'regionalist' and in some cases 'separatist' or 'autonomist' movements, in order to monopolize high export earnings. A small percentage of the new windfall profits and the general income gains accrued to small and medium mine owners and farmers, facilitating the hegemony of the big agro-mineral corporate leaders and their political leaders in regional civic organizations and government.

The vertical divisions between rival center-city service-based elites and the agro-mineral rural elites, found expression outside of the constitutional, institutional and electoral framework.

The post-crisis regimes having overcome 'systemic' challenges from below, now face severe challenges from within the system over the distribution of wealth and power from regional-based power.

The richest and economically dynamic agro-mineral elites lead a 'rebellion' to gain hegemony over the urban-service partners in ruling over the entire country.

Struggles over decentralization and regional/sectoral conflicts are transitional steps toward reconfiguration and concentration of national power in the hands of the rich agro-mineral elites.

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