

Latin America:

Social Movements in Times of Economic Crises

James Petras –August 2009

The most striking aspect of the prolonged and deepening world recession/depression is the relative and absolute passivity of the working and middle class in the face of massive job losses, big cuts in wages, health care and pension payments and mounting housing foreclosures. Never in the history of the 20-21st Century has an economic crisis caused so much loss to so many workers, employees, small businesses, farmers and professionals with so little large-scale public protest.

To explore some tentative hypotheses of why there is little organized protest, we need to examine the historical-structural antecedents to the world economic depression. More specifically, we will focus on the social and political organizations and leadership of the working class; the transformation of the structure of labor and its relationship to the state and market. These social changes have to be located in the context of the successful ruling class socio-political struggles from the 1980's, the destruction of the Communist welfare state and the subsequent uncontested penetration of imperial capital in the former Communist countries. The conversion of Western Social Democratic parties to neo-liberalism, and the subordination of the trade unions to the neo-liberal state are seen as powerful contributing factors in diminishing working class representation and influence.

We will proceed by outlining the decline of labor organization, class struggle and class ideology in the context of the larger political-economic defeat and co-optation of anti-capitalist alternatives. The period of capitalist boom and bust leading up to the current world depression sets the stage for identifying the strategic structural and subjective determinants of working class passivity and impotence. The final section will bring into sharp focus the depth and scope of the problem of trade union and social movement weakness and their political consequences.

History of Economic Depression and Worker Revolts: US, Europe, Asia and Latin America

The social history of the 20th and early 21st Century's economic crises and breakdowns is written large with working class and popular revolts, from the left and right. During the 1930's the combined effects of the world depression and imperialist-colonial wars set in motion major uprisings in Spain (the Civil War), France (general strikes, Popular Front government), the US (factory occupations, industrial unionization), El Salvador, Mexico and Chile (insurrections, national-popular regimes) and in China (communist/nationalist, anti-colonial armed movements). Numerous other mass and armed uprising took place in response to the Depression in a great number of countries, far beyond the scope of this paper to cover.

The post-World War II period witnessed major working class and anti-colonial movements in the aftermath of the breakdown of European empires and in response to the great human and national sacrifices caused by the imperial wars. Throughout Europe, social upheavals, mass direct actions and resounding electoral advances of working class parties were the norm in the face of a 'broken' capitalist

system. In Asia, mass socialist revolutions in China, Indo-China and North Korea ousted colonial powers and defeated their collaborators in a period of hyper-inflation and mass unemployment.

The cycle of recessions from the 1960's to the early 1980's witnessed a large number of major successful working class and popular struggles for greater control over the work place and higher living standards and against employer-led counter-offensives.

Economic Crises and Social Revolts in Latin America

Latin America experienced similar patterns of crises and revolts as the rest of the world during the World Economic Depression and the Second World War. During the 1930-40's, aborted revolutionary upheavals and revolts took place in Cuba, El Salvador, Colombia, Brazil and Bolivia. At the same time 'popular front' alliances of Communists, Socialists and Radicals governed in Chile and populist-nationalist regimes took power in Brazil (Vargas), Argentina (Peron) and Mexico (Cardenas).

As in Central and Eastern Europe, Latin America also witnessed the rise of mass right-wing movements in opposition to the center-left and populist regimes in Mexico, Argentina, Brazil, Bolivia and elsewhere – a recurrent phenomenon overlooked by most students of 'social movements'.

The phenomenon of 'crisis' in Latin America is chronic, punctuated by 'boom and bust' cycles typical of volatile agro-mineral export economies and by long periods of chronic stagnation. Following the end of the Korean War and Washington's launch of its global empire building project (mistakenly called '*The Cold War*'), the US engaged in a series of 'hot wars', (Korea- 1950-1953 and Indo-China- 1955-1975) and overt and clandestine coups d'etat (Iran and Guatemala – both in 1954); and military invasions (Dominican Republic, Panama, Grenada and Cuba); all the while backing a series of brutal military dictatorships in Cuba (Batista), Dominican Republic (Trujillo), Haiti (Duvalier), Venezuela (Perez-Jimenez), Peru (Odria) among others.

Under the combined impact of dictatorial rule, blatant US intervention, chronic stagnation, deepening inequalities, mass poverty and the pillage of the public treasury, a series of popular uprisings, guerrilla revolts and general strikes toppled several US-backed dictatorships culminating in the victory of the social revolution in Cuba. In Brazil (1962-64), Bolivia (1952), Peru (1968-74), Nicaragua (1979-89) and elsewhere, nationalist presidents took power nationalizing strategic economic sectors, re-distributing land and challenging US dominance. Parallel guerrilla, peasant and workers movements spread throughout the continent from the 1960's to the early 1970's. The high point of this 'revolt against economic stagnation, imperialism, militarism and social exploitation/exclusion' was the victory of the socialist government in Chile (1970-73).

The advance of the popular movements and the electoral gains however did not lead to a definitive victory (the taking of state power) except in Cuba, Grenada and Nicaragua nor resolve the crisis of capitalism (the key problem of chronic economic stagnation and dependence). Key economic levers remained in the hands of the domestic and foreign economic elites and the US retained decisive control over Latin America's military and intelligence agencies.

The US backed military coups (1964/1971-76), US military invasions (Dominican Republic 1965, Grenada 1983, Panama 1990, Haiti 1994, 2005), surrogate mercenaries Nicaragua 1980-89 and rightwing civilian regimes (1982-2000/2005), reversed the advances of the social movements, overthrew

nationalist/populist and socialist regimes and restored the predominance of the oligarchic troika: agro-mineral elite, the 'Generals' and the multinational corporations. US corporate dominance, oligarchic political successes and pervasive private pillage of national wealth accelerated and deepened the boom and bust process. However the savage repression, which accompanied the US-led counter-revolution and restoration of oligarch rule ensured that few large-scale popular revolts would occur, between the mid 1970's to the beginning of the 1990's – with the notable exception of Central America.

Civilian Rule, Neo-liberalism, Economic Stagnation and the New Social Movements

Prolonged stagnation, popular struggles and the willingness of conservative civilian politicians to conserve the reactionary structural changes implanted by the dictatorships, hastened the retreat of the military rulers. The advent of civilian rulers in Uruguay, Brazil, Chile, Bolivia, Argentina in the late 1980's was accompanied by the rapid intensification of neo-liberal policies. This was spelled out in the 'Washington Consensus' and was integral to the President George H.W. Bush's New World Order. While the new neo-liberal order failed to end stagnation it did facilitate the pillage of thousands of public enterprises, their privatization and de-nationalization. At the same time the massive outflow of profits, interest payments and royalties and the growing exploitation and impoverishment of the working people led to the growth of 'new social movements' throughout the 1990's.

During the ascendancy of the military dictatorships and continuing under the neo-liberal regimes, while social movements and trade unions were suppressed, non-governmental organizations (NGOs) flourished. Billions of dollars flowed into the accounts of the NGOs from 'private' foundations. Later the World Bank and US and EU overseas agencies viewed the NGOs as integral to their counter-insurgency strategy.

The theorists embedded in the NGO-funded feminist, ecology, self-help groups and micro-industry organizations eschewed the question of structural changes, class and anti-imperialist struggles in favor of collaboration with existing state power structures. The NGO operatives referred to their organizations as the '*new social movements*', which, in practice, worked hard to undermine the emerging class-based movements of anti-imperialists, Indians, peasants, landless workers and unemployed workers. These class-based mass movements had emerged in response to the imperial pillage of their natural resources and naked land grabs by powerful elites in the agro-mineral-export sectors with the full support of voracious neo-liberal regimes.

Toward the end of the 1990's, neo-liberal pillage throughout Latin America had reached its paroxysm: Tens of billions of dollars were literally siphoned off and transferred, especially out of Ecuador, Mexico, Venezuela and Argentina, to overseas banks. Over five thousand lucrative, successful state-owned enterprises were 'privatized' by the corrupt regimes at prices set far below their real value and into the hands of select private US and EU corporations and local regime cronies. The predictable economic collapse and crisis following the blatant looting of the major economies in Latin America provoked a wave of popular uprisings, which overthrew incumbent elected neo-liberal officials and administrations in Ecuador (three times), Argentina (three successful times) and Bolivia (twice). In addition, a mass popular uprising, in alliance with a constitutionalist sector of the military, restored President Chavez to power. During this period mass movements flourished and numerous center-left

politicians, who claimed allegiance to these movements and denounced 'neo-liberalism', were elected president.

The deep economic crisis and repudiation of neo-liberalism marked the emergence of the social movements as major players in shaping the contours of Latin American politics. The principal emerging movements included a series of new social actors and the declining influence of the trade unions as the leading protagonist of structural change.

The Crisis of 1999-2003: Major Social Movements at the 'End of Neo-liberalism'

Major social movements emerged in most of Latin America in response to the economic crisis of the 1990's and early 2000's and challenged neo-liberal ruling class control. The most successful were found in Brazil, Ecuador, Venezuela, Argentina and Bolivia.

Brazil: The Rural Landless Workers Movement (MST), with over 300,000 active members and over 350,000 peasant families settled in co-operatives throughout the country, represented the biggest and best organized social movement in Latin America. The MST built a broad network of supporters and allies in other social movements, like the urban Homeless Movement, the Catholic Pastoral Rural (Rural Pastoral Agency) and sectors of the trade union movement (CUT), as well as the left-wing of the Workers Party (PT) and progressive academic faculty and students. The MST succeeded through 'direct action' tactics, such as organizing mass 'land occupations', which settled hundreds of thousands of landless rural workers and their families on the fallow lands of giant *latifundistas*. They successfully put agrarian reform on the national agenda and contributed to the electoral victory of the putative center-left Workers Party presidential candidate Ignacio 'Lula' Da Silva in the 2002 elections.

Ecuador: The National Confederation of Indian and Nationalities in Ecuador (CONAIE) played a central role in the overthrow of two neo-liberal Presidents, Abdala Bucaram in 1997 and Jamil Mahuad in January 2000, implicated in massive fraud and responsible for Ecuador's economic crisis of the 1990's. In fact, during the January 2000 uprising, the leaders of CONAIE briefly occupied the Presidential Palace. Beginning in the late 1990's CONAIE had resolved to form an electoral party '*Pachacuti*', which would act as the 'political arm' of the movement. *Pachacuti*, in alliance with the rightist populist former military officer Lucio Gutierrez in the 2002 elections, briefly held several cabinet posts, including Foreign Relations and Agriculture. CONAIE's and *Pachacuti*'s short-lived experience as a government movement and party was a political disaster. By the end of the first year, the Gutierrez regime allied with multi-national oil companies, the US State Department and the big agro-business firms, promoted a virulent form of neo-liberalism and forced the resignation of most CONAIE-backed officials. By the end of 2003, widespread discontent and internal divisions were exacerbated by an army of US and EU-funded NGOs, which infiltrated the Indian communities.

Venezuela: Major popular revolts in 1989 and 1992 culminated in the election of Hugo Chavez in 1999. Chavez proceeded to encourage mass popular mobilizations in support of referendums for constitutional reform. A US-backed alliance between the oligarchy and sectors of the military mounted a palace coup in April 2002, which lasted only 48 hours before being reversed by a spontaneous outpouring of over a million Venezuelans supported by constitutionalist soldiers in the armed forces. Subsequently, between December 2002 and February 2003, a 'bosses' lockout' of the petroleum industry, designed to cripple the national economy, supported by the Venezuelan elite and led by senior

officials in the PDVSA (state oil company), was defeated by the combined efforts of the rank and file oil workers with support from the urban popular classes. The failed US-backed assaults on Venezuelan democracy and President-elect Chavez radicalized the process of structural changes: Mass community-based organizations, new class-based trade union confederations and national peasant movements sprang up and the million-member Venezuelan Socialist Party was formed. Social movement activity and membership flourished, as the government extended its social welfare programs to include free universal public health programs via thousands of clinics, state-sponsored food markets selling essential food at subsidized prices in poor neighborhoods and the development of universal free public education including higher education. At the same time numerous enterprises in strategic economic sectors, such as steel, telecommunications, petroleum, food processing and landed estates, were nationalized.

While the ruling class continues to control certain key economic sectors and highly-paid officials in the state sector retain powerful levers over the economy, the Chavez government and the mass popular movements have maintained the initiative in advancing the struggle throughout the decade from the late 1990's into the first decade of the new millennium.

The Venezuelan social movements retain their vigor in part because of the encouragement of Chavez' leadership, but the movements are also held back by powerful reformist currents in the regime, which seek to convert the movements into transmission belts of state policy. The movement-state relationship is fluid and reflects the ebb and flow of the conflict and the threats emanating from the US-backed rightist organizations.

The regime-movement relationship deepened during the crisis period of 1999-2003 and was further strengthened by the rise in oil prices during the world commodity boom of 2003-2008. With the unfolding of the world economic crisis in late 2008-2009, the positive relationship between the state and the movements will be tested.

Bolivia: Bolivia has the highest density of militant social movements of any country in Latin America, including high levels of mine and factory worker participation, community and informal market vender organizations, Indian and peasant movements and public employee unions. The long years of military repression from the early 1970's to the mid 1980's weakened the trade unions and was followed by intense application of neo-liberal policies.

By the end of the 1990's, new large-scale social movements emerged but the locus of activity shifted from the historically militant mining districts and factories to the 'sub-proletariat' or 'popular classes' engaged in informal, 'marginal' occupations, especially in cities like 'El Alto'. 'El Alto', located on the outskirts of La Paz, is densely populated by recent migrants, displaced miners and impoverished Indians and peasants, and received few public services. The new nexus for direct action challenging the neo-liberal regimes emerged from the coca farmers and Indian communities in response to the brutal implementation of US-mandated programs suppressing coca cultivation and the displacement of small farmers in favor of large-scale, agro-business plantations. In the cities, public sector employees, led by teachers, students and factory health worker unions fought neo-liberal measures privatizing services, like water, and cutting the public budgets for education and health care.

The economic crises of the late 1990-2000's led to major public confrontation in January 2003, followed by a popular revolt in October and insurrection centered in 'El Alto' and spread to La Paz and throughout the country. Before being driven from power, the Sanchez de Losada regime murdered

nearly seventy community activists and leaders. Hundreds of thousands of impoverished Bolivians stormed the capital, La Paz, threatening to take state power. Only the intervention of the coca farmer leader and presidential hopeful, Evo Morales, prevented the mass seizure of the Presidential palace. Morales brokered a 'compromise' in which the neo-liberal Vice President Carlos Mesa was allowed to succeed to the Presidency in exchange for a vaguely agreed promise to discontinue the hated neo-liberal policies of his predecessor, Sanchez de Losada. The tenuous agreement between the social movements and the 'new' neo-liberal President survived for two years due to the moderating influence of Evo Morales.

In May-June 2005, a new wave of mass demonstrations filled the streets of La Paz with workers, peasants, Indians and miners forcing Carlos Mesa to resign. Once again, Evo Morales intervened and signed a pact with the Congress calling for national elections in December 2005 in exchange for calling off the protests and appointing a senior Supreme Court judge (Rodriguez) to act as interim President.

Morales diverted the mass social movements into his party's campaign machinery, undercutting the autonomous direct action strategies, which had been so effective in overthrowing the two previous neo-liberal regimes. This resulted in his election as President in December 2005.

While the economic crisis abated with the boom in commodity prices, President Evo Morales' social-liberal policies did little to reduce the gross income inequalities, the vast concentration of fertile land in a handful of plantation elite and the dispossession of a majority of Indian communities from their lands. Morales' policies of forming joint ventures with foreign multinational gas, oil and mining companies did little to end the massive transfer of profits from Bolivia's natural resources back to the 'home offices' of the MNCs. Nevertheless the Morales' tepid 'nationalist gestures led to a 'political-economic' confrontation with the US-backed Bolivian oligarchy, which was funded by their enormous private profits gained during the 'commodity boom'.

Argentina: The strongest relationship between a severe economic crisis and a mass popular rebellion took place in Argentina in December 19-20, 2001 and continued throughout 2002.

The conditions for the economic collapse were building up in the 1990s during the two terms of President Carlos Menem. His neo-liberal regime was marked by the corrupt 'bargain basement' sale of the most lucrative and strategic public enterprises in all sectors of the economy. The entire financial sector of Argentina was de-regulated, de-nationalized, *dollarized* and opened up to the worst speculative abuses. The national economic edifice, weakened by the massive privatization policies, was further undermined by rampant corruption and gross pillage of the public treasury. Menem's policies continued under his successor, President De la Rúa, who presided over the banking crisis and the subsequent collapse of the entire national economy, the loss of billions of dollars of private savings and pension funds, a thirty percent unemployment rate and the most rapid descent into profound poverty among the working and middle classes in Argentine history.

In December 2001, the people of Buenos Aires staged a massive popular uprising in front of the Presidential palace with the demonstrators taking over the Congress. They ousted President De la Rúa and subsequently three of his would-be presidential successors in a matter of weeks. Hundreds of thousands of organized, unemployed workers blocked the highways and formed community-based councils. Impoverished, downwardly mobile middle class employees and bankrupt shopkeepers, professionals and pensioners formed a vast array of neighborhood assemblies and communal councils to

debate proposals and tactics. Banks throughout the country were stormed by millions of irate depositors demanding the restitution of their savings. Over 200 factories, which had been shut down by their owners, were taken over by their workers and returned to production. The entire political class was discredited and the popular slogan throughout the country was: '*Que se vayan todos!*' ('Out with all politicians!'). While the popular classes controlled the street in semi-spontaneous movements, the fragmented radical-left organizations were unable to coalesce to formulate a coherent organization and strategy for state power.

After two years of mass mobilizations and confrontation, the movements, facing an impasse in resolving the crisis, turned toward electoral politics and elected center-left Peronist Kirchner in the 2003 Presidential campaign.

Low Intensity Social Movements:

Peru, Paraguay, Colombia, Chile, Uruguay, Central America, Haiti and Mexico

The entire Latin American continent and the neighboring regions witnessed the significant growth of social movement activity of greater or lesser scope. What differentiated these movements from their counterparts in Brazil, Argentina, Ecuador, Bolivia and Venezuela was the absence of political challenges and regime change and the limited scope of their social action.

Nevertheless significant outbreaks of mass popular movements raised fundamental challenges to the reigning neo-liberal hegemony.

In Haiti, a mass popular rebellion to reinstate the democratically elected President Jean Bertrand Aristide, who had been taken hostage and flown into exile by a joint US-EU-Canadian military operation, was brutally repressed by a multinational mercenary force led by a Brazilian general. Subsequent massacres in crowded slums by the occupying troops aborted the resurgence of the popular '*Lavalas*' movement protesting the foreign imposition of neo-liberal 'privatization' and austerity measures.

Mexico witnessed a series of localized rebellions and mass uprisings against the neo-liberal regimes dominating Mexico. In 1994, the Zapatista National Liberation Army (EZLN), based in the Indian communities of rural Chiapas, rose and temporarily succeeded in gaining control of several towns and cities. With the entry of many thousands of Mexican Federal troops, and in the absence of a wider network of support, the Zapatistas withdrew to their jungle and mountain bases. An unstable truce was declared, frequently violated by the government, in which an isolated EZLN continued to exist confined to a remote area in the state of Chiapas. In Oaxaca, an urban rebellion, backed by trade unions, teachers and popular classes in the capital city and surrounding countryside, organized a popular assembly (*comuna*) and briefly created a situation of 'dual power' before being suppressed by the reactionary neo-liberal governor of the state using 'death squads' and Mexican troops. Faced with the repressive power of the state, the insurgent popular movements shifted toward the electoral process and succeeded in electing center-left Andres Manuel Lopez Obrador in 2006 in the midst of the neo-liberal economic debacle. Their victory was short-lived, with the election results, overturned through massive fraud in the final tally of the votes. Subsequent peaceful protests involving millions of Mexicans eventually lost steam and the movement dissipated.

In Colombia, mass peasant, trade union and Indian protests challenged the neo-liberal Pastrana regime (1998-2002) while the major guerrilla movements (FARC/ELN) advanced toward the capital city. Fruitless peace negotiations, broken off under US pressure and a \$5 billion dollar US counter-insurgency program, dubbed 'Plan Colombia', heightened political polarization and intensified paramilitary death-squad activity. With the election of Alvaro Uribe, the Colombian regime decimated peasant, trade union and human rights movements as it advanced its neo-liberal policies.

The political effects of the economic crisis at the end of the 1990's, which had precipitated social movement activity throughout the hemisphere, led to brutal repression in Haiti, Mexico and Colombia in order for the neo-liberal regimes to continue their policies.

In several other Latin American countries, namely Peru and Paraguay, as well as in Central America, powerful rural-based peasant and Indian movements engaged in rural road blockages and land occupations against their governments' neo-liberal 'free trade' agreements with the US. Since these rural movements lacked nation-wide support, especially from the urban centers, their struggles failed to make a significant impact even as their economies crumbled under neo-liberal policies.

Social Movements in the Time of the Commodity Boom

The sharp rise of agricultural and mineral commodity prices between 2003-2008, along with the election of center-left politicians, had a major impact on the most active and dynamic social movements.

Brazil In Brazil the election of Lula De Silva (2002-2006) from the putatively center-left *Workers Party* was backed by all the major social movements, including the MST (Landless Rural Workers Movement) under the mistaken assumption that he would accelerate progressive structural changes like land re-distribution. Instead, Da Silva embraced the entire neo-liberal agenda of his predecessor, President Cardoso, including widespread privatization and tight fiscal policies, which, with the rise of agro-mineral prices, led to a narrowly focused agro-mineral export strategy centered exclusively on large agro-business and mineral extractive elites to the detriment of small businesses and rural producers. The MST's efforts to influence Da Silva over the past decade(2003-2009) were futile – as state, local and federal governments criminalized the movement's direct action tactics of land occupation. Lula's policy of granting subsistence federal food allowances to the extremely poor and his success at co-opting movement leaders, especially from the huge trade union federations, neutralized the landless peasants and organized workers' capacity to protest and strike. Lula's policies isolated the MST from its 'natural' urban allies in the labor movement.

Lula's right-turn and the vast increase in export revenues from high commodity prices led to increased social expenditures and reduced the level of activity and support for the MST in its struggle for agrarian reform. While retaining its mass base and continuing its land occupations, the MST no longer had a strategic political ally in its quest for social transformation. Subsequently it pursued more moderate reforms to avoid confrontation with the Lula regime, to which it still offered 'critical support'.

In Argentina, the massive wave of direct action social movements subsided with the election of Kirchner (2003-2008) and the 7% economic growth rate stimulated by the commodity boom and the recovery from the dramatic economic melt-down of 2001-2002. With the recovery of employment and the return of their savings, the middle class assemblies rapidly disappeared. Kirchner offered subsidies

to the unemployed and co-opted their leaders, which led to a sharp reduction of road blockages and membership in the militant unemployed workers organizations. Kirchner won over part of the human rights movement with his policies, which included his public purge of some of the more notorious military and police officials and the granting of subsidies to certain sectors of the human rights movement, including the Madres de la Plaza de Mayo. With the decline of the radicalized movements of 1999-2002, the economic recovery of 2003-2008 led to a partial recovery of trade union activism, whose demands were mostly economic, focusing on the recovery of the workers' wages and benefits lost during the systemic crisis.

In Bolivia, the economic boom, which began under the neo-liberal regime of Carlos Mesa continued under 'leftist' populist Evo Morales. He quickly moderated movement demands as he moved to the center-left. As an alternative to the social movement platform calling for the nationalization of the principal resource sectors exploited by multi-national corporations, Morales promoted 'joint ventures' which he demagogically claimed were 'nationalization without expropriation'. Likewise he answered peasant and Indian demands for agrarian reform by opening up mostly uncultivable public lands in the Amazon to the landless peasants. By the same token, he protected the most fertile land in the largest privately owned plantations from expropriation by exempting private land, which was classified as performing a *'social function'*. Avoiding structural change, Morales was able to use the windfall of state revenues from the high prices of Bolivian minerals and gas to co-opt movement leaders, provide incremental increases in the minimum wage, finance subsidies to Indian communities, encourage legal, political rights and recognize indigenous jurisdiction over their local communities.

Morales retained his leadership of the coca farmers union and, through his Movement to Socialist Party (MAS), exercised hegemony over the major community-based movements. His close ties with Presidents Castro in Cuba and Chavez in Venezuela set him in radical opposition to Washington's interventionist policies and its supporters among the five rightist-controlled provinces centered in Santa Cruz. The extreme right gained ascendancy in the latter region and launched a violent racist frontal assault on the Morales government, polarizing the countryside while guaranteeing Morales the continued mass support among the popular classes and movements throughout the country.

In Ecuador, the powerful Indian movement (CONAIE) and its allies in the trade unions supported the neo-liberal regime of Lucio Gutierrez and suffered a severe decline in their power, support and organizational cohesion. The recovery has been slow, hindered by interventions of numerous US/EU funded NGOs.

With the demise of the established social movements, a new urban-based 'citizens' movement' led by Rafael Correa overthrew the venal, corrupt, neo-liberal Gutierrez regime and led the electorate to vote Correa into power in both 2006 and 2009. Correa adapted center-left political positions, financing incremental wage and salary increases and state subsidized cheap credit to small and medium size businesses. He adopted a nationalist position on foreign debt payments and the termination of US military basing rights in Manta. The boom in mining and petroleum prices and ties with oil-rich Venezuela facilitated President Correa's capacity to fund programs to secure support among the Andean bourgeoisie and the popular classes.

Venezuela The economic boom, namely the tripling of world oil prices, facilitated Venezuela's economic recovery after the crisis caused by the opposition coup and the bosses' lockout (2002-2003). As a result, from 2004 to 2008 Venezuela grew by nearly 9% a year. The Chavez government was able

to generously fund a whole series of progressive socio-economic changes that enhanced the strength and attraction of pro-government social movements. The social movements played an enormous role in defeating opposition referendums, which had called for the impeachment of the President. Peasant organizations were prominent in pressuring recalcitrant bureaucrats in the Chavez government to implement the new agrarian laws calling for land distribution. Trade union militants organized strikes and demonstrations and played a major role in the nationalization of the steel industry. Given the vast increase in state resources, the Chavez government was able to both compensate the owners of the expropriated firms and meet workers' demands for social ownership.

Summary

The economic boom and the ascendancy of center-left governments led to incremental increases in living standards, a decline of unemployment and the co-optation of some movement leaders -- resulting in the decline of radical movement activity and the revival of traditional 'pragmatic' trade union moderates. During the economic boom and the rise of the center-left, the only major mass mobilization took the form of right wing movements determined to destabilize the center-left governments in Bolivia and Venezuela.

A comparison of the social movements in countries where they played a major role in political and social change (Venezuela, Ecuador, Brazil and Bolivia) and movements in countries where they were marginalized reveals several crucial differences. First of all, the differences are not found in terms of the quantity of public protests, militant direct actions or number of participants. For example, if one adds up the number of social movement protests in Mexico, Peru, Colombia and Central America, they might equal or even surpass the social actions in Brazil, Argentina and Bolivia. What was different and most politically significant was the quality of the mass action. Wherever they were of marginal significance, the organizations were fragmented, dispersed and without significant national leadership or structure and without any political leverage on the institutions of national power. In contrast, influential social movements operated as national organizations, which coordinated social and political action, centralized and capable of reaching the nerve centers of political power – the capital cities (La Paz, Buenos Aires, Quito and to a lesser degree Sao Paolo). To one degree or another, the high impact social movements combined rural and urban movements, had political allies in the party system and bridged cultural barriers (linking indigenous and mestizo popular classes).

World Economic Crisis and Social Movements – 2008 Onward

Beginning in late 2008 and continuing in 2009 the world economic crisis spread across Latin America. The crisis came later to Latin America and with less initial severity than in the US or EU. Because it is an ongoing process, the full socio-political implications and economic impact is still far from clear. What we can observe is that, at least initially, the current crisis has not provoked anything like the mass upheavals and the surge of radical social movements that we witnessed during the crisis beginning in 2001.

Gross Domestic Product

(Millions of dollars, constant 2000 prices)

Annual growth rates

Country	2007	2008	2009*/
Argentina	8.7	7.0	1.5
Bolivia	4.6	6.1	2.5
Brazil	5.7	5.1	-0.8
Chile	4.7	3.2	1.0
Colombia	7.5	2.6	0.6
Costa Rica	7.8	2.6	3.0
Cuba	7.3	4.3	1.0
Ecuador	2.5	6.5	1.0
El Salvador	4.7	2.5	-2.0
Guatemala	6.3	4.0	1.0
Haiti	3.4	1.3	2.0
Honduras	6.3	4.0	2.5
Mexico	3.3	1.3	-7.0
Nicaragua	3.2	3.2	1.0
Panama	11.5	9.2	2.5
Paraguay	6.8	5.8	3.0
Peru	8.9	9.8	2.0
Dominican Republic	8.5	5.3	1.0
Uruguay	7.6	8.9	1.0
Venezuela	8.9	4.8	0.3
Sub-total Latin America	5.8	4.2	-1.9
Caribbean	3.4	1.5	-1.2
Latin American and the Caribbean	5.8	4.2	-1.9

*/Projections

Source: ECLAC

If anything, we have seen a surge of right-wing movements and electoral organizations in countries, like Argentina, and a US-backed right-wing military coup backed by the rightist business associations in Honduras, and the continued 'pragmatic' behavior of mass social movements in Brazil, Bolivia and Ecuador.

The only exception is in Peru where the organized Indian communities in the Amazonian region have engaged in armed mass confrontations with the US-backed, right-wing regime of Alan Garcia. The Amazonian Indians responded to a series of Government decrees, which handed mineral and gas exploitation rights on Indian lands to foreign mining and energy corporations. From a historical perspective, the struggle was 'conservative', in so far as it pitted indigenous communities defending traditional use and ownership of lands and resources against the modern economic predators and the neo-liberal state.

The Lumpen-Bourgeoisie:

The Triple Alliance of the Neo-Liberal State, Narco-traffickers and the Unemployed Poor

The least studied, but most dynamic, and, possibly best organized social movement in Latin America today is the right-wing drug trafficking movement. Headed by a powerful *narco-bourgeoisie*, with strong ties to the military and neo-liberal state apparatus and with armed *lumpen-cadres* drawn from the urban unemployed and landless peasantry, the '*Lumpen*' Movement has created a powerful geographic and social presence in Mexico, Colombia, Peru, Bolivia, Guatemala, Honduras, El Salvador and elsewhere.

It was the agrarian neo-liberal policies that prepared the ground for the 'mass base' of the rightist *narco-movement*. The promotion of mechanized agro-export agriculture in Colombia, Mexico, Peru and Central America uprooted millions. State terror and paramilitary death squads drove millions of peasant families from the land and into urban slums. The large-scale importation of cheap, subsidized agricultural produce from the US wiped out many thousands of small-scale family farms. The stagnant of manufacturing sector was unable to absorb the migrants into labor-intensive work. This created massive numbers of young rural unemployed landless and urban workers, who could be either recruits for progressive social movements or recruits for the *narco-industry*. Cultivating coca and opium, refining and smuggling the drugs and soldiering for the drug lords provided a livelihood for these desperate young men and women. The deep economic crisis and stagnation of the 1990's and early 2000's created a large mass of young unemployed and under-employed workers in the cities ripe for employment by the *narco-gangs* who paid a living wage for an often deadly occupation.

The links between right-wing political parties, banking, business and landowner associations has been demonstrated repeatedly throughout Latin America. In Colombia, drug traffickers have become large landowners after their death squads devastated peasant communities suspected of supporting leftists or progressive organizations. '*Sicarios*' or 'hit-men' are mostly young men from working or peasant class background who 'work' for business leaders and multi-national corporations as assassins. They have killed hundreds of trade union and peasant and Indian leaders each year in Colombia alone. Over a third of the members of the Colombian Congress, the principle backers of President Uribe, have been financed by the drug cartels. Uribe has long-term ties with prominent narco-traffickers and death-squad militia leaders.

In Mexico, drug traffickers have recruited widely among the impoverished peasants. In many Mexican states the *narcos* have purchased the services of thousands of government officials from top to bottom. In the absence of employment and a social safety-net, many of the poor find work in the *narco-trade*. *Narco-traffickers* have established alliances and business associations with upper class financial groups engaging in joint ‘philanthropic’ activities, such as handing out cash and delivering needed services to the poor. *Narco-traffickers* eventually wash their illegal earnings through major banks in the US, Canada and Europe and then invest in real estate, tourist complexes and landed properties.

Narco-trafficker organizations and death squads have worked closely with rightwing movements in Sta. Cruz (Bolivia), with rightist political parties in El Salvador, Guatemala and Honduras, as well as in Mexico and Colombia.

The ‘*lumpenization*’ process operates via two routes: In some cases, young unemployed males are directly recruited via neighborhood organizations; in other cases the dispossessed, bankrupt and downwardly mobile farmers and long-term unemployed workers are gradually forced into the ‘illegal’ labor market.

The long-term, large-scale process of stagnation, despite the periods of export growth, marginalize the rural poor and accelerate their impoverishment without generating compensatory stable, urban employment paying a living wages. The ‘*lumpenization*’ of these displaced, marginalized peasants and workers, produced by the crisis and class polarization, is accompanied by the rise of a ‘*lumpen culture*’ with its own hierarchical structures, where the few at the ‘top’ develop ties to the economic and state elite and the masses at the ‘bottom’ aspire to a degenerate kind of middle-class consumerist life-style.

By the first decade of the new millennium, the rightist *lumpen-narco* movement far exceeded the progressive popular movements in terms of power and influence in Mexico, Colombia, Central America and some countries in the Caribbean, like Jamaica. The relationship between the ‘legal’ rightist and the ‘*narco*’ rightist movements is one of collaboration and conflict: They join forces to oppose powerful rural and trade union movements and progressive electoral regimes. The *lumpen-narcos* provide the ‘shock troops’ to assassinate progressive leaders, including elected officials and to terrorize supporters among the peasantry and urban poor. On the other hand, violent conflict between the rightists can break out at any time, especially when the *lumpen-elite* encroach on the state prerogatives, business interests, ties with imperial drug enforcement agencies and raise questions about the legitimacy of the bourgeois class.

Latin America’s Social Movements and the Economic Recession/Depression

Economic crises have multiple and diverse impacts on the popular classes and social movements.

The profound economic crisis of the 1990’s and first years of 2000 radicalized the popular classes and led to widespread ‘high impact’ protests and national rebellions, which overthrew incumbent neo-liberal regimes and replaced them with ‘center-left’ regimes. At the same time the social changes, implicit in the neo-liberal crisis, led to a downwardly mobile urban and rural sector. This formed the basis for the growth of dynamic leftist social movement led by popular mass-based leaders and rightist movements led by *lumpen-narco* chiefs and supported by the economic elites. The conservative, far-

right confronted popular social movements from positions in the state and through the military and paramilitary death squads.

The commodity boom and the ascendancy of the 'center-left' regimes led to the 'moderation' of demands from below in the face of cooptation from above. Large-scale job creation and poverty programs, cheap credit and incremental wage and salary increases all contributed to moderating mass politics. The trade unions re-emerged as central actors and collective bargaining replaced mass direct action. Rural movements engaged in militant struggle were relatively isolated. The key political factor in this period was the demobilization of the popular classes, the decline of the direct action movements and the restoration of the power of the business, land-owning and mining elite based on their strengthened economic position. The rejuvenated Right took the lead in directing their own 'direct action' movements in Bolivia, Argentina and Central America.

As the crisis of 2008-2009 unfolded, the progressive movements were slow to respond, having been 'under the tent' of the center-left electoral regimes. Since these regimes were now being held responsible for the fallout of the commodity crash, the left social movements were in a weak position and unable to pose any radical alternatives.

It is important to remember that the world economic crisis had hit the 'North' (US/EU) earlier and harder than in Latin America. In Latin America, the social impact was weaker – at first. Unemployment grew mainly during the last months of 2008. The gradual unfolding of the crisis contrasted with the system-wide crash of the late 1990's-2002, which precipitated mass rebellions. In addition, as a consequence of the earlier crisis, capital and finance controls had been imposed that limited the spread of the toxic assets and financial crisis from the US to Latin America.

Moreover, Latin American countries are diversifying their trade, especially toward Asia including China, which continues to grow at 8% a year. Diversification and financial controls limited the impact of the US financial melt-down on the Latin American economies. In addition, the early 'stimulus' measures, taken in response to the first signs of the crisis, had the effect of temporarily ameliorating the impact of the global recession/depression on Latin America.

Nevertheless as the depression deepens in the North, Latin America's trade has plunged, and the region has fallen into negative growth. As a result, unemployment is growing in both the export sectors as well as in production for the domestic economy. In response, the right-wing parties and leaders blame the center-left regimes. Moves are underway in Argentina, Bolivia and Ecuador to oust these regimes through elections or through coups, backed by US President Obama's 'rollback' global strategy. The July 2009 coup in Honduras, covertly backed from the strategic US military base in the country, is the first sign that Washington is moving its military client to overthrow the new independent 'center-left' regimes in the region. This is particularly true among the Central American and Caribbean countries linked with Venezuela in the new integration programs, such as ALBA and PetroCaribe.

The first manifestations of progressive mass popular protests in the current economic recession are not directly related to the economic decline. In Peru, the indigenous Amazonian communities organized militant road blockages and confrontations with the military resulting in over one hundred dead and wounded. This mass movement developed in response to the Peruvian government's granting concessions of mining exploitation rights to foreign multi-nationals, an infringement of the rights of the indigenous people to their lands in the Amazonian region. Demonstrations in solidarity with the

Amazonian Indians occurred in most cities, including Lima. The Congress, fearing a mass uprising, temporarily canceled the concessions. This was a major victory for the indigenous communities. Moreover, the success of the Amazonian Indian communities has detonated widespread sustained strikes and protests in most of the major cities of Peru, in response to economic decline resulting from falling commodity prices.

The sustained popular struggle in Honduras is in response to the military coup overthrowing President Zelaya, a moderate reformer pursuing an independent foreign policy. Led by the urban public sector trade unions and peasant movements, the struggle has combined democratic, nationalist and populist demands.

Apart from these two mass popular movements, the economic crisis has yet to evoke mass radical rebellions, like those which took place during earlier crises between 2000-2003. We can posit several possible explanations or hypotheses for the contrasting responses of the mass movements to economic crises.

Hypotheses

1. The full impact of the world crisis has yet to hit the popular classes – it began late in 2008 and only began to register increased unemployment in the first quarter of 2009.
2. The current crisis, at first, did not hit the lower middle classes, public employees and skilled workers. It has been highly segmented, thus weakening cross class solidarity and alliances present in earlier crises.
3. Unlike the previous period, the crisis takes place in many countries, which are ruled by ‘center left’ regimes with an organized social base backed by the social movements. These regime-movement linkages neutralize mass protests, out of fear of a return to the hard right.
4. The mass movements on the left have responded to the crisis with relative passivity – in part because the governments have intervened with economic stimulus measures and some social ameliorative policies. The continuation and deepening of the crisis and the inadequate coverage of moderate public interventions could eventually lead to the resurgence of mass struggles.
5. The increasing economic vulnerability of the incumbent center-left regimes and the relative passivity of the progressive social movements has opened political space and opportunities for rightwing mass mobilizations, combining electoral and street politics to build a base for a return to power.
6. The crisis will likely accelerate the lumpenization process, as long-term unemployment sets in and if alternate movements fail to organize the chronically unemployed in consequential struggles.
7. As the bourgeoisie and its political supporters find few legitimate sources for profiteering available, they will likely serve as intermediaries and ‘*protectors*’ of the

narco-traffickers and other criminal syndicates and rely on them to eliminate left social movement leaders and activists.

8. The rise of the *'lumpen-Right'* may lead to a virtual 'dual power' situation in which legitimate and illegitimate power configurations cooperate in repressing social movements and compete for influence.

9. The relative passivity of the social movements is likely a transitory phenomenon, influenced by the convergence of circumstances. If the crisis deepens and extends over time and rightist regimes return to power, recent past historical experience strongly suggests that the massive increase in poverty and unemployment, combined with repressive rightist regimes, could lead to mass rebellions on the part of the previously 'passive' popular classes.