US-Latin American Relations in a Time of Rising Militarism, Protectionism and Pillage

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Introduction

One of the most striking aspect of contemporary US-Latin American relations is the profound divergence between the hopes, expectations and positive image of the Obama regime and the policies, strategies and practices which are being pursued. Many so-called progressive North American commentators and not a few Latin American writers have ignored the most elementary features of US foreign policy, and focused exclusively on the highly deceptive rhetoric of "change" and "new beginnings." A serious understanding of US foreign policy toward Latin America requires a discussion of the main objectives of the Obama regime, the global priorities of imperial policy in times of multiple wars and world depression.

US tactics and strategy toward the region becomes relevant, only if we take account of the recent historical, economic and political changes in Latin America and the evolving political alignments.

A realistic assessment of US policy by necessity must go beyond policy pronouncements and Washington's 'projection of power' to an analysis of its existing capabilities and the resources available to implement Obama's agenda for Latin America. In evaluating Washington's policy the key is to analyze its coherence and feasibility in light of its political diagnosis of Latin America. This provides a basis for determining the compatibility or conflict of interests between the two regions. A basic question arises: How do the Obama regime's policies, objectives, and available resources square with the development needs of different Latin American countries in a time of deepening world depression?

To answer that question, requires we examine the recent policies and political alignments in Latin America. It would be utterly foolish to over or underestimate the degree of US "hegemony" or Latin American "autonomy," especially in light of major shifts in power relations over the past two decades, and continuing today.

Latin America's relations with the US are decisively influenced by internal events, including class conflicts, which determine the correlation of political forces, as well as external events such as US intervention and outward expansion, and world market conditions. The shifts in Latin America's political-economic relations can be divided into distinct periods, which provide an overview of the relative degree of hegemony and autonomy with regard to the US empire.

The Changing Contours of US-Latin American Relations: 1990-2009

Any "general overview" of US-Latin American relations is subject to exceptions and variations in particular country experiences, even as it highlight 'dominant trends' in the region.

The first two decades from 1980-2000 establish certain parameters for recent policies particularly the conflicts and divergences of interests.

The period from 1980-1999 was defined for Washington and Wall Street as the 'Golden Age' in US-Latin American relations. The regimes accepted and promoted US hegemony, following the precise terms of the IMF, the Washington Consensus and a US centered model of capital accumulation.

This included the lifting of trade barriers, the privatization of public enterprises (including banks, oil wells, mines, factories and telecoms) and their subsequent denationalization or transfer to US and European multinational corporations (MNCs).

The US and EU took over these public enterprises at exceptionally favorable prices and terms, which led to the massive transfer of profits, interest and 'rent' payments to the MNCs and provided them with extensive leverage over the entire financial/credit-system and access to local savings in the Latin American countries.

On the political level, the incumbent regimes embraced and promoted the US sponsored free market ideology known as "neo-liberalism" and backed US diplomatic and political intervention in the region as well as overseas.

The plunder of public treasuries and private savings by the MNCs and the resulting concentration of wealth and political power polarized society and precipitated major political economic crises. This led to popular upheavals throughout most of the region during the period from 2000-2004. Latin America witnessed the ousting of several US client regimes, serious widespread questioning of the free market ideology and a growing potential for radical structural changes.

As a consequence of the new correlation of forces, US political power declined and its influence was largely confined to political and economic elites at the margins of governance and under political siege from mobilized movements and disaffected electorates.

The 'third period' reflected 'hybrid regimes', which spoke to the populist demands and critiques of 'neo-liberalism' (empire-centered economic structures and policies) without actually reversing any of the unpopular structural/property legacies imposed by the earlier client regimes. The rise and consolidation of a wide range of highly differentiated 'center-left regimes' benefited from world economic conditions, especially high commodity prices, which facilitated social welfare programs and economic recovery as well as the relative 'decline' of US political power. This decline was intensified by the US involvement in a series of prolonged wars in the Middle East and South Asia and its 'global war on terror'.

The 'third period' featured an increase in the relative autonomy of Latin America aided by huge windfall profits from exceptional prices and expanding markets in Asia, and from the regional political-economic initiatives of Venezuela's Chavez government.

The end of the primary commodity boom and the emergence of a world-wide depression mark the beginning of the fourth period. Two contradictory phenomena impacted on US-Latin American relations. Because the US was the epicenter of the world economic crisis and its financial and investment institutions turned insolvent, finance and investment fled or were repatriated, weakening the US presence in Latin America and its economic leverage in a region with huge foreign reserves. Secondly, the over-extension of US military forces in other regions (Middle East/Asia/Eastern Europe) lessened its capacity for military intervention in Latin America. While developments in the world-economic and military situation opened opportunities to exercise greater Latin American autonomy, the decline of export markets, the drying up of credit markets and foreign capital inflows exposed the vulnerability of the 'center-left' regimes with their dependency on 'export strategies'. The contradictory features of the 'fourth period' shaped the framework for contemporary US-Latin American relations and define some of the key issues facing Latin American rulers and the Obama regime.

Rising Militarism, Financial Protectionism and Declining Trade

The policies of the Obama regime toward Latin America are negatively framed by its three top policy priorities. The Obama regime's foreign policy builds and expands the military-driven empire building of his predecessors. Contrary to the hopes and expectations of many of his progressive and leftist advocates of peace, Obama has staffed his regime with committed militarists, Zionists and Cold Warriors.

The major difference between Obama and Bush's policy is the diplomatic language, which accompanies empire building and the scope and depth of military activity. Obama has adopted a rhetoric of 'reconciliation,' 'negotiation' and 'change' as opposed to Bush's overtly bellicose rhetoric of confrontation, even as Obama has accelerated and extended military activities beyond the Bush regime.

A systematic analysis of the Obama regime's policies reveals the overriding emphasis on projecting military power as the main instrument for sustaining the empire throughout the world.

South Asia

The Obama regime has increased US military forces in Afghanistan by over 40% - by 21,000 troops added to the current 38,000 - and increased financing for doubling the size of the Afghan mercenary army and police to over 200,000. Washington has extended the field of warfare in Pakistan, escalated its bombing attacks in the Swat Valley on a daily basis and increased cross-border commando operations. The Obama regime has formally extended the US war-zone deeper into Pakistan territory and extended its reach into Pakistan intelligence institutions.

Despite Obama's intense pressure on the European Union and its allies and clients around the world, few countries have pledged combat forces in support of Obama's military strategy. Just as during the Bush era, Obama unilaterally pronounces a major military escalation and then expects his allies to follow. The Obama military and intelligence apparatus has moved even more intrusively into Pakistani institutions with the clear intent to purge nationalist officers and select officials who will more aggressively repress the communities, organizations and leaders opposed to US intervention in Pakistan, Afghanistan and the Middle East.

Iraq

The contrast between Obama's diplomatic rhetoric of military withdrawal and military escalation is most blatant in the case of Iraq. The Obama regime has extended the time frame of US military occupation and increased funding for permanent military bases and related infrastructure. His military strategy envisions a massive mercenary Iraqi army and police force to control the population and repress any nationalist resistance. Obama will double the number of Iraqi mercenaries spread throughout the country under the Pentagon's command.

Iran

The most striking policy adopted by the Obama regime toward Iran is his adding new and even harsher sanctions to the existing economic embargo. Obama continues to threaten Iran with a pre-emptive military assault in line with the contingency war plans developed by top Pentagon officials held over from the Bush regime. In pursuit of this saber-rattling posture, Obama appointed two of the most bellicose Israeli-American ideologues, includng Dennis Ross, as chief emissary to Iran and Stuart Levey to the Treasury in charge of imposing economic sanctions.

Washington is making a major diplomatic effort to isolate Iran, through negotiations with Syria, Russia and China. In the face of these 'facts on the ground' Obama's public rhetoric about offering Iran a 'new policy,' is blatant propaganda stunt. The massive US air and naval armada off the coast of Iran continues to threaten Teheran with a blockade or even massive air and naval strikes. The Obama regime continues to fund and train terrorist groups to infiltrate Iran from their bases in Iraq and Pakistan and to attack Iranian government facilities and officials. Israeli military threats to strike Iran are made more probable with the Obama regime's transfer of new military technology, including the most advanced anti-missile system and 'bunker-buster' bombs designed to destroy underground Iranian government facilities.

Palestine/South Lebanon/Syria

The Obama regime's military policy is clearly evidenced in its unconditional backing of Israel's murderous military assault on Gaza, its selective assassination of Palestinian activists in the West Bank and its threats against Hezbollah.

The Obama regime, together with both houses of Congress, has backed every Israeli act of war– including its brutal economic blockade of Gaza and the systematic eviction of Palestinian residents in occupied East Jerusalem and the West Bank. The Obama administration is deeply infested with prominent pro-Israel Zionists at all levels precluding any change in Washington's robust military ties even with the far right militarist Netanyahu-Lieberman regime.

East Africa

Obama's regime continues to pursue a confrontational policy toward Muslim Sudan by funding the armed separatists in South Darfur and by a recently reported air attack on a Sudanese military convoy. In the face of its failed military intervention in Somalia by its Ethiopian proxy, Washington has opted for a new Somali client coalition backed by African mercenaries from Uganda.

Russia/Eastern Europe

Under Obama, the provocative military encirclement of Russia continues via the recruitment of new client NATO 'members' among the former Soviet Republics and the building of bases on the very frontiers of Russia. Obama combines a double discourse of diplomatic conciliation while building new military bases, missile sites and advanced radar stations from Poland southward toward Ukraine and Georgia. Washington's 'diplomatic overtures' to Russia are driven by its logistical needs in Iraq, Afghanistan and Pakistan and especially its war preparations toward Iran. The Obama regime is demanding that Russia provide logistical support for the US/NATO Afghan-Pakistan war and occupation while demanding Russia cancel its sale of advanced missiles as well as its nuclear power plant contract agreement with Iran in exchange for US 'good will'...

China

Although the Obama regime is acutely aware of its dependence on China's continued financing of the US economic deficits, it has nevertheless engaged in a high risk naval confrontation in China's off shore economic zones. Recent Pentagon reports on Chinese military preparedness are laced with lurid Cold War rhetoric designed to inflate China's 'threat' to US dominance in Asia and its 'lack of *transparency*'. Once again, the Obama regime presents the double discourse of friendly diplomacy and aggressive militarist policies.

China faces a US military encirclement along an arc of US bases from Afghanistan, Pakistan, Japan, to South Korea, as well as a new military doctrine labeling China a ‘threat’ to be ‘contained’ in Asia.

Obama’s Latin American Policy

To decipher the real content of the Obama regime’s policy to Latin America one needs to look at the foreign policy priorities, the allocations of financial resources and public policy commitments and ignore its inconsequential diplomatic rhetoric. The first major pronouncement, in line with its global military policies, was to militarize the US-Mexican frontier, allocating nearly one-half billion dollars in military and related aid to the right wing Calderon regime. The entire focus of White House policy toward the Mexican and Colombian regimes over the problem of narcotics and narco-violence is military –ignoring its socio-economic structural roots:

Millions of young Mexican peasant and small farmers driven into bankruptcy, unemployment and poverty by the North American Free Trade Agreement NAFTA), created a large pool of recruits for the narco traffickers.

The expulsion of hundreds of thousands of Mexican immigrant workers from the US and the new militarized borders has closed off a major escape for Mexican peasants fleeing destitution and crime. In contrast to the formation of the European Union, which provided tens or billions to the less competitive countries, like Spain, Greece, Portugal and Poland, entering the European Union, the US has provided Mexico with no compensatory funds to upgrade its productive competitiveness and provide needed employment for its people.

The highly militarized Colombian regime, notorious for its violation of human rights, is currently the biggest recipient of US military aid in Latin America. Under Plan Colombia, the US financed counter-insurgency program, Bogota has received over 5 billion dollars, the most advanced military technology and thousands of American military advisers and sub-contracted mercenaries. The Obama’s support for the right-wing Colombian regime is his response to the emergence of democratically elected populist and radical governments in Ecuador and Venezuela.

Obama’s policies toward Latin America are driven by his extension of the military defense/priorities of the Bush Administration, including the economic embargo of Cuba and its virulent hostility toward Venezuelan nationalism. There are no new economic initiatives. Beyond the rhetorical support for free trade, Obama upholds past quotas and tariffs on more competitive imports from Brazil, even adding new protectionist measures against Mexican trucks and truck drivers.

Obama’s relentless pursuit of military-driven empire building while in the midst of an ongoing and deepening domestic economic depression forms the basis for understanding Washington’s contemporary relation with Latin America today. His regime’s military approach to Latin America is reflected in his inability or unwillingness to allocate economic resources and underscores his concern to sustain two major US clients, Colombia and Mexico through military aid programs. Obama’s limited interest and sparse commitment of economic resources to Latin America reflects the very low foreign policy priority it has in the current White House. Latin America is a fifth level priority after the US domestic economic depression, the Middle East and South Asian wars, coordinating economic policies with the European Union and formulating economic strategies and military relations with Russia and China. With these priorities, the Obama regime has little time, interest, or programmatic offerings to help Latin America cope with the onset of the economic recession.

At the most basic level the Obama regime is following a three-fold strategy of (1) retaining support from rightist regimes (Colombia, Mexico and Peru); (2) increasing influence on 'centrist regimes' (Brazil, Argentina, Chile, Uruguay and Paraguay); and (3) isolating and weakening leftists and populist governments (Cuba, Venezuela, Ecuador, Bolivia and Nicaragua).

What is most striking about the supposedly "progressive" Obama regime's policy for Latin America are the continuities with the previous reactionary Bush administration in almost all strategic areas. These include:

(1) Latin America's very low priority in US global policy;

(2) The US emphasis on military ("security") drug enforcement collaboration over any long term socio-economic poverty alleviation and drug addiction treatment programs;

(3) Its close collaboration with the most rightwing regimes in the region (Mexico and Colombia);

(4) The continuation of the US economic embargo of Cuba, despite the loss of its last two Latin American backers;

(5) Obama's double discourse of talking free markets while practicing protectionism;

(6) The US financing and strengthening the role of the IMF as an instrument of imperial expansion;

(7) The US policy of driving a wedge between 'centrist regimes' (Lula in Brazil, Fernandez in Argentina, Vasquez in Uruguay and Bachelet in Chile) and 'left and center-left nationalist regimes', (Chavez in Venezuela, Morales in Bolivia, Correa in Ecuador and Ortega in Nicaragua) and

(8) Its support for separatist regional elites' actions to destabilize center-left governments operating from their traditional far right-wing bases in Sta Cruz (Bolivia), Guayaqul (Ecuador) and Maracaibo (Venezuela).

In other words the Obama regime has embraced overall the strategic agenda of the Bush Administration essentially intact, while making several secondary changes having to do with adaptations based on the decline of US power. In addition, Obama has facilitated a few major negative changes, which go further than the Bush administration in harming Latin America's financial and trading position. While reiterating the anachronistic demands for Cuba to convert to capitalism (dubbed a "democratic transition") as a condition for ending the US embargo, Obama has slightly eased travel restrictions for US-based Cuban families to visit relatives in Cuba and send them money. The State Department relies less on confrontational diplomatic language and has made overt gestures to centrist regimes, including White House meetings with Lula Da Silva (March 2009) and Vice President Biden's attendance at a meeting with centrist Presidents (March 27-28, 2009) in Chile. Obama's resort to "soft power", which is not backed by any new economic initiatives and which continues the basic policies of his predecessor has not gained him new allies.

However, there is one set of 'changes' resulting directly and indirectly from the US depression and Obama's gigantic deficit financing, which has a very negative impact on Latin America's economic recovery. The Obama regime is absorbing most of the Hemisphere's credit to aid the financial bailout. This policy makes it difficult for Latin American exporters to finance their sales. Moreover, the Obama regime's demands on the financial sector to expand their capital reserves and to direct their lending to the American domestic market has led banks to repatriate capital from their Latin American subsidiaries at the expense of Latin American borrowers - extending and deepening the recession in Latin America.

The Obama regime's diplomatic and linguistic changes and affirmation of free trade have little substance: the White House continues the double discourse of talking up "free trade" while introducing a new and more virulent financial protectionism. In addition to the twenty billion dollar subsidies to agricultural exporters, the Democrats have pushed the "Buy American" provisions in Federal procurement policy and multi billion dollar subsidies to the auto industry.

Latin America faces a rising tide of US protectionism as the Obama regime reacts to the domestic economic depression by forcing Latin America to seek new trading partners, to protect their internal markets and to seek new sources for trade and credit.

Latin America Faces the World Crisis

Throughout Latin America, the economic depression is wrecking havoc on the economy, the labor market, trade, credit and investment. All the major countries in the region are headed toward negative growth, and experiencing double digit unemployment, rising levels of poverty and mass protests. In Brazil in late March and early April, a coalition of trade unions, urban social movements and the rural landless workers movement convoked large scale demonstrations - including participation from the union confederation, CUT, which is usually allied with Lula`s Workers Party.

Unemployment rates in Brazil have risen sharply, exceeding 10%, as massive lay-offs hit the auto and other metallurgical industries. In Argentina, Colombia, Peru and Ecuador, strikes and protests have begun to spread in protest over rising unemployment, the increase of bankruptcies among exporters facing world-wide decline in demand and unable to secure financing.

The more industrialized Latin American countries, whose economies are more integrated into world markets and have followed an export growth strategy, are the ones most adversely affected by the world depression. This includes Brazil, Argentina, Colombia and Mexico. In addition, countries dependent on overseas remittances and tourism, like Ecuador, the Central American and Caribbean countries and even Mexico, with their 'open' economies, are badly hit by world recession.

While the US financial collapse did not have a major and immediate impact on Latin America- largely because the earlier financial crashes in Argentina, Mexico, Ecuador and Chile led their governments to impose limits on speculation - the indirect results of the US crash, especially with regard to the credit freeze and the decline of world trade, has brought down productive sectors across the board. By mid-2009, manufacturing, mining, services and agriculture, in the private and public sector were firmly in the grip of a recession.

The vulnerability of Latin America to the world crises is a direct result of the structure of production and the development strategies adopted the region. Following the 'neo-liberal' or empire-centered 'restructuring' of the economies which took place between the mid-1970s through the 1990s, the economic profile of Latin America was characterized by a weak state sector due to privatization of all key productive sectors. The de-nationalization of strategic financial, credit, trading and mining sectors increased vulnerability as did the highly concentrated income and property ownership held mainly by small foreign and domestic elite. These characteristics were further exacerbated by the primary commodity boom between early 2003 until the middle of 2008. The regimes' further shift toward an export strategy relying on primary products set the stage for a crash. As a result of its economic structure Latin America was extremely vulnerable to the decision taken by US and EU policy makers in charge of key economic sectors. De-nationalization denied the state the necessary levers to meet the crisis by reversing the direction of the economy.

Structural changes imposed by the IMF/World Bank and its domestic 'neo-liberal' ruling class partners 'opened' the countries to the full blast of the world depression while dismantling the very state institutions which could have protected the economy or at least avoided the worst effects of the crisis.

Privatization led to the concentration of income, lessened local demand and heightened dependence on export markets while depriving the state of levers to control investment and savings, which could counteract the decline of overseas inflows of capital and the collapse of its overseas markets.

Denationalization facilitated the outflow of capital especially in the financial sector, deepened the credit crises and adversely affected the balance of payments. Foreign ownership made Latin American countries subject to strategic economic decisions made by overseas economic elites looking at the costs and benefits to their economic empires. For example, in Brazil the closing of US-owned auto factories and the mass firings of workers are based on 'global market' cost calculations, totally divorced from the needs of the Brazilian labor market.

The 'export strategy' was dependent on the state subsidizing the expansion of agro-business plantations producing staples for export markets. This came at the expense of small farmers, landless peasants and rural workers, weakening the domestic market as an alternative to a collapsing overseas markets, increasing dependence on food imports and undermining food security.

Export strategies depend on holding down labor costs, wages and salaries, thus weakening domestic demand and making employment dependent on the fluctuations of overseas demand. Specialized production in a vast complex international division of labor is central to the multinational corporation. This has dramatically reduced the national diversification of industry and integral manufacturing where all components of a product are produced within a single geographic region. Under the current division of labor, a Brazilian manufacturer of car brakes is totally dependent on external demand determined by the MNC. The strategic disadvantages of this 'specialization' in a global capitalist chain of production have become strikingly evident in this depression.

Despite these deep structural weaknesses, inherited from previous regimes, the current center-left regimes in Latin American have not moved toward any structural changes to decrease their economic vulnerabilities, with the partial exception of Chavez's Venezuela.

The March 2009 summit of self-styled 'third way' regimes (plus the Obama-Biden and British Labor governments) met in Santiago, Chile where they studiously avoided even mentioning the flawed internal structures which have brought on the economic crises and promise to deepen it.

The consensus proposals of the "third way" regimes repeated anachronistic appeals for greater capital flows divorced from reality of the current crises. They called on the US, EU and Japan to resurrect collapsing markets and to promote trade. Specifically the Santiago meeting called for increased funding for the Inter American Development Bank (IDB, BID in Spanish), and encouraged the G20 leaders to promote stimulus packages and to pledge against protectionism. They called on Latin American regimes to increase spending and liquidity, to lower interest rates and to prop up, financial institutions and promote exporters.

The center-left regimes meeting in Santiago made no mention of plans to increase domestic demand through intervention in the labor market by preventing industrialists from firing workers. They did not mention increasing the minimum wage. They avoided any discussion on increasing demand in the rural areas through income generating agrarian reforms. They did not consider establishing publicly funded import substitution industrialization, which could generate employment for workers dismissed from export sectors.

In the face of rising food prices, no provisions were proposed to subsidize low income families, the unemployed, children and pensioners on fixed income. The center-left regimes' proposals demonstrated high structural rigidity and their incapacity to break with failed strategies tied to the powerful agro-mineral export ruling class. Instead their proposals reaffirm their dependence on the 'expansionary' stimulus programs of the ruling classes in the US and Europe. Their repeated calls for 'free trade' and appeals to avoid 'protectionism' fell on deaf ears as all the imperial countries follow a dual policy of promoting free trade for their dynamic overseas multinationals and protectionism for their financial and troubled manufacturing sectors at home.

While eschewing any structural domestic changes that would favor unemployed workers, peasants, public employees and small businesses, they persist in following policies favoring the bankers, export elites and multi-national corporations. The main economic focus of Latin America's center-left regimes is not internal reform; it is the pursuit of new overseas markets and investors.

In early April, Latin American leaders and their business elite met with their Arab counterparts in Qatar to expand investments and trade through joint ventures. Similar missions to China, Russia and Japan have led to investments almost exclusively in capital intensive extractive industries (petroleum and minerals) and mechanized export agriculture. Inter-regional trade via MERCOSUR has been highly asymmetrical as evidenced by Argentina's $4 billion dollar trade deficit with Brazil. The center-left is structurally incapable of recognizing that the world depression has in large part undermined the 'export strategy'; that the elites cannot overcome their internal contradictions and class constraints by 'exporting' their way to economic recovery. The search for new markets and investors in Asia and Middle East may provide a limited boost to the export enclaves but they will have little or no impact on the industry, service and related sectors, which employ the mass of workers and employees. Moreover, the Middle East and Asian countries are in serious crises as trade (both imports and exports), manufacturing and employment decline. Moreover China has opted for a vast economic stimulus plan based on increasing domestic demand. Asia can provide Latin American regimes with little relief from the crises.

The one country absent from the Santiago meeting of the center-left regimes was Venezuela, in part because President Chavez has pursued an alternative economic strategy to the world depression.

Chavez strategy includes the nationalization of key economic sectors like and oil and gas, which increases state revenue; protection of strategic social sectors/food processing and distribution sectors; and the expansion of agrarian reform to increase local production of food. The government has a program of subsidized food prices, a 20% increase in the minimum wage to cushion the effects of inflation and public spending on labor intensive infrastructure projects which has resulted in a drop in unemployment with the creation of 280,000 new jobs in Jan-Feb 2009.

Chavez is pursuing a radical Keynesian program, which depends on large scale public investments to expand the domestic market and social subsidies targeting a large swath of the lower classes. His state investment policy relies on the 'cooperation' of the still-dominant private sector, especially finance, construction, agro-mining and manufacturing, either via financial incentives and state contracts or through threats of intervention or nationalization.

Chavez' domestic structural reforms are complemented by his promotion of regional political-economic pacts, like PETROCARIBE and ALBA, with Bolivia, Cuba, Nicaragua and several Caribbean and Central American states. He is counting on the growing financial and investment agreements with China, Middle East, especially Iran, and Russia, particularly in joint ventures in the petroleum and mining sectors.

While Chavez' strategy represents a clear break with and alternative to the center-left 'export-elite' centered approach, it still confronts a series of serious contradictions. Venezuela is over-dependent on a single export (petroleum) for 75% of its foreign exchange earnings and a single market (the US). Secondly it is rapidly depleting its foreign reserves. Thirdly, its efforts to promote regional integration have not prospered as the principle countries in Latin America look toward the G20 for salvation. State intervention and nationalization have increased national leverage over the economy but has not confronted the mal-distribution of income, property and power. As a result, a wave of worker/employee strikes in education, mining, smelting and manufacturing have hit the economy.

Equally serious a 30% rate of inflation has eroded buying power for those with fixed incomes and salaries undermining recent increases in the minimum wage. Increases in the price of foodstuffs, over 90% of which are imported, adversely affects the balance of payments. The immediate future could pose a threat to the social stability of the Venezuela.

Latin America and the Deepening Depression

The participation of several major Latin American countries in the G20 meeting in London, April 2, 2009, and the subsequent agreements reveal the political bankruptcy of the current political leadership. The declaration of a major new "stimulus" package was belied by the fact that most of the funds cited ($1.1 trillion dollars) were already allocated before the meeting and would have no effect. The actual amount of 'new money' was only a "fraction" ($250 billion dollars) and mostly geared to rescuing the financial sector.

The G20 solemn agreement to oppose protectionist legislation was belied by an OCED report that 17 of the 20 countries have recently adopted measures protecting local industries and restricting overseas financing. The biggest winner at the G20 was the IMF, which was promised an additional $500 billion dollars to provide credit lines and financing. Given the US-EU dominance of the IMF and given its past history of imposing restrictive conditions favoring the imperial countries, the strengthening of the IMF poses a major obstacle to any progressive Latin American recovery. The high expectations of Latin America's center/left and rightist regimes that G20 would provide a meaningful stimulus were dashed.

On the left, Fidel Castro and like-minded allies in Latin America cite China as an alternative market and investment partner. Yet China's overseas investments are almost always directed to the extractive export sectors (minerals, petrol) and, to a lesser degree, agriculture. As a result, Chinese investment in Latin America has created few jobs while favoring sectors that pollute the environment. Latin America's export profile with China is reduced to a primary goods monoculture, highly vulnerable to the fluctuations of world prices. Moreover, China's trade agreements with Latin America include the import of Chinese manufactured good produced by non-union, super-exploited workers which undermines any recovery of Latin America's manufacturing sector.

Latin American leaders, who look to China to pull them out of the depression, are committed to a neo-colonial style recovery based on a raw material export model. Likewise, the turn to Russia as a new market and stimulus is a highly dubious proposition, given Russia's petrol-gas dependent economy, its lack of competitive industries and above all its deepening depression with an economic decline of over 7% for 2009.

The Latin American leaders' search for a new stimulus package from the US and EU or new trade alternatives with China and Russia are desperate efforts to save the failing elite export model. The idea promoted by Brazil that since the imperial countries caused the world depression, they should provide the solution, is a non-sequitor, especially in light of their incapacity to stimulate their own economies. The US promotion of the IMF is directed toward undermining any progressive Latin American policies and independent regimes, and not helping them recover from the crisis.

Conclusion

Because of the Obama regime's profound and costly commitment to military-driven empire building and the multi- trillion dollar refinancing of its banking sector (while backing credit-financing protectionism), Latin America's ruling classes cannot expect any "stimulus package" from US.

The deep political divisions between the US and Latin America (and between the classes within Latin America), divergent national and class strategies preclude any 'regional strategy'. Even among the left nationalist regimes, apart from some limited complementary initiatives among the ALBA countries, no regional plan exists. In this regard it is a serious mistake to write or speak about a "Latin American" problem, or initiative. What we can observe today is a generalized breakdown of the export-driven model and divergent social responses, between income protecting policies of Venezuela and export subsidy policies of Brazil, Argentina and Chile, Peru and Colombia. Throughout the recession, these center-left regimes have demonstrated a high degree of structural rigidity, making no effort to deepen and expand the domestic market and public investment, let alone nationalize bankrupt enterprises. The crisis highlights the process of *de-globalization* and the increasing importance of the nation state.

The deepening economic crisis adversely affects incumbent regimes, whether they are center-left or right, and strengthens their opposition. In Argentina the right and far-right have dominated the streets, with a growing power base in the 'interior' among the Argentine agrarian elite and the middle class in Buenos Aires. The progressive trade union, CTA, which has organized strikes and protests, is not connected with any new left alternative political organization.

Brazil has witnessed similar protests by social movements and trade unions against rising unemployment of over 10% and the decline in export-oriented industries. But the principle political beneficiary of the declining popularity of Lula's self-styled "Worker's Party" is the Right.

In contrast, the center-left will benefit where rightist regimes are currently in power – namely Mexico, Colombia and Peru. But as is the case elsewhere, the mass movements lack an organized political response to a collapsing capitalism.

Moreover neither Cuba nor Venezuela offers a 'model' for the rest of Latin America. The former is highly dependent on a vulnerable tourist economy while the latter is a petrol economy. Given the systemic collapse of capitalism, these countries will need to move beyond 'piecemeal reforms'(such as Chavez food subsidies) and piecemeal nationalizations and toward the socialization of the financial, trade and manufacturing sectors.

Mass protests, general strikes, and other forms of social unrest are beginning to manifest themselves throughout the continent. No doubt the US will intensify its support for rightist movements in opposition and its existing rightist clients in power. US ‘hegemony’ over the Latin American elite is still strong even as it is virtually non-existent among the mass organizations in civil society. Given the overall militarist-protectionist posture of the Obama regime, we can expect intervention in the form of covert operations as class struggle escalates and moves toward a socialist transformation.