

VOICE OF THE LEFT

Glenn Swift
September, 2007

Red Tide Rising in Latin America:
Thanks to US

"A wind is blowing to the Left across Latin America."

Mario Alvarez, Head of Mexico's Workers Central Trade Union Federation.

Once hailed as America's "backyard" by President Harry "Give 'Em Hell" Truman, Latin America is now steering a political and economic course that is a far cry from the one scripted by the Bush Administration and Exxon-Mobil. While some of the neocons in the mainstream media caution that it is too early to draw any wide-sweeping conclusions, most political pundits agree that there is no denying the increasingly leftist tilt of Central and South American politics.

The recent shift can be traced back to the end of the last decade and the assumption of power in Venezuela by Fidel Castro's star pupil, Hugo Chavez. Since his stunning electoral victory in December of 1998, Chavez has undertaken a complete revamping of the Venezuelan economy. Under the adoring eyes of his Communist mentor, Chavez has initiated the nationalization of a number of that country's major industries in addition to a wide-sweeping land redistribution program. The Venezuelan strongman has also turned the "art" of harshly criticizing the United States into a new national past-time. Moreover, Chavez has made no attempts to hide his desire to get "cozy" with radical ("Axis of Evil") states like Iran and North Korea.

But Chavez is only part of the story.

- In October of 2002, Luiz Inácio Lula da Silva was elected President of Brazil on the Workers Party ticket, largely as a result of an unequivocally anti-globalist, anti-American platform.
- In May of 2003, Nestor Kirchner became Argentina's president after promising to pay off that country's debt to the International Monetary Fund. (The "threat" was carried out in December, 2005.)
- In October of 2004, Tabare Vasquez, was elected as Uruguay's "first leftist president."
- In December of 2005, Evo Morales, a long-time socialist union leader, was elected President of Bolivia after vowing to become "a nightmare for Washington" and nationalize the nation's natural gas industry (Latin America's second largest).
- In January of 2006, pediatrician and moderate socialist, Michelle Bachelet, was elected President of Chile after pledging to reduce the gap between rich and poor.
- In November of 2006, Daniel Ortega and the Marxist-leaning Sandinistas (remember them?) were back in power in Nicaragua for the first time in sixteen years.

So why is this happening? Jorge Castaneda, former foreign minister of Mexico and now professor at New York University, argues that a populist resurgence in Latin America

was inevitable with the coinciding of democratic elections in countries where huge gaps still exist between rich and poor. “The combination of inequality and democracy tends to cause a movement to the left everywhere,” he wrote recently in *Foreign Affairs*. It should also be noted that countries that have already experienced free trade with the US, notably Mexico under the North American Free Trade Association (NAFTA) pact, have been unable to demonstrate any appreciable benefits to their respective populations. Moreover, there is a sense across Latin America that the Bush Administration, distracted by terrorism and Iraq, has failed to pay sufficient attention to America’s southern neighbors.

Anti-American sentiment in the region is also largely the result of numerous decidedly unpopular privatizations of public utilities “maneuvered” by the International Monetary Fund (largely a tool of US and British industrialists and financiers. What’s that you say? You’re right; we don’t hear much about these matters in our press. Here’s how it goes.

In the 1980s, when most Latin American (and many other Third World) countries became so inundated in debt that they appeared to be in a race to see whose economy would collapse first, the IMF forced a number of “austerity measures” on the debt-ridden governments. Hemorrhaging from a five-fold increase in oil prices from a decade earlier, and unwilling to run the risk of having trade barriers thrust upon them that would have effectively cut them off from the world’s capital markets, many of these governments agreed to turn over the only cards left in their respective decks: hard assets like public utilities and natural resources.

Who benefitted? Primarily the US and Britain. (We’re not just allies on the battlefield.) Here’s an example of what I’m talking about.

In April of 2000 rioting broke out in Bolivia’s capital city of La Paz. Thousands of impoverished *campesinos* took to the streets to protest the lack of access to running water. (Only 31% of rural homes were connected.) And who owned the water company? Well... Ever hear of International Water Limited (IWL)? Like most British multi-nationals, IWL is a wholly-owned subsidiary of a US corporation (Bechtel in this case). Let me cut to the chase. As a result of arm twisting by the World Bank (another tool of the US/UK), IWL “purchased” the Bolivian water system in a fire sale from the cash-starved Bolivian government. (The mortgage was due!) What did IWL do to resolve the crisis? Mark one up for American ingenuity. They raised the price – 35%!!! That’s right. A bit strong-armed don’t you think?

Sadly, there are numerous other examples of similar business practices. In some cases, the hostage-held governments have had to undertake similar action to raise the necessary revenues dictated by IMF Assistance Plans. Take Ecuador. Three months after the Bolivian protesters were brutally repressed, the Ecuadorian government was forced to grant British Petroleum the rights to build an oil pipeline through the Andes in order to meet the requirements of the IMF’s “Assistance Plan.” (It was a really good price, but not for the Ecuadorians.)

And what has American corporate “altruism” done for the region? Thought you’d never ask. Back in the old days (from 1960-80 when we weren’t as closely “involved”), Latin American per capita income grew an astounding 73%. Over the last 25 years, growth has come to a screeching halt (approximately one-fifth of the former increase.)

I think you get the message...