

US-Latin American Relations: Ruptures, Reaction and the Illusion of Times Past

James Petras ~ Numerous writers, journalists, public officials and academics on the Right and Left have noted changes in relations between the US and Latin America. Those on the Right bemoan the "end of US hegemony", the growth of a "New Left", the "revival of populism" and the "loss of US influence". Those on the Left herald the purported changes as a moment of progressive regional realignment.

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Introduction

Numerous writers, journalists, public officials and academics on the Right and Left have noted changes in relations between the US and Latin America. Those on the Right bemoan the "end of US hegemony", the growth of a "New Left", the "revival of populism" and the "loss of US influence". Those on the Left herald the purported changes as a moment of progressive regional realignment. The Right speaks pessimistically of the threats to "national security and democracy", and access to energy and other resources. One sector on the Left claims to perceive a new regional "axis of counter hegemony" led by Cuba, Venezuela and Bolivia sweeping the continent. While other prudent conservative observers argue that a broad "center-left" alternative headed by "social democratic" regimes like Brazil, Chile, Argentina, Peru and Uruguay are replacing traditional US allies and challenging both the Leftist regimes and past US policies.

Inside the US Government, policymakers focus on isolating and destabilizing the Left, downplaying the challenges from the center-left and emphasizing political continuities and economic opportunities with neo-liberal regimes.

Faced with radically different assessments of the strength and weakness of US influence in Latin America, an independent analysis of the historic context for measuring the rise or fall of US power is required. This requires a serious assessment, which avoids overblown generalizations, and examines specific issues, areas and particular conjunctures in which agreements or disagreements between the US and Latin America occur. This includes looking at how differences are resolved as well as the structural convergences and divergences.

Continuities and Expansion of US Influence

Contrary to many leftist and far-right pundits, there are several issue areas where US influence has actually increased over the past several years.

Bilateral Free Trade Agreements

The US has established bilateral trade agreements with Peru, Colombia, Central America, Mexico, Chile, Uruguay and most of the Caribbean states. What is significant about these agreements is that Washington did not have to make any concessions on its heavily subsidized agricultural export sector, nor lift its import quotas on over 200 products. Moreover, Washington secured free entrance into their counterparts' financial, service, high tech, health, educational and media sectors. In a word the bilateral trade agreements were highly asymmetrical and beneficial to US multinationals and non-competitive domestic producers.

Military Bases and Training Program

Washington has expanded the number of military bases and joint military operations in Latin America over the past 5 years. In 2005 a large-scale military base and operation headquarter was established in Paraguay and a new military training program with local facilities has been agreed to in Uruguay. US military bases still operate in Ecuador (Manta),

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Brazil, El Salvador, Aruba and Colombia. Annual joint military operations and US training programs involve all Latin American countries except Cuba and Venezuela. Arms sales and military aid continue unabated, to all the 'center-left' regimes except Venezuela. Drug Enforcement Agency personnel and US military advisers circulate throughout Latin America and operate freely within security and intelligence offices.

Economic Presence

US business, banking and overseas investors continue to flourish in Latin America, undisturbed and with high rates of return, full and early payments of debt and with new opportunities to bid on lucrative publicly-owned enterprises targeted for privatization. US energy and commodity enterprises have had record profits from the historic high world prices of metals and oil products. The US' relative share of Latin American exports, privatized firms and banks and profits have declined because of the increased presence of Latin American billionaires, European, Chinese and other Asian investors and buyers. Capitalist competition resulting in a 'relative decline' of US economic presence is not a zero-sum game.

Ideological Conformity: The Neo-liberal Ascendancy

While most Latin American electoral parties on the campaign trail continue to criticize 'neo-liberalism', few, if any, renounce the free market doctrine once taking office. All recently elected regimes have yet to reverse the privatization process of the 1970-2001 period. All regimes have continued to follow or support lowering trade barriers - there is no increase of new protectionist legislation. In the current Doha World Trade Rounds, all the major Latin American countries have been pushing for greater trade liberalization, even more so than the United States. Legislation privatizing pension funds, 'liberalizing' labor legislation (loosening labor employment protections), and facilitating the entry of foreign capital have been recently approved by most of the 'center-left' regimes. Fiscal and budgetary policies have been very much in line with IMF guidelines, much more so than in the United States.

In conclusion there are substantial structural, ideological and policy continuities with the past which support continued US domination and elite hegemony throughout most, but not all, the Latin American countries.

New Realities: Relative Changes

To understand the exaggerated view, which claims to see a major decline in US hegemony, it is important to contextualize the present decade with the recent past. To correctly gauge the reality today, we need to compare three time periods: the 1960's to the early 1970's; the mid 1970's to 1999; the period 2000-2002 and the current period 2003-2006/7.

US-Latin American Relations in Historical Perspective ? 1960's to Early 1970's

This period was characterized by a series of serious challenges to US hegemony. Political regimes, socio-political and military-political movements challenged the structural (property) basis, ideological and foreign policy foundations of US hegemony throughout the continent for most of a decade. In many countries US power declined substantially, reducing its ability to mobilize the continent in defense of its global empire. In Chile, a Socialist Government was elected and proceeded to nationalize the US-owned copper mines with unanimous congressional approval and accelerated an agrarian reform which expropriated land from large landowners, historically allied with the US as well as private banks, factories and petroleum facilities owned by pro-US Chilean elite and US businessmen. Chile, under Socialist President Allende, joined the non-aligned movement, broke the US embargo on Cuba and developed close working relations with other nationalist regimes in Latin America.

In Bolivia, Peru and Ecuador nationalist military regimes expropriated US petroleum and mining enterprises and adopted independent foreign policies, expanding relations with the Communist countries and seeking membership in the non-aligned movement. In Argentina, a nationalist Peronist Government, backed by sectors of the guerrilla movement, took power and adopted a nationalist foreign policy, while a radicalized mass working class moved from nationalist populism to socialism. In Mexico, pressure from nationalist and agrarian movements blocked efforts to break relations with Cuba and privatize public enterprises. In Cuba, the revolutionary government proceeded to expropriate all US firms, allied itself with the Soviet Bloc and supported revolutionary movements in Latin America, Africa and Asia. In Brazil, popular movements pressured the Goulart government toward radical nationalist and agrarian reform policies and an independent foreign policy.

A comparison between the present period, 2003-2006, with 1960-1975, demonstrates that the US has certainly strengthened its position in Latin America by practically any measure: Neo-liberal regimes have replaced socialist and nationalist regimes throughout the region.

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What is considered 'nationalism' or 'radicalism' in Latin America today does not at all resemble its earlier counterparts: No major (or minor) expropriation of US property has taken place. No 'center-left' regime has re-nationalized foreign firms, even those which were privatized under dubious circumstance. In terms of foreign policy, Cuba no longer supports revolutionary movements or even radical alternatives in most Latin American countries (it has excellent relations with the ultra-rightwing Colombian regime while opposing the FARC guerrilla; it supported the re-election of the center-right Brazilian President Lula Da Silva against the leftist candidate Helena Heloisa). From a historical perspective it is factually and analytically false to say that US power in Latin America has declined if we frame the discussion in the comparative terms of 1960-1975 and 2001-2006.

Coup and Reversals: The Resurgence of US Power - 1976-1980's

Beginning with the US-backed military coup in Brazil in 1964, the invasion of the Dominican Republic in 1965 and continuing with a series of CIA-backed military seizures of power in Bolivia (1971), Uruguay (1972/3), Chile (1973), Peru (1975) and Argentina (1976), Washington re-established its power and reversed the legislation and policies which adversely affected its big property holders and hegemony in foreign policy. All the new dictatorships received large-scale funding from the US government, easy access to loans from the World Bank and IMF (thus starting the massive debt cycle) for many dubious ventures in exchange for repressing all nationalist, socialist, democratic and popular opposition. Each and every regime broke relations with Cuba, the non-aligned movement and lined up with the US in all international forums. The military regimes proceeded to denationalize the economy, abolish labor and social legislation favorable to workers, reverse land distribution programs and promote 'free market' export-oriented growth at the expense of production for local markets. Large-scale, long-term US and European investments entered and in most cases proceeded to buy out local public and private firms. De-regulation of the economy led to the growth of easy inflows and rapid flight of speculative capital. In the deepest sense, these were more free market rather than military coups, the military being an instrument for the former.

The only point of contention was in Central America where the Sandinista National Liberation Movement in Nicaragua overthrew the long-standing US-backed Somoza dictatorship, and powerful guerrilla movements based on Indians and peasants in El Salvador and Guatemala challenged US domination. By the early 1990's, the US-backed political-military forces ousted the Sandinistas, co-opted the Salvadoran guerrillas into electoral politics and slaughtered the Indian insurgents in Guatemala.

The period 1976 - 1980's was the opening chapter of the 'Golden Age' of US power:

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With submissive dictatorial client rulers in control, policies were in place which promoted large-scale openings to exploit minerals and energy under extremely favorable terms (?political stability?) and imposed unquestioned obedience to US foreign policy positions.

The abrupt and massive shift of Latin American policies in favor of US economic and political interests led to greater social polarization, vastly increased inequalities and dramatic increases in unemployment and poverty. Large-scale mass discontent broke out in Chile in the mid-eighties, in Argentina in the early eighties (in large part because of the dictatorship's military defeat in the Malvinas/Falkland Island War with Great Britain), in Bolivia during 1984/5 and elsewhere. The opposition to the military-authoritarian dictatorships was diverse and the demands varied. For the popular classes the demands were for a return to democracy and the re-establishment of a social welfare nationalist regime. Among the middle class the demands were for free elections, individual freedoms and greater power and income sharing between the upper and middle class. For the elite bourgeoisie the demand was for free elections and accelerated liberalization and privatization including the many enterprises controlled by the military. As a result of mass pressure the military ceded power to an elite-controlled electoral regime in exchange for impunity, the irreversibility of the privatizations that had taken place, and the maintenance of existing property and class relations. While the impetus for regime change largely came from below (workers and middle class), the leadership and direction of policy was vested in the hands of politicians beholden to the liberal bourgeoisie.

The Golden Age of US Dominance : 1990-2001

All the policy and structural indicators of the period 1975-1989 point to a substantial recovery and expansion of US power in Latin America over the previous decade. The following decade, the period of the restoration of electoral regimes, deepened, expanded and seemingly consolidated the ascendancy of US dominance. The anti-dictatorial popular movements were subordinated to electoral parties committed to liberal policies favoring US, European and Asian multinational corporations and banks. They were supportive of US foreign policy and closely aligned with the domestic financial and business oligarchies. Never in the 20th Century were so many lucrative public monopolies transferred to private national and foreign investors, in so many countries and covering such a vast an array of sectors in less than a decade. Never had so much wealth (amounting to over \$900 billion dollars) in interest payments, profits, royalties and assets been appropriated by US, European and Asian MNCs in the course of a decade (1991-2001).

Washington and Brussels could cynically and literally claim that this was truly a ?Golden Age?. Since pillage was facilitated by electoral regimes, Washington and Brussels considered

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these massive transfers of wealth the 'legitimate' policies of 'liberalization' no matter how asymmetrical were the benefits, no matter how great the emerging inequalities, no matter how great the growth of poverty and the exodus of professionals, skilled and unskilled workers, small farmers and peasants.

Several international factors favored this combination of free elections and private pillage. This included the collapse of communism in the ex-USSR and Eastern Europe, the annexation of East Germany and the conversion of their leaders into Western clients (Yeltsin, Havel, Walesa and others), which eliminated alternative sources of trade and aid and skewed the balance of power toward the US. The resulting deep economic crisis in Cuba led to a sharp turn inward to stave off collapse, scaled down its support for left movements in Latin America and reduced its attraction as a development model. Low commodity prices weakened state revenues and strengthened the hand of the liberal advocates of privatization and the IMF. China was moving toward integration into the world market and was not in a position as yet to provide an alternative market or source of external financing. The Middle East was 'under control'. Iran was weakened by Iraq's invasion, Saddam Hussein was neutralized by the Gulf War and Israel was savaging the First Palestinian Intifada uprising. The Central American guerrilla movements were domesticated and integrated into electoral politics dominated by US neo-liberal clients. Chavez was elected only at the end of the 1990's (1998) and was still several years from adopting his nationalist-welfare agenda.

Most important of all, Washington had successfully backed a string of 'ideal' clients in the largest and economically richest countries in Latin America. Carlos Menem in Argentina privatized more public enterprises by executive decree (over a thousand) than any president in the country's history. Fernando Henrique Cardoso in Brazil privatized the most lucrative state enterprises, including the Vale del Doce iron mine for \$400 million (its market value in 2006 is over \$10 billion dollars with annual returns exceeding 25%), banks, telecommunications, oil and numerous other state enterprises, which were converted into foreign-owned monopolies. In Mexico, Carlos Salinas, following a fraudulent election, privatized over 110 public enterprises, opened the borders to subsidized US agricultural exports 'ruining over 1.5 million corn, bean, rice and poultry farmers and peasants' and signed the North American Free Trade Agreement, giving license for the US takeover of retail trade, real estate, agriculture, industry, banking and communications sectors. Similar patterns of foreign takeovers were evident throughout the region, especially in Ecuador, Chile, Peru, Bolivia and Colombia where lucrative gas, oil and mining firms were privatized and denationalized.

In their annual reports throughout the 1990's both the IMF and the World Bank described these regimes as 'exemplary and successful models' to be emulated throughout the world. Washington and the EEC considered this period of exceptional revenue and profits, facilitated by extremely accommodating regimes, promoting unconstrained liberalization as the

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norm for the future. Anything deviating from the 'Golden Period' would be considered deviant, unacceptable, threatening, undemocratic and unfavorable to investors.

Crisis and Collapse of US-Backed Clients: The End of the Golden Era

Embedded in the 'good times' and the rhetoric of 'free elections and free markets', neither the World Bank nor the IMF, Washington and the EU anticipated the massive popular uprisings and electoral revolts of the late nineties through to the first half of the following decade (1999-2006), which overthrew or repudiated each and every US client.

In Ecuador, three popular uprisings replaced neo-liberal presidents, blocking the privatization of gas, oil and petroleum, as well as the signing of the Latin American Free Trade Agreement. In Argentina, in December 2001, in the face of a financial collapse, the freezing of accounts of millions of bank depositors and a deep economic recession, a mass popular rebellion ousted the incumbent President De la Rúa and three of his would-be 'successors'. In Bolivia, 3 bloody mass insurrections in January 2000, October 2003 and June 2005 led to the overthrow of two of Washington's most obedient and servile clients - Sanchez de Losado and his Vice President Carlos Mesa, both notorious privatizers and lax regulators of tax, fiscal and contraband activities by foreign MNCs. In Brazil, mass pressure led by the rural workers movement (MST) and urban discontent led to the defeat of incumbent President Cardoso's party and the election of the apparently social democratic Lula Da Silva.

Most important of all Washington's efforts to destabilize Venezuela's President Chavez for objecting to the Bush Administration Middle East war policy, and its subsequent backing of a failed coup, radicalized Chavez and his supporters.

Washington's 'Golden Age' led to a massive degree of hostility toward US clients and to the free market policies they pursued. The very conditions and policies, which favored US business, military and banking, were precisely the ones detonating popular uprisings.

Throughout the region many of the leaders of the social rebellions and insurrections demanded the re-nationalization of privatized enterprises, the re-negotiation of contracts with multi-national corporations, the return to state control of foreign owned banks and the prosecution of government officials complicit in privatization and the bloody repression of

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protestors. In Venezuela, the movements demanded the prosecution of US-backed coup makers and 're-nationalization' of the state-owned petroleum company (replacement of 10,000 public oil officials linked to US MNCs).

The period 2000-2003 witnessed a sharp decline of US power, particularly the loss of vital client regimes and a major threat to the privileged position of US and EEC multinational banks, petroleum and telecommunication industries.

In Colombia, US-client ruler President Pastrana faced the advancing guerrilla armies of the Revolutionary Armed Forces of Colombia (FARC) and to a lesser degree the National Liberation Army, as well as trade union and peasant-based opposition to the US authored and financed 'Plan Colombia' and free market policies.

Despite the scope and depth of mass protest and the success of the popular movements in overthrowing pro-US regimes, the political and economic foundations of US power in the Hemisphere were shaken but not undermined. While sectors of the state apparatus associated with the discredited US client-regimes were forced to resign, the military, judicial, police and civilian ministries remained intact. While some of the leading kleptocratic capitalists moved their illicitly gained liquid assets abroad, most temporarily adopted a low profile, waiting for a more propitious moment to restart operations.

Most important for Washington's strategic interests, the powerful popular movements were not able or prepared to take state power and make a clean break with the neo-liberal, free market model. In each and every case in which an outstanding US client ruler fell, they were replaced by a new President who, by necessity, adopted a more anti-neo-liberal rhetoric, and in some cases eliminated or replaced some of the most hated figures of the previous regime, but stayed within the class and political parameters of the previous regime. Particularly prior to and immediately after taking power these new political elites adopted a posture positioning themselves on the 'center-left', not too dissimilar from the 'Third Way' position of their European counterparts.

Washington was apparently caught by surprise by the ease and speed with which its clients were swept from power. Believing in their own triumphalist rhetoric about the 'end of history' with the advent of regimes embracing free markets and free elections, Washington was unsuccessful in defending its clients. In many cases its favorite alternative on the right, who had been quickly mustered to replace their fallen puppets, were themselves discredited.

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Lacking any political capital, they were not able to fill the political vacuum. Within the Bush Administration, particularly among the political appointees in the State Department (many of Cuban exile background), the initial response was generalized hostility and apprehension not only to large-scale rebellions, but also to the emerging center-left regimes. The only exception was the ultra-neo-liberal 'socialist' Chilean regime, which even had the support of extremists like Otto Reich.

During the entire 2000-2002 period, Washington made few attempts to recognize major political and economic changes, which had taken place both internationally as well as in Latin America, in order to adjust the ambitions of the US Empire to the new realities.

The 1990's Golden Era of pillage blinded Washington to the new political and social polarization. As a result most of its political clients were isolated. Having grown accustomed to easy access and depending on intelligence garnered from complacent Defense and Interior Ministries, Washington was unprepared to change horses before the fall.

More seriously, the deep economic crisis and collapse of 2000-2001 shifted the balance of forces within the Latin American countries in a way, which made it practically impossible to continue with the politics, ideology and economic policies of the 1990's.

The New Realities of the 21st Century

Washington and its business partners refused to recognize that the 1990's were an exceptional period based on a particular constellation of circumstances, which were transitory and not entirely replicable.

The fear generated by the military dictators over popular opinion in the 1970's no longer paralyzed mass movements - the new generation had not suffered torture, prison and mass murder, their primary formative experience was downward mobility, financial collapse, unemployment, loss of savings and 'no future'.

The beginning of the 1990's witnessed the introductions of deep neo-liberal policies with

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grandiose promises of shared prosperity, entry into the First World, access to cheap credit, and inexpensive low-cost consumer imports. By the end of the decade, none of the promises of rising living standards came to fruition for the great mass of the working and salaried classes. Free market policies bankrupted millions of peasants and small farmers; over half the manufacturing workers were shoved into the informal sector. Deregulation led to bank failures, fraud and the massive loss of middle class savings. Privatized state enterprises fired workers, closed unprofitable subsidiaries and replaced most permanent workers with temporary contract workers.

The mass illusions about prosperity and free markets turned into a bitter, angry sense of mass deception. Washington, however, continued to live with the illusion that the masses were still enthralled with the pillage and poverty and that outside extremists were responsible for the unrest. Washington's most bizarre expression of denial was found in the IMF and World Bank appraisals of the collapse of client regimes and mass popular uprisings: the economic reforms were not fully or correctly implemented in a timely manner! The message to the Latin American clients was to carry on? only there were no viable pro-US agencies available to restart the politics of the Golden Era.

Parallel with the vast political and economic changes within Latin America, which made Golden Age politics no longer practical, significant changes were taking place outside of Latin America. Washington's refusal to adjust to the tax, welfare and foreign policy changes in Venezuela, led it to back a military coup in April 2002 and business/oil lockout in late 2002 to early 2003 and heavy intervention in financing and promoting electoral fronts to overthrow President Chavez. Each of Washington's failed attempts further radicalized the government's domestic and foreign policies while eliminating important US political assets. Chavez took his case to Latin America; popular approval skyrocketed; and the new center-left regimes signed on to lucrative energy and trade investment deals. Far from accommodating to the initial limited range of changes proposed by Chavez, Washington's failed destabilizing programs extended Venezuela's influence and strengthening the appeal of its welfare-statist policies throughout Latin America. The Chavez factor was in great part an influential counterweight to the US because of the vast increase in petroleum prices during the period 2002-2006 four and five times the price of the 1990s.

Equally important, the new millennium saw a vast increase in all major commodity prices as copper, nickel, iron, soya, beef, grain, gold and silver, as well as other raw materials doubled and tripled in prices, in large part because of the dynamic double-digit growth of Chinese industry. In fact demand boomed throughout Asia as big importers of raw materials recovered from the crisis and recession of the late 1990s: India grew over 6%, Japan pulled out of its lost decade and South Korea overcame its 1997 economic crisis. Likewise the increase in demand drove up oil prices adding revenues and liquidity to oil producing states in the Middle

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East, Latin America and parts of Africa.

The US, in part, lost its economic leverage based on debt refinancing, trade dominance and its technological monopoly. Trade and investment diversification by the new 'center-left' regimes was based on retaining the neo-liberal framework but working through it with new Asian partners. Washington's attempts to use the 'economic stick' of the 1990's were less effective (except for the most clientelistic small country rulers) in dictating policy to the large Latin American nations. Yet Washington persisted in applying pressure.

The new more diverse trading patterns, the economic crises in Latin America and the rising popular movements meant that Washington's attempt to impose a privileged position in Latin America via the so-called Latin American Free Trade Area (ALCA) was tested. Brazil, Argentina, Venezuela, Ecuador and Bolivia rejected the one-sided nature of ALCA in which Washington insisted that Latin American countries lower all trade barriers in all economic sectors while the US would continue providing \$21 billion dollars in agricultural subsidies, quotas on over 200 exportable commodities from Latin America and the brazen use of 'non-traditional' barriers on trade.

Clinton initiated ALCA and signed Mexico to NAFTA during the early 1990's - the Golden Age of Pillage. Bush, facing continent-wide resistance, turned toward bilateral free trade agreements with client rulers in Central America, the Caribbean and in Latin America with Peru, Colombia and Chile. Instead of recognizing the new realities and the need to develop trade agreements based on more symmetrical relations with the new neo-liberal center-left regimes, Washington persisted in sacrificing vast economic opportunities for non-agricultural exports, especially toward Brazil, Argentina, Bolivia and Ecuador.

Washington singularly failed to take account of the vast changes in the international environment. Russia was no longer ruled by its drunken client, President Boris Yeltsin, surrounded by kleptocratic gangsters hell-bent on pillaging the country and accommodating each and every policy emanating from Washington. Under President Vladimir Putin, Russian capitalism was normalized: growth, investment, living standards and national interests were pursued in a systematic and coherent fashion. The boom in world prices for gas, oil and other raw materials fueled the recovery of Russian industry and its pursuit of overseas markets. Russia, once again, emerged as a potential alternative investment and trading partner for Latin American countries, especially in the fields of energy development, arms purchases and joint ventures.

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As was mentioned above, China's voracious appetite for raw materials opened alternative trade and investment opportunities for Latin American industries. Washington failed to recognize that Russia and the Asian countries weakened US economic hegemony in Latin America and persisted in pushing outmoded 'integration' proposals that failed to take account of the new global economic dynamics.

Even US military options, frequently wielded in the past, as threats or actual intervention, were severely weakened by the Bush Administration's involvement in the prolonged and unending wars in Iraq and Afghanistan. The US invasion and occupation of Iraq and Afghanistan led to massive resistance, which tied down the great mass of its active combat troops and reserves. The cumulative losses in dead and injured reached over 32,000, the financial cost soared to over \$450 billion dollars by mid-2006 and public opposition was surveyed at 60% of the US population. The erosion of support for Bush's Asian military agenda and the depletion of active military forces sharply weakened Washington's capacity to engage in new interventions to forestall credible threats to US imperial interests in Latin America. Unlike the 1990's when Bush Sr. defeated Iraq, withdrew the troops and declared a New World Order with some credibility, Bush Jr.'s declaration of 'permanent war' rings hollow as US forces retreat from the streets of Baghdad to their reinforced concrete sanctuaries.

While the Bush Administration could resort to the military option in Latin America, the prospects of securing Latin American, European, Asian and even public backing in the US (especially if it became a prolonged operation with losses) is dubious. The very generality of the War on Terror and the extreme colonial-like strategies adopted in Iraq have severely weakened Washington's capacity to intervene in particular adversarial countries in Latin America. No doubt the regional and international changes since the 'Golden Age' of US dominance have heavily influenced thinking about the decline of US power.

Fluidity of Hegemony: Relative Losses, Relative Gains

If we consider the power of the US in Latin America, there are certainly clear signs of declining influence evident in the diversification in sources of export earnings, investments and joint ventures. Yet none of the US MNCs within Latin America have been adversely affected. The worst that can be said is that they may pay higher taxes to the Venezuelan government, but that is simply because the prior taxes, especially in the Orinoco tar field was 1% and rose to 15% and now approaches 33% -- a change, yes, but hardly a loss of profits given current oil prices (2004-2007). All the big US oil companies, Chevron, Exxon etc, continue to operate in Venezuela and harvest windfall profits. The US has lost influence in most (but not all) of the top government circles in Venezuela, but Washington still has vast assets in the private sector, including a near monopoly of the private mass media, a large array of subsidized self-styled non-governmental organizations, a dozen electoral parties, a highly bureaucratic trade union

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apparatus, sectors of the Catholic hierarchy. Washington's allies include large sectors of the business, financial and service elite, important sectors of the privatized and public professional class (doctors, professors, consultants, public relations agents and lawyers). Despite some losses, the Pentagon retains influence among sectors of the National Guard, secret police (DISIP) and Armed Forces. In other words, despite Washington's failed policies of confrontation (coups, electoral boycotts, lockouts), which have resulted in the loss of key allies, it still retains formidable assets to influence domestic and international policy in Venezuela if it discards its '1990's ideal' and adapts to the new realities of nationalism and social welfare.

Similarly throughout Latin America, the center-left regimes in Argentina, Brazil, Bolivia, Uruguay and elsewhere have severely weakened the mass movements, de-radicalized the demands of social struggles and, at least, partially re-legitimized the privatizations, which took place in the 1990's.

If we compare 2003-2006 to 2000-2003, it is clear that US power has not declined; it is not facing a radical challenge to its extended military and economic presence in Latin America. Argentine President Kirchner has tamed and co-opted many of the insurrectionary leaders, channeled the rebellious lower middle class into electoral politics and the trade unions into commonplace 'wages and salary' struggles or at best toward 'reformist' programs. Even more striking, Brazilian President Lula da Silva has fully embraced the free market-free elections doctrine of the 1990's, and has deepened and extended his predecessor's (Cardoso) restrictive budget, salary, pension policies while extending his privatization program. No previous elected Brazilian president was as successful as Lula in demobilizing mass movements and trade unions and even turning them into transmission belts for his pro-MNC, pro-international finance policies. It is precisely Lula's embrace of the free market via an agro-mineral export strategy which has set him on a collision course with the US protectionist-subsidized agro-export policies: It is Washington's intransigent belief that it could 'have it all' - like in the 1990's - that undermined Brazil's willingness to sign onto ALCA. Today the same class forces rule Brazil's economy as in the 1990's; the same macro-economic stabilization policies are currently pursued as in the 1990's; and the same Central Bank high interest-budget surplus policies are practiced as in the 1990's. Brazil, as in the past, has diplomatic relations with Cuba and Venezuela. Lula's Foreign Minister, Celso Amorin, is a conservative, pro-Washington, former-Ambassador to the US under Cardoso, who is staunchly in favor of 'symmetrical free trade' and has dissociated Brazil from most of Chavez criticisms of US imperialism. That Brazil is proceeding to diversify its exports to Asia, pursue lucrative joint energy ventures with Venezuela and criticize one-sided trade agreements is part of the new reality that Washington has failed to grasp.

The bigger reality is that Lula could be a strategic asset in Washington's agenda of furthering opportunities for business and minimizing challenges from the nationalist and socialist forces in

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Brazil and throughout Latin America. In comparison to the period of 1999-2002, when there was a robust extra-parliamentary and Congressional opposition to neo-liberalism, widespread political demands to reverse Cardoso's privatizations and a badly discredited US client regime, the last 4 years of Lula's regime has re-enforced the neo-liberal economy, favoring US financial and business interests while pursuing greater integration into the world market. The attempt by the US to pressure Brazil into ideological conformity and into unacceptable one-sided trade agreements is the principal obstacle to gaining greater influence in Brazil.

Empire Building in a Time of New Political and Economic Realities

Power does not simply flow from the structures of US collaborators whether they include big business groups, local regimes, and US trained economists embedded in Ministries. Power also emanates from organized classes, ethnic communities and quasi-spontaneous popular uprisings that can, in certain circumstances, challenge or overthrow client regimes, and in exceptional periods overthrow institutions, which collaborate with Washington.

As we have seen over the past half-century US-Latin American relations are not fixed in time and place, they are fluid and reversible within decades or shorter time frames. The frequent impressionistic commentaries by discursive writers of a long-term decline of US power or hegemony or that speak of "five-hundred years of domination" fail to account for the changing correlations of forces within Latin America and in the world, the shifts in global markets and the rise and fall and re-emergence of US adversaries both in Latin America and the world.

In recent history we have witnessed alternative periods of high levels of US influence over Latin America and others of declining power and the emergence of significant counter-hegemonic regimes and movements. The strategic basis of US power in Latin America is structural, located in the peak business, agro-mineral and banking elites, backed by collaborator regimes and state institutions (military, judicial, central banks, intelligence agencies and mass media). From "the outside", US influence is exercised via its military programs and through the IMF and World Bank, the OAS and the IDB. US intelligence operations and political front groups provide additional institutional leverage over Latin American decision-making. The principal strategic weaknesses of US power in Latin America is found in client rulers who, in pursuit of US interests quickly lose legitimacy, public support and are vulnerable to overthrow. Their "free market" and structural adjustment policies favor US business and banks, but prejudice wage and salaried workers, peasants, small business and public employees and professionals. As a result the great majority of organized social movements are opposed to US policy especially its intervention in Latin American politics. There are virtually no mass pro-US

movements. Historical experience and consciousness, particularly nationalist sentiment, is deeply suspicious of and predisposed to question US motivation and policies.

The Shortsightedness of Historical Projections

Linear views of long-term tendencies in the exercise of US power in Latin America are paradoxically shortsighted and have been demonstrated to be wrong, repeatedly over the past 50 years. Even a cursory view of the dramatic shifts in power in the most recent six years provides ample evidence that power shifts can be abrupt and profound.

The fall of client regimes and the wave of insurrectionary and anti-neo-liberal movements during 2000-2002 was followed by five years of relatively stable neo-liberal regimes which defend established US and EEC business and banking interests, make early payments on foreign debts, allocate budget surpluses to pay the debt and have neutralized anti-imperialist movements in Argentina, Brazil, Uruguay, Peru and elsewhere. The 'new reality' is a partial recovery of the power and dominance exercised by the US during the Golden Age of the 1990's.

While ill-informed and ideologically driven policymakers in the Bush Administration and among US and European progressives emphasize the nominal 'left' credentials of the new regimes especially in Argentina, Brazil, Uruguay and Bolivia, the reality is that little has changed in the basic property, class and income structures of those countries. Small recoveries in wages and salaries have been matched by losses in pensions or other social benefits. The changes initiated by some of these regimes have in some cases been in the direction of furthering US interests. In 2006 Uruguay signed unprecedented bilateral free trade and military bases agreements with the US. Brazil is pursuing labor and pension 'reform' programs to lower the cost and increase the ease of firing workers, while further reducing spending on public sector pensions. In Argentina a number of corrupt Supreme Court Justices, Police and Military officers were retired and senior military officials, implicated in mass killings and torture during the dictatorship, are facing trial. In Venezuela and Bolivia, moderate increases in royalty and tax payments by US, Brazilian and EEC multinationals have taken place. Bolivia has secured modest increases in the price of gas charged to Brazil and Argentina. Even in these so-called 'radical regimes' basic US and EEC interests have not been expropriated, in fact new invitations for further investments have been tendered, slightly less favorable than occurred during the 1990's. Bolivia and Venezuela, by introducing profit sharing agreements for naked pillage, are modifying 'not ending' - US operations in Latin America. Even in Cuba large-scale, long-term foreign investments are found in various economic sectors ranging from joint ventures with Israeli-owned citrus plantations, Spanish-owned tourist hotels and resorts, Mexican and Chinese-owned manufacturing and mining operations to French and Venezuelan-owned petroleum exploration, biotechnology and pharmaceuticals. As of 2006, US agro-business

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exporters from 34 states have sold over \$1 billion dollars in farm products to the Cuban market in the past decade. Cuban foreign policy has moved toward closer ties with Colombia's rightwing President Uribe, supports Brazil's incumbent neo-liberal President Lula Da Silva and purchases many times more agricultural commodities from the US than from its radical ally, Bolivia.

The failure of Washington to exploit the favorable conjuncture of 2003-2006 is a result of its own ideological extremism, based on unrealistic criteria. This includes the idea that the servility of Latin American regimes in the 1990's and their full compliance with US demands could last forever. The neo-conservative and anti-Cuba policymakers could not adapt to the new realities and exploit the new opportunities. The politics of confrontation with Venezuela and Cuba under highly unfavorable domestic and international circumstances has led Washington into a blind ally ? isolating it from the great majority of the non-aligned countries, as well as its allies in Europe and Latin America. The real issue facing US policymakers is not whether to continue a losing confrontation with pragmatic regimes, like Cuba, Venezuela and Bolivia, in the hope of precipitating their immediate collapse but to recognize that mutual accommodation can lessen international hostility and safeguard strategic US economic interests.

For the Left, the possibility of radical change in Latin America is largely dependent on continuing US intransigence and insistence on a return to the "Golden Age of Pillage", and recognizing that new emerging radical movements are challenging the neo-liberal Presidents in Brazil, Argentina and Uruguay. The Left needs to recognize that in both Bolivia and Venezuela there are deep social fissures within and between the governing parties and the working class as well as between Chavez and Morales and the right-wing opposition from the upper classes and the US.

Four Competing Blocs of Power

In reality there are four competing blocs of nations in Latin America contrary to the highly simplistic dualism portrayed by the White House and most of the Left. Each of these four blocs represents different degrees of accommodation or opposition to US policies and interests depending on how the US defines or re-defines its interests under the new realities.

The radical left includes the FARC guerrillas in Colombia, sectors of the trade unions and peasant and barrio movements in Venezuela, the labor confederation CONLUTAS and sectors of the Rural Landless Movement in Brazil, the Bolivian Labor Confederation (COB), sectors of the peasant and barrio movements in El Alto, Bolivia; sectors of the peasant-indigenous movement CONAIE in Ecuador; sectors of the teachers and

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peasant-indigenous movements in Oaxaca, Guerrero and Chiapas in Mexico; sectors of the nationalist-peasant-left in Peru; sectors of the trade union and unemployed workers in Argentina. In addition, there are numerous other social movements in Central and South America and a plethora of small Marxist groups in Argentina, Bolivia, Chile and elsewhere. Together these form a heterodox, dispersed political bloc, which is staunchly anti-imperialist and rejects any concession to neo-liberal socio-economic policies, opposes debt payments and generally supports a socialist or radical nationalist program.

The pragmatic left includes President Chavez in Venezuela, Morales in Bolivia and Castro in Cuba as well as a multiplicity of large electoral parties and major peasant and trade unions in Central and South America. Included here are the left electoral parties, the PRD in Mexico, the FMLN in El Salvador, the left electoral bloc in Colombia and the labor confederation (CUT), the Chilean Communist Party, the majority in Peruvian nationalist Humala's parliamentary party, leadership sectors of the MST, in Brazil, the MAS, the governing party in Bolivia, the CTA, the second largest labor confederation in Argentina, and a minority of the Broad Front and the labor confederation (PIT-CNT) in Uruguay. The great majority of left Latin American intellectuals are found among this political bloc. This is the least understood political formation in Latin America, especially by Washington's policymakers, the major media journalists and not a few academics both in the US and Europe, who tend to lump it with the radical left.

It is worthwhile to examine why this bloc is referred to as the 'pragmatic' left. First of all Venezuela, Bolivia and the entire spectrum of above-mentioned social movements, trade union confederations, parties and fractions of parties do not call for the abolition of capitalism, the repudiation of the debt, the complete expropriation of US or EEC banks or multinational corporation, or any rupture in relations with the US.

For example, in Venezuela, private national and foreign banks earned over 30% rate of return in 2005-2006, foreign-owned oil companies reaped record profits between 2004-2006, and less than 1% of the biggest landed estates were fully expropriated and titles turned over to landless peasants. Capital-labor relations still operate in a framework heavily weighted on behalf of business and labor contractors who rely on subcontractors who continue to dominate hiring and firing in more than one half of the large enterprises. The Venezuelan military and police continue to arrest suspected Colombian guerrillas and activists and turn them over to the Colombian police. Venezuela and US-client President Uribe of Colombia have signed several high-level security and economic co-operation agreements. While promoting Latin American integration (excluding the US) Chavez has looked toward greater 'integration' with neo-liberal Brazil and Argentina, whose oil production and distribution is controlled by European MNCs and US investors. While Chavez attacks US attempts to subvert the elected Venezuelan government, Venezuela provides 12% of total US petroleum imports, owns 12,000 CITGO

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gasoline stations in the US and several refineries. Finally the Venezuela's political system is wide open to influence by the private mass media (which are overwhelmingly hostile to Chavez), US-funded NGO's acting on behalf of US policymakers and a dozen pro-US political parties, trade unions confederations. Moreover the majority of pro-Chavez congressional members and officials are of very dubious nationalist credentials, having jumped on his political bandwagon more for personal advancement than from any populist loyalties (many emigrated from defunct pro-US right wing political parties). In a word, Venezuela's pragmatism spells out a very lucrative field for US investors, a reliable supplier of energy and alliances with the US's major client in Latin America. The essence of the matter is that Chavez's radical rhetoric and discourse on 21st century socialism does not now or in the proximate future correspond to the political realities. If it were not for Washington's intransigent hostility and continued confrontation and destabilization tactics, even Chavez's discourse would likely be moderated. That sectors of big business complain about increased royalty payments, profit sharing and taxes is to be expected, but hardly the basis to engage in arms boycotts, cheap rhetorical shots and undercover subversion.

US-Venezuela relations embody what is wrong and has failed in Latin America. By comparing Chavez's policy with that of the previous Venezuelan client regimes during the 1990's, Washington is painting Chavez as a "dangerous radical". Taking into account the changed international environment of the 2000-2006 period and the limited social welfare, modest tax and other reforms and taking Chavez's foreign policy pronouncements with a grain of salt, the US is in fact dealing with a pragmatic radical who can be accommodated. But that presumes that Washington rejects the 1990's as a standard for measuring friends and enemies. It presumes that Washington realizes that the favorable international conjuncture of the 1990's is gone and it must accommodate moderate reforms and foreign policy differences to avoid a social revolution. The same is true regarding US policy toward Cuba and Bolivia. Cuba has established diplomatic ties with almost all US clients and allies in Latin America. It has explicitly extended a friendly diplomatic hand to US-backed Colombian President Uribe, rejects the revolutionary left (FARC) in Colombia, gives public support to neo-liberals like Lula of Brazil, Kirchner of Argentina and Vazquez in Uruguay and has signed a wide range of purchasing agreements with big US food exporters amounting to over \$500 million dollars a year despite onerous terms. Cuba has provided free health services to a large number of US client regimes ranging from Honduras and Haiti to Pakistan; it is training thousands of doctors and educators from the poorest of US client states and has opened the door to foreign investors from four continents in all its major growth sectors. Paradoxically as Cuba has deepened its integration into the world capitalist market leading to the emergence of a new class of market-oriented elites, Washington has increased its ideological hostility, issuing military threats and exercising diplomatic pressure and provocations, which have strengthened radical tendencies in Cuban society. Washington has adopted a similar extremist posture toward the pragmatic-leftist Morales regime in Bolivia, whose "nationalization" has not and will not expropriate any foreign-owned enterprise and one of whose main purposes is to stimulate trade agreements between Bolivia's agro-business elite and the US.

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The third and most numerous political bloc in Latin America are the pragmatic neo-liberals which includes Brazil under Lula, Kirchner's Argentina and the major trade union confederations in Brazil and Argentina, sectors of big business and financial elites and the principal provincial political bosses handing out subsistence unemployment doles and food baskets. There are numerous imitators of these regimes among left-liberal opposition groups in Ecuador, Nicaragua (the Sandinistas and their split-offs), Paraguay and elsewhere. Both Kirchner and Lula have defended the entire gamut of legal, semi-legal and illegal privatizations, which took place in the 1990's. Both have prepaid on their IFI debt obligations (though Argentina imposed a 60% discount on private debt holders). Both have pursued agro-mineral export growth strategies. Both have vastly increased financial and business profits while restraining wages and salaries. There are also differences between the two: Kirchner's pro-industry strategy has led to a growth rate over twice that of Lula and he has reduced unemployment by 50% (from a high base figure) compared to Lula's failed employment policies. In other words, the investment environment for US business-people and bankers in Argentina and Brazil is as favorable (or even more so for US bankers in Brazil) as it was during the 'Golden Years' of the 1990's.

The major changes in relations between the pragmatic neo-liberals and Washington are in the negotiations over a free trade agreement, the vast increase in global trade opportunities and the stronger market position of elite export producers and manufacturers within Latin America. Both Lula and Kirchner will have nothing to do with extremist-militarist US efforts to overthrow or boycott Chavez because they have growing and lucrative market investments and joint oil/gas projects in the works. They recognize the basically capitalist nature of the Chavez regime even as they reject most of his radical anti-imperialist discourse. Likewise both Presidents are diversifying trading partners and pursuing markets with US competitors in China and Asia because it is lucrative, revenue generating and part of their neo-liberal practice.

There is a clear difference between the market-oriented and free trade-driven policy of Argentina and Brazil and the militarist, ideologically driven US policy toward Venezuela, Cuba, the Middle East and elsewhere.

While Washington is not hostile to Argentina and has a friendly working relation with Brazil, it has failed to fully exploit the possibilities of extending influence because of its refusal to recognize the emergence of a kind of 'nationalist' free trade regime. Measuring Argentina against the 1990's 'Golden Age of Pillage' under President Carlos Menem, Kirchner's pursuit of negotiated agreements, regulated investments, tax collection and debt re-negotiations is seen as 'nationalist', 'leftist' and barely tolerable. Likewise Washington, accustomed to Cardoso's role as a Washington client, is disturbed by the fact that Lula's free market policies include a demand that the US end agricultural subsidies and quotas as well as Brazil. Once again Washington's extremism sacrifices large-scale, long-term US entry into Brazil's

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industrial and service sector in order to defend uncompetitive US farm enterprises. Washington's attitude is more akin to a 19th century colonial (or mercantile) power than a 21st century market-based empire-builder, especially faced with pragmatic rulers looking to build their own regional power bases.

The fourth political bloc is the doctrinaire neo-liberal regimes, parties and elite associations, which closely follow Washington's dictates. This included the Fox-Calderon regime in Mexico, preparing to privatize the lucrative public petroleum and electrical firms, the Bachelet regime in Chile - the perennial agro-mineral-exporter, Central America - the tropical fruit and assembly plant exporters (El Salvador, Nicaragua, Honduras, Costa Rica and Guatemala). The latter were brought into the US orbit subsequent to the killing of over 300,000 people between the late 1970's and early 1990's. Colombia, another member of the hard-line neo-liberal bloc, is recipient of \$5 billion dollars in US military aid since the late 1990's. Peru, which over the past 20 years has privatized almost all of its mineral wealth recently elected President Alan Garcia who promises to continue the same policies. Paraguay has become the biggest military base for Washington. In Uruguay, a regime of ex-leftists has signed onto a new free trade agreement with the US and agreed to a military training base. In the Caribbean, the US occupies Haiti via the UN after overthrowing and abducting the elected President Bertram Aristide and has a loyal ally in the Dominican Republic (President Leonel Fernandez). In other words, Washington dominates a 'Pacific Arc' of loyal clients extending from Mexico, through Central America down the Southern Pacific coast, including Colombia, Peru and Chile. While the political labels, rhetoric and degree of stability vary, these regimes all embrace US-backed doctrines of free market, mostly follow the US lead in regional and international forums and in one degree or another openly or surreptitiously oppose Venezuela and Cuba. Powerful pragmatic leftist movements challenge these client regimes, especially in Mexico, El Salvador, Peru and Colombia (including the radical left in Colombia). Nevertheless for the immediate future, Washington has a loyal bloc of follower regimes, even as, over the middle course this could change abruptly.

Conclusion

Claims by Washington and right-wing ideologues that 'radical populism' is sweeping the region are self-serving and gross simplifications of a complex reality. Instead there is a 'quadrangle of competing and conflicting forces' within Latin America. There are also new and changing international scenarios, which complicate any attempt to 'pigeonhole' policies with 'either/or' choices. While Washington has emphasized the subversive influence of Venezuela and Cuba in weakening US dominance in Latin America, a far more important factor is the across the board rise in commodity prices of goods which are major export earners for Latin America. This means that the Latin American countries have less need to rely on IMF 'conditions' for securing loans, thus severely limiting US political leverage. Secondly the greater liquidity means that commercial loans can be secured without resorting to the World Bank, another instrument of US influence in Latin American political and economic policy making. Thirdly the

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rapidly expanding markets in Asia and particularly the growth of Asian investment in Latin America's extractive industries has further eroded US 'market leverage' in Latin America over and above what Washington possessed in the 1990's. Fourthly with the slowdown of the US economy in 2006-2007, the US can be expected to lessen its investments and trade with Latin America. In other words, Washington has less market leverage over pragmatic leftists and neo-liberals than it possessed during the 1990's. To continue to act in the mid-2000s as if the relative loss of power in this conjuncture simply reflects the ebb and flow of political forces (radical populism) within the region is to pursue failed policies. Mislabeling regimes and exaggerating the degree and kind of opposition leads to the exacerbation of conflicts. Furthermore for Washington to persist in believing that it can secure continent-wide free trade agreements based on non-reciprocal concessions (particularly in agriculture) is to lose out on opportunities for trade deals.

Washington's over-politicization and ideological labeling of changes in US-Latin American relations is a result of the ultra-conservative configuration of policymakers and their principal advisers in Washington.

If Washington has grossly misrepresented Latin American political reality and misreads the current regional and international context, the Left is hardly more prescient. Leftist intellectuals exaggerate the radicalism or revolutionary reality of Cuba and Venezuela, overlook the contradictory realities and their pragmatic accommodations with neo-liberals of all stripes. The Left, with little historical perspicacity, continues to categorize pragmatic neo-liberals like Lula, Kirchner and Vazquez as 'progressives', lumping them together with pragmatic leftists like Chavez, Castro and Morales, basing their inclusion on their twenty year-old political identities rather than their current free market, pro-agro-mineral elite policies. Worse still, the Left confuses the pragmatic neo-liberal regimes' efforts to negotiate symmetrical free market trade agreements with the US to better the terms for national agro-mineral exporters as some sort of 'anti-globalization' policy or as a 'counter-weight' to US power.

The Left 'or sectors of the Latin American Left' has to face up to the fact that while US power has declined relative to the 'Golden Age of Pillage' during the 1990's, it has recovered and advanced since the mass rebellions and overthrow of client regimes of 2000-2002. The hopes that the Left had that the presidential victories of former center-left electoral parties in Brazil, Uruguay and Argentina, would augur a reversion of the neo-liberal policies of their predecessors have been demonstrably dashed. The attempt to redefine the conversion of the ex-leftist-turned-pragmatic neo-liberals into something progressive or as a 'counter-weight' to US power is ingenuous at best and at worst compounds the initial error. The Left's lack of political clarity on the political changes has led it into a blind alley as damaging to its future growth as Washington's failed efforts to recognize the new realities of the new millennia.

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The only consistent and consequential allies and forces for change are found among the radical left. Tactical and selective alliances with sectors of the pragmatic left are necessary and important, but only if they are based on retaining organizational and political independence. For the Left there needs to be a critical analysis and vigorous debate on the disastrous consequences of subordinating their activities to the electoral campaigns of what are now dominant pragmatic neo-liberal regimes. A review of the strength of the social movements in toppling doctrinaire neo-liberal US client regimes is as necessary as a critical analysis of the incapacity of these same movements to block the re-emergence of new 'pragmatic' neo-liberals and above all their incapacity to develop a strategy for power.

While US power over Latin America has declined since the 1990's it has not been a linear process, a sharp fall has been followed by a partial recovery. The decline of the US has not been matched by a sustained rise in the power of the radical left. The real 'gainers' have been the pragmatic leftists and pragmatic neo-liberals who rode to power with the demise of the doctrinaire neo-liberals and the favorable expansive conjuncture in world market conditions. There are neither inherent long-term 'laws of imperial decline' as some Leftist historians claim, nor 'an end of the revolutionary left' as their neo-liberal counterparts claim. Rather a realistic analysis demonstrates that political interventions, class conflict and international markets play a major role in shaping US-Latin American relations and more particularly the ascent and decline of US imperial power, social revolutionary forces and the other political variants in between.