

Latin America: Axis of Hope vs. Axis of Evil*

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Several years ago the reformist Left pined its hopes on the myth that neoliberal globalisation was in the process of collapsing in the North, thanks to the European peoples' struggle and the pressure (potential rather than actual) from the "progressive" European states against the "evil" United States, which imposed everywhere their neoliberal policies [1]. Today, it has become clear to everybody that the European countries, with insignificant variations, adopt the same policies that maintain and reproduce neoliberal globalisation – which is a "one way street" in today's system of open and liberalised markets. At the same time, whilst European peoples are trapped between the Scylla of centre-right (Merkel in Germany, Berlusconi in Italy, Chirac in France, Cameron in UK) and the Charybdis of centre-left (Shredder, Prodi, Royal, Blair/Brown respectively), a new "life-jacket" has been discovered by the reformist Left: Latin America. Particularly so, after the electoral victories of centre-Left by Correa in Ecuador, the reborn ex-revolutionary Ortega in Nicaragua and the populist Chavez in Venezuela. Thus, the reformist Left, putting in the same bag centre-leftists, social-liberals and populists, celebrates the victory of the "Left" in Latin America which, as Tariq Ali informs us, creates in fact an "axis of hope", i.e. an axis opposing the real axis of evil (not Bush's axis!) which is expressed by the "Washington consensus". [2]

Reality is of course much more complicated and less optimistic than the reformist Left's simplistic descriptions of it, as it is also shown by a radical Left analyst specialising on Latin American issues. Thus, as James Petras points out, "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". [3] In fact, all of them, as soon as they are in power, adopt the system of open and liberalised markets –the essence of neoliberalism– even if they often try to complement it with some sort of welfare services for the poor, which however they take care not to be paid out of extra taxes on the rich. Similarly, none of these parties attempted to reverse the process of mass privatisations of the 1970-2001 period which, in combination with the liberalisation of markets, has led to the present situation in which nearly 40 percent of Latin Americans live below the UN poverty line –half of them subsisting on less than a \$1 a day. [4] No wonder that 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, whereas legislation privatizing pension funds, 'liberalizing' labour markets (i.e. relaxing social controls on capitalists), and facilitating the entry of foreign capital have been recently approved by most of the 'centre-left' regimes, which, however, are no less admired for this by the reformist Left, the World Social Forum etc! [5]

In Venezuela itself, (as per what Chavez calls model for «socialism of the 21st century»),

property relations have remained almost intact (apart from some relatively minor rural land reforms) whilst bilateral trade with the US (a significant part of which concerns the imports of luxury cars), soared by over a third to \$40bn in 2005. Not surprisingly, Douglas Bravo, a former Marxist guerrilla who was once close to Mr Chávez, concluded about the Venezuelan regime that "if you look at what it has accomplished, it is a neoliberal government".^[6] However, there is no doubt that, despite the fact that local and foreign elites have hardly been affected by the 'Bolivarian Revolution', they would prefer a more reliable and elite-friendly regime (like the neoliberal regimes in Mexico and Guatemala, or even the centre-left regimes in Brazil, Uruguay or Argentina), rather than a regime which attempts to impose some sort of a mixed economy and the corresponding decreases in their profits. Although the generous increases in Venezuelan government spending (70% in 2005) – particularly on social welfare, health and education – were mostly financed by the recent very high oil prices, still, extra taxes on oil companies have also contributed to this largesse. To the extent therefore that oil prices stabilize at lower levels in the future there will be a corresponding increase in the elites' tax burden so that the welfare standard already achieved could be maintained.

However, what is of even greater concern to the elites is that there are also "pressures from below" for considerably more radical measures than those the Chavez regime is prepared to take. Such pressures concern the communalisation of rural land and its control by farmers' co-ops, the expropriation of factories and their direct control by workers' assemblies and in general the democratisation of the decision taking process through the introduction of direct-democracy arrangements. Chavez's regime response to such pressures up to now has been as follows:

- firstly, a timid land reform, which, since the introduction of a 2001 Land Reform Act, has resulted in about a million people (200,000 families), to be settled onto 2.5m hectares. But, given a colonial legacy which left nearly 5% of landowners owning 80% of the land, it is no wonder that even Genaro Mendez, the leader of the ranchers' federation Fedenaga, had no qualms to declare: "The revolution doesn't exist. It's all slogans"^[7];
- secondly, a few expropriations of private enterprises, usually deserted by their owners and occupied by the workers, who, however, face significant state barriers to any of their attempts to directly control such enterprises through self-governed councils.^[8] Not surprisingly, the main mass media in Venezuela are still privately owned and controlled by the local pro-US elites.
- thirdly, the introduction of some sort of "participatory democracy", in which the basic decisions are still taken by the government at the centre, whereas local assemblies coordinate and integrate activities of local missions, of urban land and cultural committees and decide on local projects funded through communal banks.^[9]
- finally, the process initiated by the Chavez regime for the economic integration of Latin America founded on a new regional trade alliance on the basis of "cooperative advantage", which aims to promote the elimination of economic imbalances between countries (ALBA), rather than on "comparative advantage", which reproduces and widens economic imbalances among member-countries as is the case in the EU, NAFTA and MERCOCUR (the corresponding Latin American 'Common market' in which Venezuela also participates) is doomed to failure. This is inevitable as long as the productive process in Latin American countries (apart from Cuba) is essentially controlled by transnational corporations.

The conclusion is that unless popular movements in Latin America manage to transcend their political leaderships, the 'axis of hope' would once more be transformed into an 'axis of despair'.

P.S. At the time this journal was in the final stage of publication, Chavez announced plans to nationalize companies in the telecommunications and electricity industries and of stripping the central bank of its autonomy, whilst he also appeared to signal that he wanted control over four multibillion-dollar oil projects in the Orinoco River basin, which he said should become "state property."^[10] At the time of writing, details are very sketchy and it is not even clear whether nationalizations would take the form of expropriations, as demanded by the socialist movement, or whether instead investors would be fully compensated, as in the past. Although these plans are steps in the right direction of socializing the means of production, one should point out that unless they are accompanied by other measures to create a really endogenous development, which presupposes a break with the internationalized market economy, as well as measures to hand over control of the nationalized industries to workers themselves, the prospects are bleak. A mixed type of economy, as the one that Chavez seems to be planning, is utterly incompatible with an economy, which is already fully integrated in neoliberal globalization, with open and liberalized markets. The signs are there. Hours after the announcement by Chavez, Venezuela's currency, the bolívar, fell as much as 20 percent in black market trading and it is clear that foreign markets could easily precipitate a currency crisis as well as a stock exchange crisis, the seriousness of which would depend on how foreign investors will assess the determination of the regime to go ahead with its plans for a mixed economy.

* The above text is an extended version of an article which was first published in the fortnightly column of Takis Fotopoulos in the mass circulation Athens daily *Eleftherotypia* on 9/12/2006

[1] Most Marxists and ex-Marxists never grasped the significance of the rise of neoliberalism in the mid 1970s, which, to my mind, marked the start of a shift towards a new form of modernity and not just a change in policy, as Marxists of various persuasions maintain: from Alex Callinicos [see *Against Postmodernism* (Polity Press, 1990)], the theoretical guru of British Trotskyites, to Eric Hobsbawm, the doyen of Marxist historians, who, together with other equally perceptive former *Marxism Today* writers, as late as 1998, were still proclaiming the end of neo-liberalism! [see Perry Anderson, *New Left Review*, No 1 (new period) (Jan/Feb 2000), p. 10].

[2] Tariq Ali, *Pirates of the Caribbean: Axis of Hope* (Verso 2006)

[3] James Petras, "US-Latin American Relations", *Canadian Dimension* (November 2006)

[4] Christopher Walker, "The sign in the Latin America 'backyard' reads: 'Yankees keep out'," *The Independent* (22/1/2006).

[5] James Petras, *ibid.*

[6] Rory Carroll, "Welcome to the Chávez revolution – where the rich keep getting richer", *The Guardian* (14/11/2006).

[7] Rory Carroll, "Chávez's revolutionary intent stalls amid bumbling bureaucracy", *The Guardian* (23/10/2006).

- [8] Stalin Perez's talk in the Athens "Marxism 2006" festival
http://athens.indymedia.org/front.php3?lang=el&article_id=540590
- [9] Renaud Lambert, "Popular revolution, culture of impunity», *Le Monde diplomatique* (September 2006).
- [10] [Simon Romero](#), "Chávez Moves to Nationalize Two Industries", *The New York Times* (9/1/2007).