

The Challenge before the Latin American Left*

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The Left upsurge in Latin America appears to be abating. In October 2015 Jimmy Morales, the conservative candidate in Guatemala, defeated the Left-leaning Sandra Torres in the Presidential elections. On November 22, Mauricio Macri, the conservative Presidential candidate in Argentina, defeated Daniel Scioli, his Peronist rival, by a narrow margin, to bring to an end a long period of Left ascendancy under Presidents Nestor Kirchner and his wife Cristina Fernandez de Kirchner. On December 6, the party of Nicholas Maduro, the successor to Hugo Chavez and the legatee of the Bolivarian Revolution, lost control of the Venezuelan parliament after 17 years. And in Brazil, President Dilma Rousseff, the successor to Luiz Inacio Lula da Silva, is not only engaged at present in an impeachment battle, but has also seen a sharp decline in her popularity.

True, within the general Leftward shift in Latin America, there were very important differences, with Bolivia, Venezuela and Ecuador (not counting Cuba which is in a separate category altogether) being much more clear in their Left orientation than Brazil and Argentina; hence, it may be argued that, leaving aside the defeat of Maduro's party, the "core Left" still retains its dominant position. It is also true that, whether we take the "core Left" or merely Left-leaning formations, the Left in a general sense still rules large parts of the continent. Even so, however, the fact that the Left upsurge is abating cannot be denied. And it can hardly be any consolation that in central America where there are several right-wing governments, including in particular in Mexico, a similar loss of support for such governments, all of whom are enmeshed in deep socio-political crises, is also evident.

No doubt, the world capitalist crisis has had a devastating impact on Latin America (on this more later) which has plunged all incumbent governments, whether of the Right or of the Left into serious crisis; but the Left which is supposed to look beyond capitalism, and hence not to flinch from attempting structural reforms, should have been in a position to recognize this challenge and take appropriate counteracting measures. The fact that it has not done so is a matter of concern, quite irrespective of how well or badly the Right is faring wherever it is in power. And this brings us to the central limitation of the Left upsurge in Latin America.

In general, neo-liberalism had come to Latin America either under military regimes or under extremely authoritarian political regimes. And the adverse economic impact of neo-liberalism upon large masses of the population had arisen not because of any world capitalist crisis but because of Latin America's own specific problem, namely, a domestic elite that shifted its wealth to American banks under the new conditions of "economic liberalization". The cause of Latin America's debt crisis lay there, not in any deterioration of the global situation but in the fact that the country had to borrow from American banks in order to finance a capital flight back to the very same banks. In fact it has been estimated that as much as 60 percent of Latin American debt was incurred for financing the flight of capital by the Latin American rich to the metropolitan banks. The debt crisis in turn brought "conditionalities" that hurt the poor and even the middle classes. Neo-liberalism in Latin America in other words was associated both with political authoritarianism (including of the most murderous kind) and severe economic hardships for the people.

The Left in Latin America was thus entrusted with two historic tasks; and the upsurge of the Left was because it alone was capable of fulfilling these two tasks and carried credibility with the people on this score. These two tasks were: the restoration of democracy, and the amelioration of the people's suffering under neo-liberalism. The fact that in country after country, Left political formations of various shades were elected to power by the people was because Left activists had suffered death, torture and incarceration under authoritarian

regimes, and through it all had steadfastly opposed neo-liberalism while demanding democratic rights and institutions.

There can hardly be any doubt that Left political formations, on the whole, did fulfill their mandate. Democracy was reintroduced and invigorated across much of the continent; indeed the very defeat of the Left in several countries that is occurring now is a testimony to the vigour with which democratic institutions have started functioning. The newly elected Right-wing governments of course would not be so committed to democratic institutions that they would not feel tempted to abrogate them, to prevent the Left from coming back to power at some future date. But they would find it difficult in the face of popular resistance to any abrogation of democracy. And in generating that popular mood, the Latin American Left has played a crucial role.

Likewise, across almost the entire continent there have been redistributive measures and measures aimed at providing relief to the poor. The best known of these has been the Bolsa Familia programme started by President Lula in Brazil which provides cash transfers to the poor, but there are a range of other programmes that have been introduced in the last few years in countries as far apart as Guatemala and Argentina. In fact in this continent which has been historically characterized by extreme inequality in the distribution of income, there has been according to some estimates a certain decline in inequality during the period of Left ascendancy.

The basis of the economic achievement of the Latin American Left, however, was provided by the world commodity price boom. Brazil gained from its mineral exports to China whose economy had been booming and had pushed up prices. Ecuador, Bolivia and of course Venezuela were oil-exporting countries and Argentina has traditionally been a primary commodity exporter. The primary commodity price boom in the earlier years of this century therefore stood the Latin American economies in good stead; and what the Left governments did was to ensure that the revenues coming from the primary commodity sector were no longer siphoned off by the rich but were diverted, at least partially, towards the poor. The left governments in short pursued essentially a redistributive strategy for the benefit of the poor during a period of world boom in commodity prices. This of course was no mean achievement and should not be pooh-poohed. But what they did not do is to bring about any structural transformation in the economy that would insulate the people against a possible fall in prices at some future date.

For a while, as oil prices fell sharply, the other primary commodity prices held up somewhat because China's growth continued to be rapid, thanks to an asset price bubble there, despite the world economic crisis. But as the bubble collapsed and the crisis spread to China and other East Asian economies, not to mention India, all primary commodity prices started moving downwards, precipitating an economic crisis for the Latin American countries, for which the incumbent governments were held responsible by the people.

Even this fact itself, of the people holding Left governments responsible for the economic crisis, is indicative of the Latin American Left's inability to mobilize the people as political subjects, as distinct from making them merely the beneficiaries of government largesse. Such largesse no doubt has been welfare-augmenting but it is never enough for the Left to take on the role of a mere welfare-provider; its objective must be to make people the conscious subjects of history and not just materially better off.

The new context constitutes a major challenge for the Left, not just in countries where it has lost power, but especially in countries where it continues to rule. The question arises: what can the Left do where it is still in power? The political task of course is to explain to the people the true situation and to revitalize institutions of people's power which could act as a check on the Left governments themselves, especially since corruption has emerged as an important complaint. But what can be done at the level of the economy?

One of the obvious ways that the collapse of primary commodity prices makes its impact felt is through a shortage of foreign exchange to finance necessary imports. This gives rise to inflation, to currency depreciations which further exacerbate inflation, and to shortages of essential commodities. At the same time, the reduced incomes, on account of the slump in the primary commodity demand, cause recession, stagnation and unemployment. The conservation of foreign exchange for importing essential commodities, and the prevention of outflow of foreign exchange, whether openly or clandestinely, by wealth-holders hedging against exchange rate depreciation, are matters demanding the highest priority.

Towards this end, many on the Left have argued in favour of a nationalization of banks and of foreign trade. No doubt, for governments that are already embattled, taking such decisions increases the threat of resistance and loss of support. But, for governments of the Latin American Left, the current moment calls for decisive action.

Nicholas Maduro has accused the United States of conducting an “economic war” against Venezuela; and given the fact that in the face of the plunge in oil prices the OPEC has refused to curtail output (which would drive prices up) because of the rigid stand of Saudi Arabia, an ally of the U.S., there is some reason to believe that the U.S. is interested in destabilizing the economies of Russia and a whole range of Latin American Left-ruled countries which are oil exporters. But then what else can one expect of imperialism? Its onslaughts have got to be resisted, as they have been in Cuba over such a long time.

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