

A New Political Situation in Latin America: What Lies Ahead?

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Two recent events – the second-round victory on November 22 of right-wing candidate Mauricio Macri in Argentina’s presidential election, and the December 6 victory of the right-wing Democratic Unity Roundtable, [1] winning two thirds of the seats in Venezuela’s National Assembly elections – have radically altered the political map in South America. In the following interview, Argentine Marxist Claudio Katz discusses what these setbacks for the left mean for the progressive “process of change” that has unfolded on the continent over the last 10-15 years. My translation from the Spanish.

Katz is a professor of economics at the University of Buenos Aires, a researcher with the National Council of Science and Technology, and a member of Economists of the Left. [2]

This interview with [La Lllamarada](#) occurred just before the outgoing National Assembly in Venezuela called the first meeting of the “National Communal Parliament,” a new legislative structure of delegates from the country’s more than 1,400 communes, the grassroots bodies in rural and urban communities throughout Venezuela. President Nicolás Maduro was quoted as saying “I’m going to give all the power to the communal parliament.... This parliament is going to be a legislative mechanism from the grassroots. All power to the Communal parliament.”

— Richard Fidler.

Q. In your work on South America, you speak of the duality that has characterized the last decade. What exactly is that duality?

Claudio Katz. In my opinion, the so-called progressive cycle of the last decade in South America has been a process resulting from partially successful popular rebellions (Argentina, Bolivia, Venezuela, Ecuador) that altered the relationship of forces in the region. They allowed us to take advantage of higher prices for raw materials and dollar income in a way that differed considerably from what prevailed in other periods. During this interval, neo-developmental and distributionist economic policy schemes existed alongside the neoliberal model. Politically, right-wing governments were now joined by center-left and radical governments. It was a period in which imperialism’s capacity for action was seriously circumscribed, with a retreat from the OAS and recognition of Cuba. David had finally defeated Goliath and the United States had to accept that defeat.

It was also a decade in which there were no Greek-style adjustments in almost any Latin American countries. And there were important democratic victories. It is highly illustrative to compare South America with Central America. The level of aggression that is current in Mexico, Honduras and Guatemala contrasts with the public freedoms conquered in

Argentina, Bolivia or Brazil, a clear indication of the scope of this change. And Chavismo rescued the socialist project. For all these reasons South America became a point of reference for social movements throughout the world.

In a recent article I pointed to a “duality in Latin America” because this change in the political cycle and in the relationship of forces coexisted with a consolidation of the pattern of extractivist accumulation located in the export of basic raw materials and Latin America’s insertion in the international division of labour as a provider of basic products. That is a natural situation for a neoliberal government, it forms part of its strategy. But for progressive governments of the center-left, there is a tension with that structure; and for radical, distributionist governments, there is a conflict of huge proportions.

There were successful rebellions, therefore, that resulted in distinct governments, some anti-liberal, but also a situation that sooner or later had to disappear, since they could not coexist with the extractivist model and the strengthening of the traditional dependent economic configuration of Latin America. It is that contradiction that has prevented them from getting back on their feet in recent months. And that is why the conservative restoration began, and with it the debate around the end of the progressive cycle. At year-end we are confronted by two crucial events.

First, the triumph of Macri, which is important because it is the first instance of a rightist return to Argentina’s presidency. Beginning with the *cacerolazos* [the banging of pots and pans in street demonstrations] the Right built its political power, defeated Peronism and formed a cabinet of the “CEOcracy” for a country now governed by “its proper owners,” a cabinet directly from the capitalist class.

The second event is more partial but more significant. In Venezuela the Right has won not the government but the parliament, in conditions of a brutal economic war, media terrorism, economic chaos generated by reactionaries. And Venezuela is the most complete symbol of the radical processes within the progressive cycle.

Q. What is the situation, in this new continental scenario, of the countries that far from duality have maintained not only the economic pattern but also the neoliberal policies?

A. One of the major information gaps in this entire period has been the concealment of what is happening in the countries governed by neoliberalism. You might get the impression that everything is going marvellously there and that the only problems in Latin America are in the other countries. But in fact this is a monumental media distortion. It’s enough to look at the situation in Mexico, a country that has extremely high levels of crime, destruction of the social fabric and huge regions rife with drug trafficking. Or to see the situation of Central American countries decimated by emigration, by the predominance of crime and with presidents like the one in Guatemala, who have been removed from office over corruption scandals. Or take the Chilean economic model, which is in a quite critical situation with significantly reduced growth and now the appearance of corruption in a country that has made a show of transparency. Family indebtedness, labour precariousness, inequality, and the privatization of education have begun to surface. And Bachelet’s government is paralyzed. Those reforms in pensions and education, which it thought it would carry out, are now delayed.

Looking at the neoliberal universe we also see the sole case of debt default throughout this period, in Puerto Rico, a country that is in fact a North American colony that has endured

decapitalization, the pillage of its resources, the disintegration of its social fabric. For a time it was compensated with public financing but now this prop is finished and it has defaulted.

So in the countries where the raw material rents of this super cycle were not redistributed, the social, political and economic situation is very serious. But no one talks about that.

Q. In this new scenario that has opened, what do you think will happen in the neo-developmental countries like Argentina and Brazil? Will the conservative restoration in those countries tend to reconfigure the “blocs,” integrating them with the openly neoliberal bloc?

A. There we can be very categorical in our balance sheet of what has happened, and very cautious about what is coming. I would separate things, to differentiate what we know from what we can imagine. Clearly, in Argentina and Brazil the change under way is the result of an exhaustion of the neo-developmental economic model. That is not the sole cause nor am I sure that a greater impact can be attributed to it than to other factors, but it is the background to the problem.

In both countries there was an attempt to use a portion of the rent generated by the increase in raw materials prices in order to revamp industry and attempt to build a model based on consumption. But since we are operating within the capitalist system this type of processes has very strict limits, because what functions at the outset is later exhausted insofar as capitalist profitability is affected. The theory of reverse feedback does not work. It is an illusion of Keynesian heterodoxy to suppose that with a mere increase in demand a virtuous circle begins. The contrary happens. At some point those governments encounter a limit, and the classic process begins, with capital flight and pressure on the exchange rate — which is what has happened in both cases.

I think there is an economic erosion but also there has been a major political deterioration both in Brazil and in Argentina. That erosion was determined in both cases by the appearance of social discontent that neither government was willing to harness by responding to the demands. That was the climate in which Macri’s ascent and the expansion of the social base of the Brazilian Right was situated.

That assessment is clear, but what is to come is not clear. The big test will be the Macri government. We still cannot assess that. It is a classic right-wing government with all the reactionary characteristics of a right-wing government. But it is operating in a context of great combativity. Thus there is a contradiction between what it wants to do and what it can do.

Q. Going back to Venezuela, in a talk you gave you raised an idea that we think is important, noting the futility of always and everywhere applying the cliché that “what does not advance, retreats,” “what does not radicalize, turns back.” But putting this in concrete terms, we recall Fidel’s recommendation to Allende after the [Tancazo](#), “This is your Girón.”[3] What prospects — not abstract but concrete, in terms of the political and social forces — do you see for a radicalization in Venezuela? What would be the measures to be taken in that direction?

A. Those phrases are heard repeatedly, but many of those who use them forget to apply them when it is necessary to do so, especially today in Venezuela. In Venezuela the progressive cycle and the future are being defined. It has been the principal process and its

outcome will determine the context throughout the region.

It is obvious that imperialism has set its sights on Venezuela. The United States recognizes Cuba, has friendly relations with many governments, but not with Venezuela. There it imposes the decline in the price of oil, supplies the paramilitary organizations, finances conspiratorial NGOs, operates militarily. It has set in motion strategies for overthrow prepared for some time now. The elections unfolded in this context of economic war and in the end the Right achieved its victory. For the first time it won a majority in the parliament and is now aiming to call a referendum to revoke President Maduro's mandate.

The Right will try to straddle two paths, that of Capriles and that of López.[4] The latter promotes a return to the *guarimbas* while Capriles favours a war of attrition against Maduro. And it is highly illustrative that in Argentina Macri first proposed an assault behind the screen of the "democratic clause"[5] although he later opted to postpone it. Macri is balancing between the two strategies (but note that Corina López, the wife of Leopoldo, was present at his electoral victory). He will follow the dominant tone. On the one side López and on the other Capriles, since the two complement each other. They are two lines of the same thing. And Macri is one of those orchestrating that conspiracy internationally.

Now there is strong pressure on Maduro to agree to negotiation, which would leave him overwhelmed without the ability to do anything. But he can also react and apply the famous phrase: a process that does not radicalize will regress. He can land a counterblow. A big conflict is approaching, because the parliament under right-wing leadership will demand powers that the President is not prepared to give it. The parliament will vote amnesty for López and the executive will veto it. The executive will bring out a law against hoarding and the parliament is not going to accept it. Either the executive governs or the parliament governs, a clash of powers that is very typical.

In that sense, since it takes a year to prepare a revocation referendum — they have to collect the signatures, they have to have them officially recognized,[6] they have to call the referendum and win it — that is going to generate a major conflict. And therein lies the dilemma. There is a conservative sector, social democratic or mixed up in corruption, within Chavismo that has no desire to do anything in response to that dilemma through a radicalization of the process.

That sector stands in the way of reacting against the Empire's aggression. It is obvious that imperialism is waging an economic war on Venezuela, but the problem is that Maduro has not managed to defeat those attacks. The problem is that Venezuela is a country that continues to receive dollars, through PDVSA,[7] and those dollars are handed over to sectors of the corrupt civil service, and the capitalists, who recycle them and ruin the Venezuelan economy. Those dollars find their way into smuggling to Colombia, into creating shortages, into exchange rate speculation, and the country lives with queues and general irritation. Furthermore, Venezuela is now burdened with a sizeable public debt. It does not have enough dollars to pay for all the imports and at the same time pay down the debt.

In these conditions the social-democratic and conservative sectors of the government limit themselves to complaining about "the terrible situation imposed by imperialism" but without taking effective action to thwart that aggression.

And this conduct has consequences, because it increases demoralization. The Right was victorious not so much because it stole votes from Chavismo but because people did not go

out to vote. That has happened before. It is a form of protest that some Venezuelans engage in. And much more problematic, more serious, is the attitude of leaders who say goodbye to Chavismo or return to private life. They express no opinion or criticize the government instead of proposing radical measures against the Right. That in turn is accentuated by the government's conduct in preventing left currents from developing. Instead of encouraging them, instead of facilitating their action, it limits their possibilities. And it maintains the verticalist structure of the PSUV.[8]

So that's the situation. And as many people say, this time it is the last opportunity. Now or never. And this last opportunity means making decisions in two very clear-cut areas. Economically: to nationalize the banks and foreign trade, and to use those two tools to define another way of using the dollars. There are many good economists who have been saying this for ten years now. They have devised programs that explain in detail how this is done. So these are not unknown measures. And the other pillar is political. To sustain the radicalization, communal power is needed. Venezuela now has legislation, a structure, adopted laws, that provide for administering the country with a new form of communal organization; from below and from above, with distinct authorities, in which democracy is a reality and popular power is not confined to being a set of defensive institutions. It is a decisive architecture for contending with the parliament of the Right. If Maduro and the Venezuelan leadership want to rescue the Bolivarian process, this is the time for communal power. We shall see. What I think is that the cards are on the table and decisions must be made.[9]

Q. It has become common for intellectuals, including activists, to place their expectations more in the protagonism of governments than in the protagonism of the mass organizations. What is the prospect that lies ahead for social struggles? What role should anti-imperialism and anticapitalism have in them?

A. It is very important, I think, in any discussion about whether or not the progressive cycle has ended to look not only at the governments but also at what is going on below. Many writers tend to assess a cycle in terms of who is exercising the executive power. But that is only one element. The cycle originated with popular rebellion and it is these rebellions that define the relationship of forces. The process over the last decade was novel because, through a partial redistribution of resource rents, many governments developed social security networks and consumption patterns that moderated social struggles. That is one of the explanations for why we have not had rebellions since 2004.

There is a change in the economic cycle that is going to put the social struggle back on the agenda, and in this process discussion of the left project will resume. Much depends on what develops in Venezuela, which has been the political reference in the recent period for the significant left, in the same way that the Cuban revolution or Sandinismo were at other times. The emancipatory references are continental. They occur in one country and become the focus of all the others.

But the big strategic problem lies in the fact that many thinkers are of the view that the left should focus on building a model of post-liberal capitalism. This idea blocks the radicalization processes. It assumes that being on the left is to be post-liberal, that to be on the left is to slog away for an organized, human, productive capitalism. This idea has undermined the left for several years now because being left means fighting capitalism. To me, this is ABC. To be socialist is to fight for a communist world. At each stage that horizon changes and the strategic parameters are renewed. But if the identity of the left is altered,

the result is frustration.

Building the left means taking up again the idea of the later Chávez. A strong commitment to a socialist project that is linked with the traditions of Latin American Marxism and the Cuban Revolution. It seems to me that this strategic line of march has been distorted by strong illusions in the convenience of replacing this horizon through convergence, for example, with Pope Francis. The assumption is that with Chávez's death we need another reference and it is thought that the substitute can be Pope Francis. I think this is a strategic error. I don't think the Social Doctrine of the Church is the guide that we should adopt in our battle against capitalism. Pope Francis is being recycled with the intention now of reconstructing the popular influence of a much weakened Latin American church. And in my opinion it takes great naiveté to suppose that this reconstruction is going to favour a left that is situated at the polar opposite of the Vatican's project. I think we ought to shore up our own ideals at this key moment in Latin American history.

Notes:

[1] Mesa de la Unidad Democrática (MUD). Argentina's Macri was the candidate of a coalition, Cambiemos (Let's change), formed to end an era in which various wings of the Peronist movement have governed for decades.

[2] For more in English by Claudio Katz, see <http://isreview.org/person/claudio-katz>. Also, [The Cuban Epic](#).

[3] A CIA-sponsored counter-revolutionary military force invaded Cuba on April 16, 1961 at Playa Girón, known in English as the Bay of Pigs. It was soon defeated, the invaders surrendered and their leaders were tried and executed or jailed. The remainder were later returned by Cuba to the United States in exchange for needed medicine and food. Just prior to the invasion, on April 15, after Cuban air fields had been bombed by eight CIA-supplied B-26 bombers that then returned to the United States, Fidel Castro declared the socialist character of the Cuban Revolution, which he was confident would motivate the Cuban masses to fight in defense of their country. For more, see [Bay of Pigs Invasion](#).

[4] Henrique Capriles Radonski was the Right's candidate for President in 2012 and 2013, when he was defeated first by Hugo Chávez, then by Nicolás Maduro. Leopoldo López is a right-wing politician who was sentenced in September to a jail term of 13 years 9 months for public incitement to violence in the *guarimbas*, the antigovernment street riots starting in 2013 in various parts of Venezuela.

[5] Argentina's newly-elected [President Mauricio Macri](#) has threatened to invoke Mercosur's "democratic clause" in order to get the trade alliance to expel Venezuela on the absurd allegation that Venezuela is not democratic and is therefore ineligible for membership.

[6] Katz is referring to Art. 72 of the [Venezuelan Constitution](#), under which a demand for a referendum to remove a public official from office requires the signatures of 20 percent of the electorate. Here is an [English translation of the Constitution](#).

[7] [PDVSA](#) (Petróleos de Venezuela, S.A.) is the country's state-owned hydrocarbons company.

[8] [PSUV \(Partido Socialista Unido de Venezuela\)](#) is the "united socialist party" founded by Hugo Chávez and headed by President Maduro.

[9] *La Llamarada* Editor's note: The interview occurred before the convening of the Communal Parliament was announced.

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