

# Latin America's Twenty-First Century Socialism in Historical Perspective

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## Introduction

The electoral victory of center left regimes in at least three Latin American countries, and the search for a new ideological identity to justify their rule, led ideologues and the incumbent presidents to embrace the notion that they represent a new 21st century version of socialism (21cs). Prominent writers, academics and regime spokespeople celebrated a totally new variant of socialism, as completely at odds with what they dubbed as the failed 20th century, Soviet-style socialism. The advocates and publicists of 21cs claims of a novel political-economic model rested on what they ascribed as a radical break with both the free market neo-liberal regimes which preceded, and the past “statist” version of socialism embodied by the former Soviet Union as well as China and Cuba.

In this paper we will proceed by examining the variety of critiques put forth by 21cs of both neo-liberalism and 20 century socialism (20cs), the authenticity of their claims of a novelty and originality, and a critical analysis of their actual performance.

## The 21cs Critique of Neo-Liberalism

The rise of 21cs regimes grew out of the crises and demise of neo-liberal regimes which pervaded Latin America from the mid 1970's to the end of the 1990's. Their demise was hastened by a string of popular uprisings which propelled the ascent of center-left regimes based on their rejection of neo-liberal socio-economic doctrines and promise of basic changes favoring the great majorities. While there are important programmatic differences among the 21cs regimes, they all shared a common critique of six features of neo-liberal policies.

(1) They rejected the idea that the market should have precedence and dominance over the state, by which they meant that the logic of capitalist class profit maximization should exclusively shape public policy. The collapse of the market driven capitalism in the recession of 2000 -2002 and mass impoverishment discredited the doctrine of “rational markets” as banks and business bankruptcies skyrocketed, the middle class lost their savings and the streets and plazas filled with unemployed workers and peasants.

(2) The 21cs regimes condemned deregulation of the economy which led to the rise of speculators over an above productive capitalism. Under the aegis of neo-liberal rulers regulatory legislation in place since the Great Depression was abrogated and in its place, the policies of capital controls, and financial oversight were suspended in favor of a “self-

regulated” regime in which market players established their own rules, thus leading, according to their critics, to speculation, financial swindles and the pillage of public and private treasuries.

(3) The predominance of finance over production was the centerpiece of the anti-capitalist discourse of the 21cs regimes. Implicit was a differentiation between ‘bad’ capitalism which earned wealth without producing goods and services over ‘good’ capitalism, which presumably did produce value of social utility.

(4) Related to its overall critique of neo-liberalism was a specific critique of the lowering of tariff barriers, the privatization of public enterprises at below their true market value, the denationalization of ownership of strategic resources and the massive growth of inequality.

(5) The 21cs argued that neo-liberal regimes surrendered the economic levers of the economy to private and foreign bankers (like the IMF) who imposed deflationary measures instead of reflating the economy through infusions of stale spending. The political leaders of the center-left used this critique of neo-liberalism and the implicit future promise to break decisively with neo-liberal capitalism, without committing themselves to a specific break with capitalism of another variety.

While the center-left critique of neo-liberal capitalism appealed to the popular classes, their rejection of 20cs, was directed at the middle class and to reassure the productive classes (business class) that they would not encroach on private ownership as a whole.

#### Critique of 20th Century Socialism

In a kind of political balancing act to their opposition to neo-liberalism, 21cs advocates have also put distance to what they dub “twentieth century socialism”. Partly as a political tactic to disarm or neutralize the numerous and powerful critics of past socialist regimes and partly to further claims of a novel, up-to-date variant socialism in tune with the times, the 21cs make the following critique and highlight their differences with 20th century socialism.

(1) Past socialism was dominated, by a heavy handed bureaucracy that misallocated resources and stifled innovation and personal choices.

(2) The old socialism was profoundly undemocratic both in the way it ruled, the organization of elections and the one part state. The repression of civil rights, and all market activity figures large in the 21cs narrative.

(3) The 21cs conflate democracy as a system with the electoral road to power or regime change. Changes of government resulting from armed struggle, especially guerilla

movements are condemned, though all three 21cs governments came to power via elections which followed popular upheavals.

(4) One of the key arguments put forth by 21cs regimes is that in the past socialists failed to take account of the specifications of each country. Concretely they emphasize differences in racial, ethnic, geographic, cultural, historical traditions, political practices etc. which are now considered in defining 21st cs.

(5) Related to the previous point 21cs emphasize the new global configuration of power in the 21st century which shapes the policies and potentialities of 21cs. Among the new factors, they cite the disappearance of the former USSR and China's conversion to capitalism; the rise and relative decline of a US centered global economy; the rise of Asia, especially China; the emergence of Venezuelan promoted regional initiatives; the rise of 'center-left' regimes throughout Latin America; and diversified markets, in Asia, within Latin America the Middle East and elsewhere.

(6) The 21cs regimes claim that the "new configuration of society and state" is not a 'copy' of any other past or present socialist state. It is almost as if every measure, policy, or institution is the design of the contemporary 21cs regime. Originality or novelty is an argument to enhance the legitimacy of the regime before external and internal critics from the anti-communist Right and to dismiss substantive criticism from the Left.

(7) The 21cs regimes make a point of emphasizing the fact that the leadership has no links past or present with Communism and in the case of Bolivia and Ecuador openly reject Marxism both as a tool of analysis or as a bases for policy prescription. The exception is President Chavez whose ideology is a blend of Marxism and nationalism linked to the thought of Simon Bolivar. Both Correa and Morales eschew class divisions, counterpoising a 'citizen's revolution' against a corrupt party oligarchy, in the case of the former, and a culturally oppressed Andean Indian communities against an "European oligarchy".

### Critique of 21st Century Socialist Regimes

While 21cs regimes have more or less clearly stated what they are not and what they reject in the past both on the Left and the Right, and have in general terms stated what they are, their practices, policies and institutional configurations have raised serious doubts about their revolutionary claims, their originality and their capacity to meet the expectations of their popular electorate.

While a number of ideologues, political leaders, and commentators refer to themselves as 21cs, there is a great variety of differences in theory and practice between them. A critical examination of the country experiences will highlight both the differences between the regimes and the validity of their claims of originality.

## Venezuela: The Birthplace of 21cs

President Chavez was the first and foremost advocate and practitioner of 21cs. Though the following presidents and publicists in Latin America, North America and Europe have jumped on the bandwagon; there is no uniform practice to match the public rhetoric.

In many ways President Chavez's discourse and the Venezuelan government's policies define the radical outer limits of 21cs both in terms of its foreign policy challenging Washington's war policies and in terms of domestic socio-economic reforms. Nevertheless, while there are innovative and novel features to the Venezuelan model of 21cs, there are strong resemblances to previous radical populist - nationalist regimes in Latin America and European welfare state reforms.

The most striking novelty and original feature of Venezuelan versions of 21cs is the strong blend of "historical" Bolivarian nationalism, 20th century Marxism and Latin American populism. President Chavez's conception of 21cs is informed and legitimated by his close reading of the writings, speeches and actions of Simon Bolivar, the 19th century founding father of Venezuela independence. Chavez's conception of a deep rupture with imperial powers, the reliance on mass support against untrustworthy domestic elites capable of selling out the country to defend their privileges is deeply embedded in his readings of the rise and fall of Simon Bolivar. Though Chavez makes no pretext of identifying Bolivar with Marxism, he does make a strong case for the endogenous, national roots, of his ideology and practice. While supporting the Cuban revolution and maintaining a close relation with Fidel Castro, he clearly makes no effort to assimilate or copy the Cuban model even as he adapts to Venezuelan realities certain features of mass organization.

Chavez economic practice includes extensive nationalization and expropriation (with compensation) of large sectors of the petrol industry, selective nationalization of key enterprises based on pragmatic political considerations including capital-labor conflict (steel, cement, telecoms) and in pursuit of greater food security (land reform). His political agenda includes the formation of a mass competitive socialist party within the framework of a multi-party system and the convoking of free and open referendums to secure constitutional reforms. The novelty is found in his encouraging of local self government through the formation of non-sectarian communal councils based in the neighborhoods to bypass the dead hand of an inefficient, hostile and corrupt bureaucracy. Chavez's goal appears, at times, to be the replacement of 'representative' electoral politics run by the professional political class by a system of direct democracy based on self-management, in factories and neighborhoods. In terms of social policy Chavez has funded a plethora of programs designed to raise living standards of 60% of the population that includes the working class, self-employed, poor, peasants and female heads of households. These reforms include universal free medical care and education, up to and including university enrollment. The contracting of over 20,000 Cuban doctors, dentists and technicians and a massive program encompassing the building of clinics, hospitals and mobile units criss-cross the entire countryside, with a priority to low income neighborhoods ignored by previous capitalist regimes and private medical staffers. The Chavez regime has built and financed a large network of publicly run supermarkets that sell food and related household items at subsidized prices to low income families. In foreign policy President Chavez has consistently opposed US wars in the Middle East and South Asia, and the entire rationale for imperial wars embedded in the "War on Terror" doctrine.

Critique: How Novel is Venezuela's 21cs?

Several questions arise regarding the Venezuelan version of 21cs: (1) Is it really “socialist” or better still does it represent a break with 20 century socialism in all of its variants? (2) What is the ‘balance’ between past and existing capitalist features of the economy and the socialist reforms introduced during the Chavez decade? (3) To what degree have the social changes reduced inequalities and provided greater security for the mass of the people in this transitional period.

Venezuela today is a mixed economy, with the private sector still predominant in the banking, agricultural, commercial, foreign trade sector. Government ownership has grown and national social priorities have dictated the allocation of oil resources. While the mixed economy of Venezuela resembles the early post World War II social democratic configurations in Europe, there is one key difference: the state owns the most lucrative export sector and the principal earner of foreign exchange.

While the government has vastly increased social expenditures comparable or exceeding spending in some of the earlier social democratic governments, it has not reduced the great concentrations of wealth and income of the upper classes, via steep progressive tax rates as in Scandinavia and elsewhere. Inequalities are still far greater than existed under 20th century socialist societies and comparable to existing Latin American societies. Moreover, the upper and upper middle levels of the state bureaucracy especially in the oil and related industries have levels of remuneration which are comparable to their capitalist counterparts, as was the case in nationalized industries in England and France.

Self-management of public enterprises, a relative new idea in Venezuela, has moved beyond the limits of German social democratic co-participation schemes but are confined to less than a half-dozen major enterprises - a far cry from the extensive, nationwide networks found in socialist Yugoslavia between the 1940's - 1980's.

The agrarian reform proposals of the Chavez regime though radical in intent and forcibly promoted by President Chavez has failed to change the relationship between farm workers, peasants and large landowners. Where inroads have been made in land distribution, the government bureaucracy has failed to provide the extension services, financing, infrastructure, and security to land reform beneficiaries.

The National Guard has by commission or omission failed to end landlord assassinations of leaders and supporters of land reform by the hired guns of landlords. Over 200 unsolved killing of peasants were on the books by the end of 2009.

While publicists of 21cs have emphasized the government's nationalizations of oil enterprises from existing owners, they have failed to take account of the growing number of new joint ventures with multi-national corporations from China, Russia, Iran and the European Union. In other words while the role of some US multi-nationals has declined, foreign capital investment in mineral and petrol fields has actually increased especially in the vast Orinoco tar fields. While the shift of investment partners in oil reduces Venezuela's strategic vulnerability to US pressure, it does not enhance the socialist character of the economy. Joint ventures do add weight to the argument that Venezuela's mixed public-private economy approximates the social democratic model of the mid 20th century.

The most questionable aspect of Venezuela's claim to socialism is its continued dependence on a single commodity (oil) for 70% of its export earnings and its dependence on a single market, the United States, an openly hostile and destabilizing trading partner. The Chavez

regimes efforts to diversify trading partners has taken on greater urgency with Obama's military pact with Colombian President Alvaro Uribe, to occupy 7 bases. Equally threatening to the mass base of the Chavez road to socialism is the skyrocketing crime rate based on the growth of a lumpen-proletariat and its links to Colombian drug traffickers and civilian and military officials. In many popular barrios the lumpen compete with the leaders of the communal councils for hegemony, using unrest and violence to exercise dominance. The ineffectiveness of the Ministry of Interior and the police and their lack of a close working relation with neighborhood organizations represent a serious weakness in mobilizing civil society and mark a limitation in the effectiveness of the communal council movement.

The remarkable reforms instituted by the Chavez government, and the original synthesis of Bolivarian emancipatory anti-colonialism, with Marxism and anti-imperialism mark a rupture with the predominant neo-liberal practice pervasive in Latin America over the previous quarter century and still operative under numerous contemporary regimes, who claim otherwise.

What is doubtful, however, is whether all the changes amount to a new version of socialism given the predominance of capitalist property relations in strategic sectors of the economy and the continuing class inequalities in both the private and public sector.

Yet one should keep in mind that socialism is not a static concept, but an ongoing process, and the bulk of recent measures are tending to extend popular power in factories and neighborhoods.

## Ecuador

In Ecuador, President Correa has adopted the rhetoric of 21cs and it has gained credibility in association with several foreign policy initiatives. These include the termination of US military base lease in Manta; the questioning of parts of the foreign debt incurred by previous regimes; the critique of Columbia's border incursions and military assault of a clandestine Colombian guerilla camp; his criticism of US free trade policies and support of Venezuela's regional integration program (ALBA). President Correa has been identified as part of the 'new wave of leftist Presidents' by the mass media including the NY Times, The Financial Times and numerous leftist journalists, North and South.

In terms of domestic policy issues, President Correa's claim to be a founding member of 21cs rests on his critique of the traditional Rightist parties and the oligarchy. In other words, his socialism is defined by what and who he opposes, rather than any social structural changes.

His main domestic achievements revolve around his denunciation of the major electoral parties; his support for and leadership of a 'citizens movement', and its success in overthrowing the rightist US backed authoritarian electoral regime of Lucio Gutierrez, the convoking of a constitutional assembly and the writing of a new constitution. These legal and political transformations define the outer limits of Correa's radicalism and provide the substantive bases for his claim of being a 21cs. While these foreign policy and domestic political changes, especially when taken in the context of increased social expenditures during his first three years of office, warrant his being included as a "center-leftist" they hardly suffice or add up to a socialist agenda especially if they are seen in the large socio-economic structural matrix.



## Critique of the Ecuadorian Practice of 21cs

The most striking departure of any credible claim to socialism is the persistence and expansion of foreign private capitalist ownership of the strategic mining and energy resources: fifty-seven percent of petrol is produced by overseas petroleum multi-nationals. Large scale, long term mining contracts have been signed and renewed giving foreign owned mineral companies' majority control over the principal foreign exchange and export earning sectors. What is worse, Correa has violently repressed and rejected the long-standing claims of the Amazonian and Andean Indian communities living and working on the lands signed off to the mineral multi-nationals. In rejecting negotiations, Correa has dismissed the 4 major Indian movements and their allies in the ecology movements as little more than a "handful of backward elements" or worse. The contamination of waters, air and land leading to serious illnesses and deaths by the foreign oil companies has been demonstrated in US courts where Texaco faces a billion dollar law suit. Despite adverse court rulings, Correa has vigorously pursued his push to make foreign led mineral exploitation the centerpiece of his "development strategy".

While Correa has vigorously attacked the coastal financial agro-commercial capitalist class, centered in Guayaquil, he has vigorously supported and subsidized the Quito (Andean based) capitalist class. His "anti-oligarchy" rhetoric is certainly not anti-capitalist - as his embrace of 21cs would imply.

President Correa's success in building a mass citizen electoral movement is measured by his impressive electoral victories, securing presidential majorities under multi-party competition, and over seventy percent in the constitutional elections. Despite his popularity, Correa's popular backing is largely based on short term concessions, in the form of wage and salary increases and credit concessions to small business, measures which are not sustainable with the onset of the world recession. His granting of telecommunication monopolies to private firms, his opposition to land reform, and the restrictions of trade union strikes, while not provoking systemic challenges have led to a increasing number of strikes and protests. More important, the strengthening of capitalist, especially foreign ownership, control of strategic banking, commercial export and mineral sectors, reduces the claims of 21cs to a merely symbolic, rhetorical exercise. What is apparent is that the basis for 21cs is rooted in foreign policy pronouncements (which are subject to reversal) rather than changes in class relations, property ownership and popular power. "21cs socialism", in the case of Ecuador, appears as a convenient way of combining innovative foreign policy measures with neo-liberal 'modernization' development strategies. Moreover, initial radical measures do not preclude subsequent conservative backsliding as is evidenced in the questioning of the foreign debt (which caused premature leftist ejaculations of glee) and subsequent return to full debt payments.

### Bolivian Socialism White Capital, Indian Labor

The greatest contrast between 20th and 21st century "socialism" is found between the current regime of Evo Morales (2005 - ) and the short lived Presidency of J. J. Torres (1970-1971).

While the former has openly and publicly invited mineral and extractive multi-national companies from 5 continents to exploit gas, oil, copper, iron, lithium, zinc, tin, gold, silver and a long list of other minerals, under the 20th century Torres regime, foreign and local capitalist firms were nationalized, expropriated. While billions of profits are currently

repatriated both during and after the commodity boom; under Torres, state control over capital flows and foreign trade limited the de-capitalization of the country. While Evo Morales provides hundreds of millions in loans, export subsidies and tax incentives to the wealthiest agro exporters and expels landless Indian squatters from large estates, under President Torres land takeovers were encouraged as furthering the regimes agrarian reform policies. There is an abundance of socio-economic data demonstrating that the socialist policies undertaken during President Torres term of office stand in polar opposition to the social liberal policies practiced by the Morales regime. In the following sections we will outline the major social and liberal policies of the Morales regime in order to assess the true meaning of the self-declared 21cs politics in Bolivia.

## The Social Changes

Numerous social changes have been implemented by the Morales regime during its first 5 years in power (2005 - 2009). The question is whether these changes add up to any of the most generous definitions of socialism or even to transitional measures pointing to socialism in the near or even distant future, given the scope and depth of the liberal economic policies adopted.

Morales has implemented socio-political changes in nine policy areas. The most significant domestic change is in the area political - cultural - legal rights of the indigenous people. The regime has granted local governance rights for Indian municipalities, recognized and promoted by-lingualism for carrying out local affairs and education, given national importance to Indian religious and holiday celebrations and promoted prosecution of those who violate or persecute Indian civil rights.

Under Morales the state has slightly increased its share of revenues in its joint ventures with multi-national corporations, increased the price of gas sold to Brazil and Argentina, while increasing the share going to the national government over and against provincial governments. Given the record prices received by Bolivia's agro-mineral exports between 2005 - 2008, the local municipalities increased their revenue flow, though actually investments in productive and service sectors lagged because of bureaucratic bottlenecks.

Morales allowed for incremental increases in the minimum wage, salaries and wages, thus marginally improving living conditions. The increases, however, were far below Morales electoral promise to double the minimum wage and certainly not commensurate with the large scale windfall profits resulting from the commodity boom.

Morales prosecution of local officials and the provincial governor of Pando province and rightist terrorists for the assault and murder of Indian activists put an end to impunity of white assaults on Indian citizens.

The regime's biggest boast was the accumulation of foreign reserves from \$2 billion to \$6 billion dollars, fiscal discipline and strict control over social spending and the favorable balance of payments. In this regard Morales' practices were more in line with the IMF than anything remotely resembling the expansive economic practices of socialist and social democratic regimes.

Tripling reserves in the face of continued 60% poverty levels for the mostly rural Indian population is a novel policy for any regime claiming socialist credentials. Even contemporary capitalist, North American and EU regimes have not been as orthodox as the



Morales' political cultural revolutionary regime.

Morales has promoted trade union organizations and mostly avoided repression of miners and peasant movements, but at the same time has co-opted their leaders, thus lessening the number of strikes and independent class action, despite the continued inequalities in the society. De facto greater tolerance is matched by the increased 'corporatist' relation between regime and the popular sectors of civil society.

Morales economic strategy is based on a triple alliance between agro-mineral multi-nationals, small and medium size capitalists and the Indian and trade union movements. Morales has poured millions in subsidies to so-called "cooperatives" which are in reality private small and medium size mine owners who exploit wage labor at or below standard wages of miners in larger operations.

The principle changes under the Morales regime are in its foreign policy and rhetoric. Morales has aligned with Venezuela in supporting Cuba, joining ALBA, developing ties with Iran, and above all, opposing US policy in several important areas. Bolivia opposes the US embargo against Cuba, the seven military bases in Columbia, the coup in Honduras and its lifting of tariff preferences. Equally important Bolivia has terminated the presence of the US DEA and curtailed some of the activities of AID for subsidizing right wing socio-political organizations and destabilization activity. Morales has spoken out forcefully against the US wars in Afghanistan, and Iraq, condemned Israel's assaults against the Palestinians and has been a consistent supporter of non-intervention, except in the case of Haiti, where Morales continues to dispatch troops.

#### Critique of Bolivia's Version of 21cs

The most striking aspect of Bolivia's economic policy is the increased size and scope of foreign owned multinational corporate (MNC) extractive capital investments. Close to a hundred MNC are currently exploiting Bolivia's mineral and energy resources, under very lucrative conditions, including low wages, and weak environmental regulations. Moreover, in a speech in Madrid (September 2009) Morales told an audience of elite bankers and investors that they were welcome to invest as long as they didn't intervene in politics and agreed to joint ownership. Whatever the merits of Bolivia's foreign capital driven mineral export strategies, (and the historical record is not encouraging), it puts a peculiar twist on "21cs": replacing proletarian and peasants with overseas CEO's and local technocrats: a novel way to practice "socialism" in any century but more fittingly associated with free market capitalism.

In line with Morales "open door" policy toward extractive capital, he has strengthened and provided generous subsidies and low interest loans to the agro-business sector, even in those provinces like the "media luna" where 'big agro' has backed extreme rightist politicians destabilizing his regime. Morales willingness to overlook the political hostility of the agro-business elite and to finance their expansion is a clear indication of the high priority which he gives to orthodox capitalist growth over and above any concern with developing an alternative development pole built around peasants and landless rural workers.

On site visits to rural areas and urban slums, reinforce published reports about the unchanged nature of class inequalities. The super rich 100 families of Santa Cruz continue to own over 80% of the fertile lands and over 80% of the peasants and rural Indians are

below the poverty line. Mine ownership, retail and wholesale trade, banking and credit continues concentrated in an oligarchy which has in recent years diversified its portfolio across economic sectors, creating a more integrated ruling class with greater links with global capitalist actors.

Morales has fulfilled his promise to protect and secure the traditional multi-sector economic elite, but he has also added and promoted new private and bureaucratic entrants, to the ruling class, mainly foreign CEO's and high paid functionaries directing public private partnership.

While most socialists (of any century) would agree that big landowners are hardly the building blocks to a socialist transition, Morales has in fact depended upon and promoted agro-export production over family farming for local food production. Even worse the conditions of farm workers has barely improved; in extreme cases several thousand Indians were still exploited via slave labor, into and beyond the third year of Morales administration. The harsh exploitation of farm laborers is far less a concern than the increase of productivity, exports, and state revenues to the regime. While labor legislation facilitating labor activity has been approved, it has not been enforced in the countryside especially in the 'media luna' provinces, where labor inspectors avoid any confrontations with well entrenched landowner associations. The few land occupations by the landless rural workers have been denounced by the government. Any grass roots movements pressing for land reform in extensive under cultivated estates have been strongly opposed by the government, violating its own norms that only cultivated farms would not be expropriated.

Given the regimes emphasis on the "cultural and political" aspects of its version of 21cs it is not surprising that it has spent more time and funds celebrating Indian fiestas, song and dances, than it has in expropriating and distributing fertile lands to the malnourished mass of Indians.

The regime's effort to deflect attention from agrarian reform, by settling landless Indians on public lands in distant tropics was a disaster. This "colonization plan" organized by the so-called agrarian reform institute, dumped highland Indians in disease ridden lands which were not cleared, without farm tools, seeds, fertilizers and even living quarters. Needless to say in less than two weeks the Indians demanded bus transportation back to their impoverished villages, an improvement over these remote malaria ridden ill planned settlements. To compensate for the lack of any comprehensive land redistribution program, Evo Morales occasionally organizes, with pomp, ceremony and much publicity, "gifts" of tractors to middle and small scale farmers, more a political patronage opportunity rather than an integral part of a social transformation.

The two most striking aspects of Morales economic and political strategies is the emphasis on the traditional extractive mineral exports and the construction of a typical corporatist-patronage based electoral machine.

Into the fifth year of his regime the joint ventures signed with foreign MNC have extracted and exported raw materials with a little of value added. To an astonishing degree there has been a minimal degree of industrialization and final product manufacture which would generate greater industrial employment. The same story is true of agricultural exports - most grains and other agricultural products are not processed in Bolivia, which would provide thousands of jobs for the poverty stricken mass of landless Indians. The regime has

accumulated huge reserves, but has failed to finance or foment local industry to substitute for imports of capital, intermediate and durable consumer imports.

Morales political strategy closely resembles that adopted by the Nationalist Revolutionary Movement (MNR) a half century ago, in which trade unions and especially peasant movements were incorporated to the dominant party – state. In the absence of significant socio-economic changes, the government has relied on public patronage, channeled through trade union and peasant and Indian leaders, which trickles down in the form of local favors for party loyalists. Morales style clientelism is constantly reinforced by the symbolic gestures re-affirming the “Indian” ethnic identity and “solidarity” between the giver and recipient of political patronage.

The 21cs of Morales’ political practice is far less innovative and ‘socialist’ and far closer in political style to 20th century corporatist predecessors. Observers with little knowledge of Bolivia’s past, impressionistic journalists enamored with symbolic politics and financial writers who pin the “socialist label” indiscriminately on politicians who even rhetorically question the free market doctrine, have reinforced the ‘radical’ or 21cs image of the Morales regime. Given what we have described about the real practices of the 21cs regimes it is useful to place them in a broader historical-comparative framework to make some sense of their possible impact on Latin American society.

#### Comparative-Historical Analyses of 3 Cases of 21 Century Socialism:

Despite claims by regime publicists, the most striking aspect of 21cs regimes is what is not novel or special about their policies. Their adoption of a mixed economy and playing politics according to the institutional rules of a liberal capitalist state, differs little from the practices of European Social Democratic parties of the late 1940’s to the mid 1970’s. To the degree that the 21cs pursue nationalist politics (and we should note that nationalization means expropriatism and public ownership) they are a pale reflection of the measures taken between the 1930’s – mid 1970’s. With the exception of the Chavez regime, the rest of what passes as 21cs has at best nationalized bankrupt private firms, increased shares in joint ventures and raised taxes on agro-mineral exporters.

The ‘indigenismo’ most forcefully expressed by two Andean regimes, Bolivia and Ecuador, resonated with the rhetoric of the ‘indo-americanismo’ of the 1930’s. This was forcefully pronounced by Peruvian Marxist writer Mariatagui and APRA political leader Haya de la Torre, as well as the Chilean Socialist Party, a number of Bolivian and Mexican writers, Augusto Sandino the Nicaraguan guerilla leader, and the revolutionary El Salvadorean leader Farabundo Marti. In striking contrast to the 21cs indigenistas, their predecessors in Central America, pursued profound agrarian reforms, including the restoration of millions of acres of confiscated fertile lands and a profound rejection of the agro-business export model. The earlier version of indigenismo combined symbolic identification with deep substantive changes in contrast to the contemporary indigenistas who rely mostly on symbolic gestures and identity politics.

The current policies relying on joint ventures resonates with the reformist alternatives to the Cuban revolution, which found expression in JF Kennedy’s Alliance for Progress, which was taken up by the Christian and Social Democratic counter-insurgency regimes of the 1960’s. In opposition to the 20th century socialists and communists who favored the socialization of the economy, the Chilean Christian Democratic government (1964-70) promoted an alternative “Chileanization”, which resembles Evo Morales and Correa’s “joint ventures”. In

other words the economic model of 21cs is far closer to the anti-socialist US backed reformist model of the 1960's than to any socialist variant of the past.

### 21cs and 20th Century Social Democracy

While the scope and depth of socio-economic changes pursued by 21cs does not approximate the structural changes of 20cs regime, how does it measure up to the reformist or social democratic variant?

Three cases of social democratic regimes based on electoral politics come to mind: the Arbenz regime in Guatemala (1952-4); the Goulart regime in Brazil (1962-64) and the Allende regime in Chile (1970-73). All 3 past social democratic regimes pursued agrarcan reforms of greater impact, with thousands of peasant beneficiaries, than the contemporary 21cs. More substantial real nationalizations of foreign firms took place than in two of the - three contemporary 21cs social democratic regimes (Venezuela has expropriated a comparable number of firms).

In terms of foreign policy pronouncements and practices the anti-imperialist political rhetoric is similar, but the earlier social democrats were more likely to expropriate foreign capital. For example Arbenz expropriated land from United Fruit, Goulart nationalised ITT and Allende expropriated Anaconda copper. In contrast our 21cs have promoted and invited foreign agro-businesses and MNC mining corporations to exploit land and mineral resources. The different foreign economic policies correspond to the different internal class composition and economic alignments between 20th and 21st century social democracy. In contrast to conventional misconceptions, the 21cs have consummated pacts between regime technocrats, the multi-nationals, and domestic agro-mineral elites which weigh far heavier in decision making centers, than the mass electoral base of Indians and workers. In contrast the peasant and worker movements had greater representation and independence of action within and without the 20th century social democratic regimes.

### 21cs Defining a New Historical Configuration or a Cyclical Political Process?

An examination of Latin American's past 60 years of history reveals a consistent cyclical pattern of alternating left and right 'waves' of political regimes. The underlying 'constant' has been the struggle between, on the one hand US imperialist projections of power either through direction intervention, military dictatorships and client civillians regimes and on the other hand, popular democratic and socialist movements and regimes. The question of whether the latest wave of "center-left" regimes is simply the latest expression of this cyclical pattern or whether basic alterations in the underlying internal and external structural relations are operating to provide a more sustainable process? We will proceed to outline the past cyclical pattern of left/right politics in the past and follow with a discussion of some key contemporary global and regional changes which might lead to greater sustainability for left political hegemony.

Post WWII Latin American history has experienced roughly 5 cycles of left/right predominance. The immediate period after WW II, following the defeat of fascism, witnessed the world wide advance of democracy, anti-colonialism and socialist revolutions. Latin America was no exception. Center-left social democratic, nationalist populist, popular front governments took power in Chile, Argentina, Venezuela, Costa Rica, Guatemala, Brazil and Bolivia between 1945-52. Juan and Eva Peron nationalized the railroads, legislated one of the most advanced welfare programs and elaborated a regional "third way" foreign

policy, independent of the US. A coalition of socialists, communists and radicals won the 1947 election in Chile on the promise of extensive labor and social reforms. In Costa Rica a political upheaval dismantled the national army. In Venezuela a social democratic party (Accion Democratica) promised to extend public control over petroleum resources and increase tax revenues. In Guatemala, newly elected President Arbenz expropriated uncultivated fields of the United Fruit Company, implemented far reaching labor legislation promoting the growth of unionization and ended debt peonage of Indians.

In Bolivia a social revolution resulted in the nationalization of the tin mines, a profound agrarian reform, the destruction of the army and the formation of workers and peasant militia. In Brazil Getulio Vargas promoted state ownership, a mixed economy and national industrialization.

The launching of the Truman doctrine in the late 1940's, the US invasion of Korea (1950), the aggressive pursuit of the Cold war entailed vigorous US intervention against democratic left of center and nationalist regimes in Latin America. Given the green light in Washington, the Latin American oligarchies and US corporate interests backed a series of military coups and dictatorships throughout the 1950's. In Peru General Odria seized power; Perez Jimenez seized power in Venezuela; General Castillo Armas was put in power by the CIA in Guatemala; elected President Peron was overthrown by the Argentine military in 1955; Brazilian President Vargas was driven to suicide. The US succeeded in forcing the break-up of the popular front and the outlawing of the Communist Part in Chile. The US backed Batista's coup in Cuba, the Duvaier and Trujillo dictatorships in Haiti and the Dominican Republic. The rise of the extreme right, the overthrow of center-left regimes and the bloody repression of trade unions and peasant movements, secured US hegemony, assured conformity with US Cold war policies and opened the door wide for a corporate economic invasion.

By the end of the 1950s the very extremities of US domination and exploitation, the brutal repression of all democratic social movements and left parties and the oligarchies pillage of the public treasury led to popular upheavals and the return of leftist hegemony.

Between 1959 through 1976, leftist regimes ruled or challenged for power throughout the continent with varying degrees of success and duration. The social revolution in Cuba in 1959 and a political revolution in Venezuela in 1958, was followed by the election of nationalist populist regimes of Jango Goulart in Brazil (1962-64), Juan Bosch, (1963) reinstated for a brief moment in (1965), Salvador Allende in Chile (1970-73), and Peron in Argentina (1973-75). Progressive nationalist - populist military rulers took power in Peru (Velasco), 1968, Rodriquez in Ecuador (1970), Ovando (1968) and J. J. Torrs (1970) in Bolivia, Torrijos in Panama. All challenged US hegemony to one degree or another. All were backed by mass popular movements, clamoring for radical socio-economic reforms. Some regimes nationalized strategic economic sectors and implemented far-reaching anti-capitalist measures.

However, all but the Cuban revolution had a short life span. Even in the midst of the 1960's - 70's left turn, the US and its military clients intervened vigorously to revert the prospect of progressive social changes. Brazil's Goulart fell to a US backed military coup (1964); preceded by Juan Bosch (1963) and followed by the US military invasion against the restorationist revolution of 1965/66; a US backed military coup in Bolivia overthrew Torres in 1971; Chile's Allende was overthrown by a joint CIA - military coup in 1973; followed by Peru's Velasco(1974) and Argentina's Peron, 1976. The promising and deep going leftist



wave was over for most of the duration of the 20th century.

Between 1976 - 2000, with the notable exception of the victory of the Sandinista revolution in 1979, the right was in ascendancy. Its long rule secure through the worst continent wide repression in the history of Latin America. The military regimes and the subsequent authoritarian neo-liberal civilian electoral regimes dismantled all tariffs and capital controls in a wild plunge into the most extreme and damaging free-market, imperial centered economic policies. Between 1976 - 2000 over five thousand public firms were privatized and most were taken over by foreign multi-nationals; over a trillion and a half dollars were transferred overseas via profits, royalties, interest payments, pillage of public treasuries, tax evasion and money laundering. However, the 'golden era' for US capital during the 1990s was a period of economic stagnation, social polarization and growing vulnerability to crises. The stage was set for the popular revolts of the early years of the new millennium and rise of the latest wave of center-left regimes in the region, which brings us back to the question of the sustainability of this new wave of leftist regimes.

### Some World Historical Structural Changes

One of the key factors reversing past leftist waves in Latin America was the economic power and interventionary capacity of the US.

There is strong evidence that US power has suffered a relative decline on both counts. The US is no longer a creditor country; it is no longer the leading trading partner with Brazil, Chile, Peru and Argentina and is losing ground in the rest of Latin America, except for Mexico. Washington has lost influence even in its "patio", the Caribbean and Central America, where several countries have signed up for the Venezuelan subsidized petroleum agreement (Petrocaribe). Washington, as if to compensate for its lost of economic leverage, (highlighted by the rejection of its proposed Latin American Free Trade Agreement) has increased its military presence, by expanding 7 military bases in Columbia, backing a coup in Honduras against a social liberal president and increased the presence of the Fourth Fleet off Latin America's coast. Despite the "projection of military" power, circumstances outside of Latin America have weakened US interventionary capacity, namely the prolonged costly unending wars in Iraq, Afghanistan, Pakistan and the military confrontation with Iran. The already high levels of public exhaustion and opposition, makes it difficult for Washington to launch fourth war in Latin America. Therefore, it relies on and finances local client military - civilian power configurations to destabilize and overthrow center-left adversaries. The increase in global markets, especially in Asia, has allowed Latin regimes to diversify their markets and investment partners, which limits the role of US MNC and limits their possible political role as purveyors of State Department policies. The financialization of the US economy, has eroded the US industrial base and limited its demand for agro-mineral export products from Latin America, shifting the latter's dependence on new emerging powers. Moreover having suffered the consequence of financial crises, Latin regimes have imposed some regulations on capital movements, which limits the operation of US investment bank speculators, prime movers in the US economy. While Washington talks "free markets" its application of protectionist measures (on overseas leading) and subsidies to agriculture (sugar, ethanol) have antagonized key Latin American countries like Brazil. As the leading exponent of failed free market neo-liberal doctrine, the US has suffered a major loss of ideological influence in the region as a consequence of the global recession of 2007 - 2010.

For these reasons, one of the major actors (US imperialism) which has been responsible for the cyclical rise and fall of leftist regimes, has been structurally weakened, improving the



chances for longer duration. Yet, the US is still a major factor acting with potent resources based on its close ties with major rightist military and economic forces in the region. Secondly, by the very nature of the development strategies chosen by the 'center-left regimes' they are very vulnerable to crises - namely the agro-mineral export policies based on foreign and domestic economic elites and fluctuating world demand. Thirdly, the center-left regimes have failed to resolve basic regional imbalances, to significantly lessen social inequalities and to recapture ownership and control of strategic economic sectors. These considerations call into question the middle term durability of contemporary center - left regimes.

There are few internal changes in the nature of the state apparatus and class structure which could prevent a reversion back to neo-liberal policies. The basic question of whether the current 21cs regimes are stepping stones toward further socialization or simply transitory regimes opening the way for a restoration of neo-liberal pro - US regions, is still open to dispute, even as evidence is accumulating that the latter outcome is more likely than the former.

## Conclusion

The question of whether 21cs is better or worse than 20th cs depends on what versions of each we choose to compare and what political dimensions we select in our comparative evaluation.

First and foremost there is no single 'model' of 20th century socialism, despite the facile equation of 20th century socialism with the Soviet variant. There were essentially four radically different types of 20th century socialist regimes, which in turn were internally varied.

(1) Revolutionary single party regimes, which includes Cuba, North Korea, China, Vietnam and the USSR. The first four combined socialist and national liberation struggles and were consummated independently of the USSR and exhibited at different times greater and lesser degree of openness to debate and individual freedoms. The 'four' all fought US invasions and were all subject to embargos and under intense destabilization campaigns requiring high level of security measures.

(2) Electoral revolutionary socialist regimes include Chile (1970 - 73), Grenada (1981 - 83), Guyana (1950's), Bolivia (1970 - 71) and Nicaragua (1979 - 89). Multi-party competition and the four freedoms were encouraged even at the expense of national security. All were subject to successful US backed military intervention, military coups and economic embargoes.

(3) Self-managed socialism was put in practice in Yugoslavia factories from the late 1940s to the mid 1980s and was briefly experimented in Algeria between 1963-64. US and European promoted separatist movements dissolved the Yugoslavia state and a military coup ended the Algerian experiment.

(4) Social democracy based on large scale, long term social welfare program linked to state management of macro-economic policy was implemented in the Scandinavian countries, especially Sweden.

The stereotype of the Soviet model of externally imposed authoritarian socialism was applicable only to Eastern Europe; even that was subject to changes and democratic moments such as 1968 in Czechoslovakia and Hungary in the 1980s.

Likewise there are significant variations among 21cs socialists.

Venezuela has nationalized major foreign and nationally owned enterprises (oil, steel, cement, banking, telecoms) expropriated large tracts of farmland and settled over 100,000 families, financed universal public health and educational programs and encouraged community councils and worker self-management in a few instances.

Bolivia has expropriated few if any major firms. Instead Morales has promoted and signed public-private joint ventures, opened the door to dozens of foreign mining consortiums, supported political reform enhancing and extending civil rights to Indians and increased social expenditures for housing, infrastructure and poverty alleviation. No agrarian reform has taken place and none is foreseen.

The third and most conservative variant of 21cs is found in Ecuador, where major concessions to mining and petroleum companies is accompanied by the privatization of telecom concessions and subsidies to regional business elites. Rather than land reform, Correa has transferred Indian lands to mining companies for exploitation. Major claims to socialism are found in increased levels of social expenditures, the revoking of US use of a military base in Manta and a general criticism of US military and free trade policies. Correa retained the dollarized economy, limiting any expansionary fiscal policies.

By drawing on commonly agreed criteria for evaluating the socialist nature of both 20th and 21st century socialism we can form an informed judgment on their performance in achieving greater economic independence, social justice and political freedom.

### Public Ownership

All variants of 20th century socialism – except the Scandinavian model – achieved greater public control over the commanding heights of the economy than their 21st century counterparts. Venezuela is the closest approximation of the 20th century experience. The comparative performance of the public, public-private and private models varies: in terms of growth and productivity, the public enterprises in the 20th century have a mixed record, of high growth tailing off to stagnation; the mixed enterprises are subject to the vagaries of the market and world demand, alternating between high growth in times of boom and depressed output in times of low commodity prices.

In terms of social relations, the social benefits and work conditions in the public sector socialism are generally more generous than in mixed and privately owned industries, though wage remuneration may be higher in the latter.

### Agrarian Reform

The 20cs were far more successful in redistributing land and breaking the power of the

landlord class than any measures applied by the 21cs. The redistributive reforms of the 20cs contrast with the agro-export strategies by most contemporary '21cs' who have actually promoted greater concentration of landownership and inequality between agro-business elites and peasants and rural landless workers. The agrarian reforms, however, were poorly managed, especially in the case of Cuba and China and led to a second transformation, redistributing state farms to family farmers and cooperatives.

On the whole 20th century socialists were much more successful in reducing inequalities of income (but not eliminating them) than their contemporary counterparts. Because 21st century capitalists, especially big mine owners, agro-business capitalists and bankers, still control the commanding heights of the economies, the historic inequalities between the top five percent and the bottom sixty percent remain unchanged.

In terms of social welfare, 21st century socialist have increased social spending, raised the minimum wage but with the notable exception of Venezuela, do not match the universal free public health and educational programs financed by the 20th century socialism.

While there were regional imbalances between the countryside and the city under 20th century socialism; free medical care, social security and basic health care was available to the rural poor under 20cs and is still lacking in most 21cs regimes.

In terms of anti-imperialist struggles the record of 20th century is far superior to that of the 21cs. For example, Cuba sent troops and military aid to Southern Africa (especially Angola) to repulse an invasion by the racist South African regime. China sent troops in solidarity with Korea and secured the north half region from the US invading army. The USSR provided essential arms and air defense missiles in support of the Vietnamese national liberation struggle and provided Cuba with almost a half decade of economic subsidies and military aid allowing it to survive the US embargo.

Today's 21cs with the partial exception of Venezuela have provided no material support for ongoing liberation struggles. On the contrary, Brazil, Bolivia, Chile and Argentina continue to provide military forces in support of the US sponsored occupation of Haiti. At best the 21cs condemn the US backed coup in Honduras (2009), Venezuela (2002) and military bases in Ecuador and Columbia and reject a US centered free trade agreement.

The one area in which the 21cs have an apparent advantage is in the promotion of greater individual freedoms and electoral processes. There is greater tolerance of public debate, competitive elections and political parties than was allowed in some variants of 21cs.

None the less economic democracy, or workers power was far more advanced in 20th century Chilean socialism and Yugoslavian self-management than is the case of 21cs parliamentary elections. Moreover, in the past there was greater concern for workers' opinions in making policy even in the authoritarian systems than takes place in the current agro-mineral 21cs states. The greater openness of 21cs is related to the fact that they face less high intensity military threats. In part this is because they have not altered the basically capitalist nature of their economics.

In comparison with 20cs, the 21cs are generally more conservative, work closer with MNC are less consistently anti-imperialist and are based on multi-class coalitions that span the class hierarchy, linking the impoverished poor sectors of the middle class to the very powerful agro-mineral elites. Though 21cs may occasionally make reference to class

analysis, in times of crises their operative concepts obscure class divisions through the use vague non-specific 'populist' categories.

Perhaps the radical image of the 21cs results from their contrast with the previous extremist rightwing regimes which ruled during the previous quarter century. The socialist label pinned on contemporary regime by Washington and the western media represents a nostalgia for a past of unfettered political submission, unregulated economic pillage, and robust repression of popular movements rather than an empirical analysis of their socio-economic policies.

Even as the 21cs are less radical and perhaps distant from commonly accepted definitions of socialist politics, they still have drawn the line in opposition to US militarism and interventionism, have put a cap on control over natural resources and provide greater tolerance for the organization of social movements.

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