Neoliberalism Raises Its Ugly Head in South America: As Washington Targets Venezuela, Brazil and Argentina

By Dr. Jack Rasmus
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After 9-11, the United States focused its most aggressive foreign policy on the Middle East – from Afghanistan to North Africa. But the deal recently worked out with Iran, the current back-door negotiations over Syria between U.S. Secretary of State John Kerry, and Russia Foreign Minister Sergei Lavrov, and the decision to subsidize, and now export, U.S. shale oil and gas production in a direct reversal of U.S. past policy toward Saudi Arabia – together signal a relative shift of U.S. policy away from the Middle East.

With a Middle East consolidation phase underway, U.S. policy has been shifting since 2013-14 to the more traditional focus that it had for decades: first, to check and contain China; second, to prevent Russia from economically integrating more deeply with Europe; and, third, to reassert more direct U.S. influence once again, as in previous decades, over the economies and governments in Latin America.

Following his re-election in 2012, Obama announced what was called a 'pivot' to Asia to contain and check China's growing economic and political influence. In 2013-14, it was the U.S.-directed Ukraine coup – i.e. a pretext for sanctions on Russia designed to sever that country's growing economic relations with Europe. But there is yet another U.S. policy shift underway that is perhaps not as evident as the refocus on China or the U.S. new 'cold war' offensive against Russia. It is the U.S. pivot toward Latin America, begun in 2014, targeting in particular the key countries and economies of South America – Venezuela, Brazil, and Argentina – for economic and political destabilization as a fundamental requisite for re-introduction of Neoliberal policies in that region.

Venezuela: Case Example of Destabilization

Economic destabilization in its most recent phase has been underway in Venezuela since 2013. The collapse of world oil and commodity prices, a consequence in part of the United States vs. Saudi fight that erupted in 2014 over who controls the global price of oil, has caused the Venezuela currency, the Bolivar, to collapse. The United States raising its long term interest rates the past year has intensified that currency collapse. But U.S. government and banking forces have further fanned the flames of currency collapse by encouraging speculators, operating out of Colombia and the 'DollarToday' website, to 'short' the Bolivar and depress it still further. U.S. based media, in particular the arch-conservative CATO institute in Washington, has joined in the effort by consistently reporting exaggerated claims of currency decline, as high as 700 percent, to panic Venezuelans to further dump Bolivars for dollars, thus causing even more currency collapse. Meanwhile, multinational corporations in Venezuela continue to hoard more than US$11 billion in dollars, causing the dollar to rise and the Bolivar to fall even more. The consequence of all these forces contributing to collapse of the currency is a growing black market for dollars and shortages of key consumer and producer goods.

But all that's just the beginning. Currency collapse in turn means escalating cost of imports and domestic inflation, and thus falling real incomes for small businesses and workers. The black market and dollar shortage due means inability to import critical goods like medicines and food. Rising cost of imports means lack of critical materials needed to continue production, which results in falling production, plant and business closures, and rising unemployment.

Currency collapse, inflation, and recession together result in capital flight from the country, which in turn exacerbates all the above again. A vicious cycle of general economic collapse thus ensues, for which the popular government is blamed but which it has fundamentally not caused.

As this scenario in Venezuela since 2014 has worsened, the United States has targeted Venezuela's state owned oil company, Petroleos de Venezuela, with legal suits. The Obama government in March 2015 also issued executive orders freezing assets of Venezuelan government and military representatives charged with alleged 'human rights' abuses. The United States then recently arrested Venezuelan businessmen in the United States, holding them without bail, no doubt to send a message to those who might still support the government. The U.S. government has also indicted Venezuelan government and military officials recently with charges of alleged drug conspiracy, including National Guard generals who have supported the Maduro government. This all raises impressions of government corruption with the public, while giving second thoughts to other would-be military and government supporters to 'think twice' about their continuing support and perhaps to consider 'going over' to the opposition in exchange for a 'deal' to drop the legal charges. The popular impression grows that the economic crisis, the inflation, the shortages, the layoffs must all be associated with the corruption, which is associated with the government. It is all classic U.S. destabilization strategy.

As all the above economic dislocation has occurred in Venezuela, money has flowed through countless unofficial channels to the opposition parties and their politicians, enabling them to capture earlier this month control of the national assembly. The leaders of the new assembly, according to media leaks, now have plans to reconstitute the Venezuelan Supreme Court to support their policies and to legally endorse their coming direct attack the Maduro government in 2016. It is clear the goal is to either remove Maduro and his government or to render it impossible to govern.

As Julio Borges, a possible next president of the national assembly, has declared publicly in recent days: if the Maduro government does not go along with the new policies of the Assembly, "it will have to be changed." No doubt impeachment proceedings, to try to remove Maduro, will be soon on the agenda in Venezuela – just as it now is in Brazil. But for that, the Venezuelan Supreme Court must be changed, which makes it the immediate next front in the battle.

Argentina & Brazil: Harbinger of Neoliberal Things to Come

Should the new pro-U.S., pro-Business Venezuela National Assembly ever prevail over the

Maduro government, the outcome economically would something like that now unfolding with the Mauricio Macri government in Argentina. Argentina's Macri has already, within days of assuming the presidency, slashed taxes for big farmers and manufacturers, lifted currency controls and devalued the peso by 30 percent, allowed inflation to rise overnight by 25 percent, provided US$2 billion in dollar denominated bonds for Argentine exporters and speculators, re-opened discussions with U.S. hedge funds as a prelude to paying them excess interest the de Kirchner government previously denied, put thousands of government workers on notice of imminent layoffs, declared the new government's intent to stack the supreme court in order to rubber stamp its new Neoliberal programs, and took steps to reverse Argentine's recent media law. And that's just the beginning.

Politically, the neoliberal vision will mean an overturning and restructuring of the current Supreme Court, possible changes to the existing Constitution, and attempts to remove the duly-elected president from office before his term by various means. Apart from plans to stack the judiciary, as in Argentina, Venezuela's new business controlled National Assembly will likely follow their reactionary class compatriots in Brazil, and move to impeach Venezuela president, Maduro, and dismantle his popular government – just as they are attempting the same in Brazil with that country's also recently re-elected president, Rousseff.

What happens in Venezuela, Argentina, and Brazil in the weeks ahead, in 2016, is a harbinger of the intense economic and political class war in South America that is about to escalate to a higher stage in 2016.

***Jack Rasmus** is the author of 'Systemic Fragility in the Global Economy', Clarity Press, 2015. He blogs at jackrasmus.com. His website is www.kyklosproductions.com and twitter handle, @drjackrasmus.*