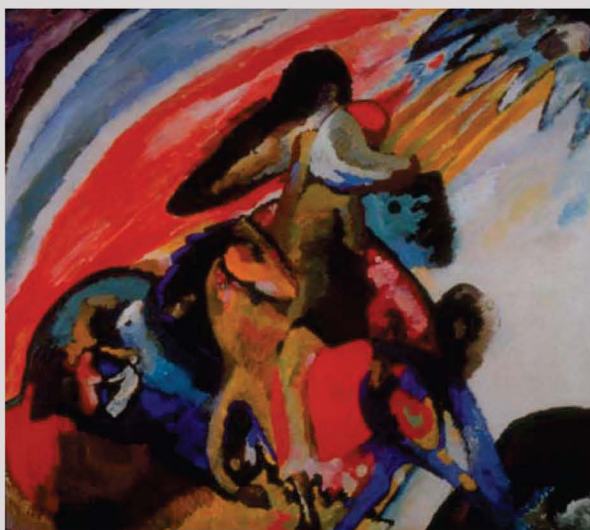


# THE LEFT STRIKES BACK



CLASS CONFLICT  
IN THE AGE OF NEOLIBERALISM

James Petras  
LATIN AMERICAN PERSPECTIVES

# The Left Strikes Back

## Latin American Perspectives Series

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# The Left Strikes Back

*Class Conflict in Latin America  
in the Age of Neoliberalism*

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James Petras

*with*

Todd Cavaluzzi, Morris Morley, and Steve Vieux



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# Contents

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<i>List of Tables</i>	viii
<i>List of Acronyms</i>	ix
<i>Foreword</i> , Ronald H. Chilcote	xi
1 Introduction: Ten Theses on Latin America	1
<b>Part I</b>	
<b>Resistance, Pragmatism, and Alternatives</b>	<b>11</b>
2 Latin America: The Left Strikes Back	13
The Signs and Substance of Leftist Resurgence, 14	
The Political Context for Peasant Resurgence, 17	
The Left: The Three Waves, 18	
Brazil: The MST, 19	
Bolivia: The Triangle of Popular Power, 21	
Paraguay: Recovering the Past to Change the Future, 26	
Colombia: The Revolution Advances, 30	
Chile: The Resurgent Left, 32	
Argentina: Between Stagnation and Rebellion, 34	
Mexico, 36	
The Violent Rupture with the Past, 44	
A Revival of the Trade Union Struggle? 46	
The United States: The New Colonialism, 48	
Conclusion, 49	
Notes, 51	
3 Intellectuals: A Marxist Critique of Post-Marxists	58
Components of Post-Marxism, 59	
Critique of Post-Marxist Ideology, 60	
The Dissolution of Classes and the Rise of Identities, 62	
State and Civil Society, 65	
Planning, Bureaucracy, and the Market, 67	
“State Power Corrupts,” 68	

Revolutions Always End Badly: The Possibilism of Post-Marxism, 70	
Class Solidarity and the “Solidarity” of Foreign Donors, 71	
Class Struggle and Cooperation, 72	
Is Anti-imperialism Dead? 73	
Two Perspectives on Social Transformation: Class Organizations and NGOs, 74	
NGOs and Sociopolitical Movements, 77	
4 Pragmatism Unarmed, <i>with Steve Vieux</i>	80
Castañeda’s Argument, 81	
Traumatic Politics and the Emergence of the New Pragmatists, 82	
Distorting the Past in the Service of Pragmatism, 84	
Historical Method, 87	
The Missing Link: U.S. Interests and Latin America, 89	
From Defective History to Flawed Strategy, 90	
Conclusion, 92	
Notes, 93	
References, 93	
5 Perspectives for Liberation: The Ambiguous Legacy	94
Why Ambiguity? 95	
Contemporary History: Moments of Change, 96	
Three Periods of Change, 97	
Neoliberal Crises: Subjectivity and Ambiguity, 99	
Positive Subjectivity: Extraparliamentary Activity, 106	
Conclusion, 107	
<b>Part 2</b>	
<b>Elections and Extraparliamentary Politics</b>	<b>111</b>
6 Alternatives to Neoliberalism	113
The Center-Left: The Dilemmas of Pragmatism, 116	
Contrasting Strategies: Neoliberal Regimes and Popular Movements, 118	
The Neoliberal Policy Cycle and Popular Responses, 119	
Subjectivity and Liberation, 122	
7 Neoliberal Political Cycles, <i>with Morris Morley</i>	124
First Wave Regimes, 124	
Second Wave Regimes, 127	
Third Wave Regimes, 131	
From Critics to Celebrants: Entrenching the Neoliberal Agenda, 137	

Impoverishing Societies: The Crisis Multiplier in Neoliberalism, 139	
Conclusion, 142	
Notes, 143	

## Part 3

<b>The United States and Latin America</b>	<b>147</b>
8 Liberalization and U.S. Global Strategy, <i>with Todd Cavaluzzi</i>	149
Profits, Rents, and Interest: Three Ways to Skin a Cat, 151	
Latin America: The Cumulative Balance Sheet, 156	
Latin American Billionaires, 160	
Conclusion, 162	
Notes, 163	
9 Clinton's Cuba Policy, <i>with Morris Morley</i>	164
Policymaking in Historical Context, 164	
Making Cuba Policy: The Political Context, 169	
Bilateral Relations in a Changing International Environment, 176	
Conclusion: The Dynamics of Cuba Policy, 181	
Notes, 183	
10 Mexico and the United States: Cures That Kill the Patient	187
Making Mexico Safe for Wall Street—and Unsafe for Mexicans, 188	
Faltering Investment and Rising Unemployment, 190	
Meeting Foreign Obligations and the Minimum Wage, 190	
Finance and the State, 192	
The Decline of the Party-State: Political Consequences of the Free Market, 193	
Conclusion, 195	
11 Globaloney and the State	196
Cyclical Patterns of Globalization, 197	
The Sociopolitical Agents of Globalization, 199	
Class Conflict, the State, and Globalization, 201	
Contradictions of Globalization, 202	
Conclusion, 202	
12 Beyond the Free Market: The Resurgence of the Left	204
<i>Index</i>	208



# *Tables*

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8.1	Royalties and license fee payments to the United States from Latin America, 1962–1993	152
8.2	Direct investment payments to the United States from Latin America, 1962–1993	153
8.3	Interest on U.S. bank loans and other payments to Latin America, 1962–1993	154
8.4	Cumulative U.S. trade surpluses and deficits by decade with Latin America, Japan, Germany, and the EEC, 1962–1993	155
8.5	U.S. balances of trade, 1962–1993	157
8.6	Cumulative income from Latin America compared to trade deficits with Japan and Germany by decade, 1962–1993	159

# *Acronyms*

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APRA	American Popular Revolutionary Alliance
ARENA	National Republican Alliance
ASP	Assembly for the Sovereignty of the Peoples
BANACCI	Banco Nacional de Mexico
CANF	Cuban-American National Foundation
CARICOM	Caribbean Community
CDA	Cuban Democracy Act
CGT	General Confederation of Workers
CLOC	Confederation of Latin American Peasant Organizations
CND	National Democratic Convention
COB	Bolivian Workers' Confederation
CP	Communist Party
CTA	Argentine Workers Confederation
CTM	Mexican Labor Confederation
CUT	National Labor Confederation
DEA	Drug Enforcement Administration
DIESSE	statistical department of Brazil's trade union
EC	European Community
ELN	National Liberation Army
EPR	Popular Revolutionary Army
ERP	People's Revolutionary Army
EU	European Union
EZLN	Zapatista National Liberation Army
FARC	Colombian Revolutionary Armed Forces
FMLN	Farabundo Martí National Liberation Front
FSLN	Sandinista Front for National Liberation
FZLN	National Zapatista Liberation Front
GAM	Guatemalan Mothers Group
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
IBGE	Brazil's national statistical institute
IDB	Inter-American Development Bank
IMF	International Monetary Fund

INDEC	National Statistics Institution
MAS	Movement to Socialism Party
MIR	Movement of the Revolutionary Left
MNCs	multinational corporations
MST	Landless Workers Movement
NAFTA	North American Free Trade Agreement
NAM	nonalignment movement
NBC	National Broadcasting Company
NGOs	nongovernmental organizations
NSC	National Security Council
OAS	Organization of American States
PAN	National Action Party
PEMEX	Mexico's state-owned petrochemical industry
PFL	Liberal Front Party
PIT-CNT	National Confederation of Labor
PMDB	Brazilian Democratic Movement Party
PRD	Revolutionary Democratic Party
PRI	Institutional Revolutionary Party
PSDB	Brazilian Social Democratic Party
PT	Partido de los Trabajadores
RN	National Renovation
SAPs	structural adjustment policies
WP	Workers Party
YPFB	Bolivian Petroleum Company

## Foreword

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Over the past generation, James Petras has incessantly awakened us to the essential issues of struggle in Latin America. He is the author of dozens of scholarly books and hundreds of journal articles and polemical and informative pieces in the Left press. In the present work he challenges us to resist the temptation of assuming all is well or that the Left in Latin America has faded into oblivion. In *The Left Strikes Back* he argues that there is indeed a future for the revolutionary Left in Latin America. He not only takes exception to the pervasive neoliberal model that dominates thinking and practice today but also demolishes the argument articulated by Mexican political observer Jorge Castañeda that the demise of the Left is a reality today. As a close observer of political happenings in the area, Petras shows that whereas traditional Left political parties, urban labor, and some social movements have suffered in the face of the global reorganization of capital and capitalism, newly emerging popular organizations have appeared. Deeply disillusioned over the failure of electoral politics to solve problems, and generally found in the countryside and active in local arenas, these organizations nevertheless have evolved with an international consciousness and a resistance to the neoliberal policies that pervade contemporary Latin America.

This volume should be a welcome addition to the classrooms and libraries of academics, students, and even community activists in the fields of social sciences and modern history. It should also be in demand among journalists, opinion makers, and the broad progressive movement in church groups and in nongovernmental organizations that are concerned about poverty and exploitation in the Third World and who search for understanding of the complexities of Latin America. It not only fills a gap in the literature but also serves as a text on popular resistance to neoliberal policies. It elaborates on an alternative to the danger of military intervention and authoritarianism, long obscured since the democratic openings and fall of dictatorships in the early 1980s. In this task, it recognizes the rise of a new Left in Latin America, and it touches on important issues such as why many Left groups and intellectuals have moved rightward in recent years and how the reorganization of capitalism undermines the militancy of organized labor and pressures Left political movements to take up social democracy and participate pragmati-

cally in the electoral process, although minimal social programs are abandoned by governments.

This is another book in Westview Press's Latin American Perspectives Series, which over the past fifteen years has produced nearly twenty volumes on various themes, beginning initially with the debates on dependency and its relevancy to Marxism as well as to analyses of class and class struggle.

*Ronald H. Chilcote*

Series Editor for the Collective of  
Coordinating Editors of Latin American Perspectives

# I

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## Introduction: Ten Theses on Latin America

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A great debate is taking place in Latin America over the appropriate development model for Latin America: On the one hand, there are the advocates of the free market promoted by the United States and its allies among the Latin American political and economic elite, and on the other, there are the continent-wide sociopolitical movements in large part rooted in the countryside. These two dynamic poles of social action have established the groundwork within which academics, intellectuals, journalists, policymakers, and party leaders are debating whether to continue on the neoliberal path or to seek alternatives to neoliberalism.

This book is about the opposition to neoliberalism—a significant political movement that has voice, numbers, and increasing influence, particularly among the popular classes. U.S. hegemony and the ascendancy of neoliberalism are being challenged and questioned by the most dynamic political and social movements in Latin America: in Brazil, by the Landless Workers Movement; in Mexico, by the Zapatista peasant communities, guerrilla movements, and their urban allies; in Colombia, by peasant and guerrilla movements influential in half the rural municipalities of the countryside.

The triumphalist rhetoric emanating from Washington that celebrates the victory of “free markets and free elections” is premature. There is another reality, found in the growing electoral and extraparliamentary opposition demanding participatory democracy and social equality. In Brazil, Mexico, Argentina, and elsewhere, new pragmatic Center-Left political alliances have emerged to challenge the incumbent neoliberal regimes. In some cases, their coalitions are supported by the growing extraparliamentary movements; in other cases, they go their separate ways. The different opposition groups in turn have opened a political debate over programs, tactics, and strategy. In many cases, the critics of neoliberalism appeal to different social constituencies. Extraparliamentary movements draw political sustenance from intellec-

tuals who combine ideas drawn from Marxism and from theology of liberation, national-ethnic, and feminist ideologies. The Center-Left electoral coalitions are advised and influenced by pragmatic Social Democratic and social liberal ideologists. The ideas and debates among the intellectuals are frequently linked to political leaders and often have political consequences. In many cases, the intellectuals interpret and reinterpret the past to fit the particular strategies of the moment. For example, the pragmatic ideologue Jorge Castañeda argues (see Chapter 5) that the military defeats of the guerrilla Left in the 1960s and 1970s have resulted in the demise of utopias and the ascendancy of “possibilism”—piecemeal “reform mongering” within the interstices of U.S. hegemony. However, Marxists argue that revolutionary ideas are far from dead. They point to the rich mosaic of radical ideas and practices in the 1960s and 1970s that were not associated merely with guerrilla groups but found expression in a wide gamut of popular movements. In the contemporary world, they point to the new revolutionary social movements that have resurfaced today, headed by young leaders who have renewed the revolutionary tradition.

Contrary to the mass media and conventional academia’s view of Latin America as having consummated a democratic transition and having become an “emerging market,” the leaders and activists of the new revolutionary movements point to the authoritarian and elitist nature of the political system and to the social exclusion endemic to the economic model as justifications for the primacy of extraparliamentary activity. Their opposition to neoliberalism takes the form of hundreds of land occupations in Brazil, expansion of guerrilla influence across a wide swath of rural municipalities in Colombia, and general strikes in Bolivia and Ecuador involving peasants, Indians, trade unionists, and urban street vendors.

The reality of extraparliamentary opposition and its increasing presence contrasts with the meager social reforms and progressive changes that have emerged from the electoral process and electoral politicians who promise populist reforms in their campaigns but pursue a virulent neoliberal agenda once they are elected. For a growing number of Latin Americans, the *electoral regimes* today have become the sources of authoritarian practices and poverty-inducing strategies. Their compromises with generals and bankers and their facile acceptance of International Monetary Fund (IMF) austerity programs have engendered a cycle of increased militarization of regions of social conflict and a downward spiral of incomes for wagedworkers and peasants.

The intersection of rising authoritarian civilian rule and declining living standards marks the point of departure for the new extraparliamentary social movements. Today, there are 70,000 soldiers surrounding the Indian communities of Chiapas; the peasants of Guerrero and elsewhere in South Mexico are living in virtually military-occupied territory. The military-police re-

pression in Brazil has resulted in the assassination, injury, and arrest of scores of peasant activists. In Colombia, thousands of peasant activists have been assassinated by military-sponsored right-wing paramilitary groups, while over 1 million have been forcibly displaced by the counterinsurgency strategy. Washington has increasingly been drawn into this conflict, providing arms to the Mexican and Colombian armies under the pretext of an antidrug campaign. But the Huey helicopters that daily fly over Zapatista villages and transport Colombian commandos to firefights with the peasant guerrillas make it clear that Washington is deeply implicated.

Although the struggles and debates take place in Latin America, many of the key beneficiaries and supporters of the status quo are in Washington, Wall Street, the City of London, and elsewhere. The issues involve not only social justice and equitable development but national sovereignty. The United States is not an “external actor”; its representatives in the international financial agencies design the macroeconomic policies that promote the privatizations, free trade, and debt payments agenda of Latin regimes. U.S. government officials promote and negotiate the openings for the multinational corporations. Officials from the Drug Enforcement Administration (DEA), CIA, and FBI are present, enforcing U.S. drug laws within Latin America. Cultural commodities and media products are ubiquitous in Latin America, influencing the values and outlook of Latin consumers and providing lucrative returns, in accord with U.S. business interests.

Yet the very system of exploitation and hegemonic control has provoked widespread opposition. Power is a two-way relationship, and the Latin American Left is striking back with diverse voices, programs, and strategies. As resistance increases, a coherent systemic alternative is beginning to take shape. For example, there has been massive popular rejection of the austerity measures and structural adjustment programs. The glaring contrast of a hundred or so new multibillionaires amid 200 million new and old poor reflects the growing polarization. Further, the Left is debating the question of incremental reform versus radical structural change. The majority of the opposition favors reform, but a growing number of the poor are openly expressing support for a radical social transformation. The relationship between reformist and radical opposition may be reversed. President John F. Kennedy once said, “Those who make reform impossible make revolution inevitable.” All the indications to date point to the likelihood that the current neoliberal regimes will deepen and extend their “exclusive” strategies, despite mounting popular resistance. For this reason, it is worthwhile to give careful and reasoned attention to the new extraparliamentary opposition that is emerging.

The chapters in this book are organized around ten interrelated theses that link the growth of oppositional movements to the intellectual political de-



bates and strategies occurring in Latin America. These debates are contextualized within the broader framework and constraints imposed by Washington's policies and strategies toward Latin America. The book concludes with a perspective on political change in Latin America that rescues state and class analysis from the tyranny of "globaloney" doctrine and provides some solutions to these dilemmas of change.

At the core of the discussion here is a single question: Is neoliberalism the only viable economic system? One would think so if one listened only to World Bank officials, IMF directors, and many of our leading academics and journalists. This book disputes this assertion. Neoliberalism is at the moment the hegemonic paradigm—but it is *not the only approach*, at least in the eyes of the leaders and activists in the burgeoning peasant movements in Latin America. Increasingly, the neoliberal ascendancy is showing signs of decay. After a decade and a half, the pain resulting from the implementation of neoliberal economic doctrine should be giving way to plenty, but the pain persists and the prosperity has failed to materialize. There are more landless peasants than ever, and living standards of wage and salaried workers have failed to recover from the "lost decade" of the 1980s. Rather than a linear trajectory in which neoliberalism is seen as the "end of history," we are experiencing a more familiar cycle of ascendancy, consolidation, and decay. Instead of the harmony of interest between producers, smallholders, and labor in North and South, we are witnessing the reemergence of political, social, and economic contradictions and conflicts among classes, states, and ethnic groups.

## Thesis One

The uneven and unequal development and crises provoked by neoliberal policies have narrowed the social base of support for such policies. The integration of the economic elites with the state creates a formidable basis of institutional power but opens the elites to sociopolitical opposition from the majority of the labor force, which is marginalized by the decisionmaking process and excluded from the economic expansion generated by the economic enclaves in the export and financial sectors.

Marginalization of young job seekers in the working class and displacement of millions of peasants and rural laborers has generated mass opposition, which has found expression in the growth of popular resistance in the countryside and among sectors of the unemployed young in the cities. In Chapter 2, the two phenomena of resistance and marginality are discussed, looking at the burgeoning peasant movements in Latin America. The challenge of these new movements calls into question the premises of globalization theorists who argue that we are entering a new phase of globalized capitalism in which class divisions and struggles have been transcended by an

integrated and interdependent world. This study argues that globalized capitalism represents a continuation of history, in which historical exploitative relations between states and classes have been extended and have intensified the rates of exploitation of wealth from producers and labor in the form of rents, interest, profits, and royalties. This exploitative system is institutionalized throughout the world in the form of free trade agreements such as the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Association (NAFTA).

## **Thesis Two**

There are several lines of debate that influence the political alignments: the debates between neoliberals and their intellectual adversaries; between Marxists and pragmatic critics of neoliberalism; and between the past and the present generation of opponents of neoliberalism. These debates are discussed in Part 1, “Resistance, Pragmatism, and Alternatives.”

The neoliberal opposition essentially pits intellectual advocates of self-help and community-based projects against those intellectuals who favor reforms and others who propose fundamental systemic changes at the national and even international level. Among the intellectuals who discuss structural change, there is a further debate between the pragmatists, who essentially advocate piecemeal redistributive reforms within the parameters of neoliberalism, and the Marxists, who propose transforming the structures of property ownership and the role of the market.

The variety of responses to neoliberalism can be conceptualized as occurring among the following: intellectuals who propose adaptive strategies to bring about change in the interstices of the system; policy advisers who advocate measures to increase social spending without changing the neoliberal foundations; and revolutionary writers who propose to change underlying property relations. These different perspectives appeal to different political constituencies. The “adapters” work through nongovernmental organizations (NGOs), frequently collaborate with overseas banks and local regimes, and focus on local projects. The pragmatic reformers are largely oriented toward building cross-class coalitions and focus on capturing voters. The Marxists, or transformative intellectuals, collaborate with extraparlimentary movements and focus on linking local struggles with national structural changes.

## **Thesis Three**

Small-scale projects and reforms are neither viable nor effective in dealing with the systemic imperatives of neoliberalism: The problems are rooted in the market and the neoliberal state. The current regimes have eliminated the

social welfare pact between labor and capital, which produced the minimalist welfare state that existed in Latin America between 1950 and 1980. The choice today is between neoliberalism or a highly regulated economy in which the market is subordinated to socialized enterprises.

### **Thesis Four**

Electoral politics have been ineffectual as a vehicle for realizing progressive social changes. Political parties and groups that have relied on electoral styles of politics have drifted to the right and have accommodated themselves to the neoliberal political and economic elites. This thesis is discussed in Part 2, "Elections and Extraparliamentary Politics." A corollary to this thesis is the argument that although extraparliamentary movements have suffered severe state repression (and thus the cost and risk of participation is higher) and occasional setbacks, they have been more effective in blocking, limiting, or challenging neoliberal initiatives than Center-Left electoral coalitions.

### **Thesis Five**

Political parties that were on the Left in the 1970s and 1980s have moved to the Right in the 1990s. This shift was induced in part by the repression and terror employed by the military and civilian regimes of the period and in part by the co-opting of the intellectuals through overseas funding of NGOs. This right turn was influenced by the bureaucratization of the trade unions and the decline in union membership, due to the growth of the informal sector. A comparison of the leaders and followers of the Left parties reveals sharp social differences. Most leaders of the Center-Left parties are upwardly mobile middle-class professionals who temporarily "detoured" toward the revolutionary Left and then returned to their original middle-class milieu. Their followers, however, are mostly peasants, urban poor, and workers, who have no such possibility of social mobility. The drift toward the center by the ex-leftist parties and leaders (like the Chilean Socialists, the Workers Party in Brazil, the Sandinistas of Nicaragua, the Farabundo Martí National Liberation Front (FMLN) in El Salvador, and so forth) in one sense is "irrational." The possibilities of social reform under neoliberalism are minimal. The few remaining social programs that do exist are being dismantled. Rather than reform the system, the Social Democrats are being converted to social liberalism.

### **Thesis Six**

The right-wing drift of the Left does not respond to the needs of their original lower-class constituents. The shift reflects the social interests of the lead-

ers of the Left parties (upward mobility) and the hegemony of the neoliberal doctrine over the intellectuals, leaders, and opinion makers of the Left (see Chapter 7). This hegemony of ideas influences the “material reality” that shapes the form and direction of political competition.

### **Thesis Seven**

The establishment of neoliberal hegemony is directly related to the role of international actors, that is, to the strategy of the U.S. state and multinational corporations operating in Latin America. This is discussed in Part 3, “The United States and Latin America.”

### **Thesis Eight**

In pursuit of strategic economic interests, the U.S. government has played a major role in promoting the ascendancy of neoliberalism. Washington and Wall Street have opposed the emergence of any alternative to neoliberalism, past or present. In the 1970s, Washington collaborated in the overthrow of the Democratic Socialist president of Chile, Salvador Allende. In the 1980s, Washington organized and financed the contra war in Nicaragua. And in the 1990s, Washington is tightening the blockade of Cuba (see Chapter 9). In none of these cases of U.S. intervention were strategic national security interests seriously threatened. Nor, for that matter, were narrowly defined private economic interests of great importance. Rather, the threat, as perceived by Washington, was found in the fact that these regimes represented a challenge to U.S. multinational corporations and the neoliberal doctrine. In the discussion of U.S.-Latin American relations in this book, several issues related to the conflict between the neoliberal Washington consensus and the Left are confronted. The U.S.-Cuba conflict is central to the ongoing debate on neoliberalism and its alternatives. The enactment of the Helms-Burton Act and President Bill Clinton’s embargo policy is Washington’s effort to change Cuba’s mixed economy. This conflict of paradigms is discussed and elaborated in Chapter 9, “Clinton’s Cuba Policy.” Contrary to pundits, Clinton’s hostile policy toward Cuba is not merely electoral pandering to the Miami exiles but is based on a larger policy of eliminating the only regime that has a consequential critique of the inequitable consequences of U.S. hegemony in the hemisphere. Cuba is part of the ongoing challenge to globalist thinking and still represents an alternative to neoliberalism, despite market reforms.

The state creates the framework for the expansion and consolidation of U.S. multinationals in Latin America. The state also provides material support for Latin regimes for the repression of opponents of neoliberalism. This continued and even expanded role of the state argues against the doctrinal

assumptions of globalist and neoliberal theorists and practitioners. The latter argue that the global world order is a new phenomenon that transcends nation-states and narrow class interests. They argue that globalization is the product of irresistible market forces, which makes national integration into the world market inevitable and social transformations at the national level impossible or anachronistic. Neoliberals and not an insignificant number of pragmatic critics argue that governments, movements, and parties should seek ways to “adjust” to the inevitable and seek the best terms for integration in the new globalized market.

### **Thesis Nine**

The state—in this case the U.S. government—plays an essential role in the increasing flow of investments and loans of U.S. multinationals in Latin America and plays a powerful enforcer role in securing the prompt and effective outflow of profits, interest payments, and royalties from Latin America to the United States. Far from being transcended by the emergence of a global “market,” the U.S. state continues to play an influential role through its intervention. The market depends heavily on the continued role of state institutions in preventing market collapse through bailouts (see Chapter 10, “Mexico and the United States: The Political Economy of Early Debt Payment”).

### **Thesis Ten**

U.S. promotion throughout Latin America of the neoliberal doctrine has strategic importance in the worldwide competition of economic blocs. The only major region with which the United States has favorable external accounts is Latin America. The positive balances compensate for the negative trade and service accounts that the United States has with Asia and Germany. The greater the openness of Latin America to U.S. buyouts of lucrative firms, the greater the profits remitted. The greater the number of loans and speculative ventures, the greater the interest payments transferred to the United States. The greater the number of subsidiaries and the greater the circulation of U.S. cultural commodities, the greater the transfer of royalty payments. The greater the accumulation of these surpluses in the favor of Washington, the stronger the international position of the United States. The neoliberal doctrine thus benefits Washington’s global hegemonic aspirations while increasing the profits for multinational corporations and banks. As an ideology, globalization and neoliberalism serve specific state and class interests. Although these ideologies have little analytical value for understanding the nature of socioeconomic systems, the emerging conflicts, and

the growing opposition, they do have political value in legitimating U.S. hegemony and neutralizing potential political and intellectual critics.

Chapter 12 sums up the principal inadequacy of globalist neoliberal doctrine and presents an analysis of the contradictions that propelled the reemergence of the Left.

This book goes beyond an intellectual critique of neoliberalism to describe and analyze the emergence of a new Left grounded in the new social forces in the countryside and in the urban slums. It does not slight the role of urban trade unions and the downwardly mobile lower-middle-class. Rather, it highlights the first phase of an expanding process of the accumulation of forces on the Left that takes place in the countryside. These new rural movements that blend class, gender, ethnic, and ecological issues are working toward the formulation of a coherent political project. They are directing their attention to building urban coalitions, reaching out to the cities and the more strategic sectors of the economy. The new rural movements are strategic political catalysts even as they are economically marginal producers. The new thinkers among these movements seek to link up with the politically weak but strategic economic sectors of the working class in the energy, transport, manufacturing, and agro-industrial sectors. The new class conflicts are only at their beginning stage, and it will not be an easy road. Already with the support of U.S. military aid, the neoliberal regimes are militarizing the countryside, criminalizing the legitimate demands of peasants for land, protected markets, and credits. What is new and promising is that we are dealing with a new generation of activists—and that is not surprising, since it is a new generation of workers and peasants that has experienced the full brunt of the neoliberal austerity programs. Generational politics, however, are played out in class terms. In Latin America today, the principal opposition to neoliberalism has its source in the rural areas and spreads to the cities, led by a new generation of landless workers and peasants who have education but not land, political savvy without being seduced by the financial emoluments of a parliamentary seat.

The questions raised in this book are not only of academic interest in the United States but are part of a vital ongoing political debate in Latin America and, it is hoped, in the United States.



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## PART ONE

# *Resistance, Pragmatism, and Alternatives*

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The opposition to neoliberalism has taken diverse political, economic, and social forms. Essentially, three distinct tendencies can be identified: the “alternative local projects” approach proposed by intellectuals working with nongovernmental organizations; the reform-pragmatic approach, which proposes a return of state intervention to curb the excesses of the free market; and the radical, or revolutionary, approach, which opposes the free trade, privatization, and austerity agenda and argues for collective forms of property, greater social equality, and more emphasis on developing the internal market.

Part 1 describes and analyzes the growth of revolutionary opposition to the neoliberal regimes and policies. The principal protagonists of change are found in the countryside, among a new generation of landless men and women who have developed a sophisticated vision of the world and who share a lifestyle and mode of conducting politics based on equality of conditions and direct participation in popular assemblies.

The opposition is continental in scope, growing in support, and eclectic in ideology, and it draws intellectual sustenance from Marxist, Christian, feminist, and indigenous traditions of thought. The movements have developed a variety of strategies, but most are independent of political parties and states and have their own styles of autonomous direct action politics. These movements and their advances provide an alternative pole to U.S.-sponsored neoliberal doctrines and regimes.