Are there Open Paths for Latin America?

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THE INSPIRATION for this paper is obvious. I refer to the Eduardo Galeano's classic, *The Open Veins of Latin America*. We ask ourselves, therefore, can the open veins of Latin America be transformed into open paths toward its liberation, toward the reduction of its internal inequalities, toward the return of economic development, toward a new place in the contemporary world? Is there a dialectical transformation of "open veins" into "open paths," or shall we continue to read Borges as master of our mirage?

It is convenient not to make a precarious repetition of what can be found expressed in ECLAC papers: the last two decades witnessed stagnation, backward movement or, at most, in some cases, mediocre growth. Latin America was subjugated by neoliberalism –let us call it by the name with which it became popularized in criticism, although it is, in itself, somewhat confusing– in the last period of last century, and continues under its domination. We are the region with the greatest inequality, even in comparison with Africa. Internally, inequality

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increased in our societies between the beginning of the 1990s and the beginning of 2000. Mexico and Brazil almost haven't changed in this period but more egalitarian societies such as Argentina and Uruguay stood out for a process of a radical social polarization. The known exception is the usual one: Cuba, which receives us so generously, but whose own progress is truncated by the general stagnation of Latin America, which causes it to take on the risks of "socialism in one country alone." Which in no way diminishes but rather exalts its dignity and the immense sacrifices of its people.

Within the general diagnosis, specific situations are hidden: from the sizzling transformation of Mexico into the largest individual exporter to the United States, within the sphere of FTA –which, nevertheless, did not prevent the default of its foreign debt in the early 1990s nor allowed a solution to the issue of Mexican inequality– to the deafening failure and incredible regression of Argentina, once, in the early twentieth century, one of the world's five largest economies. Chile saw the least erratic development since the Pinochet dictatorship, but its workers already taste the bitter grapes –in a beautiful wine-growing country– of privatized social security, now that the moment has come to pay the bill. In any case, the Chilean isolationism with regard to Latin America places it in an almost exclusive dependence on the North American market, and in fact Chile has regressed in terms of the social division of labor –it has returned to its condition of an primary-exporting economy still anchored in the good old state-owned copper. The Uruguayan and Paraguayan economies suffer the effects of the Argentine backsliding and of Brazil's neoliberalism and MERCOSUR hasn't been enough, in the state in which it finds itself, to give them their dynamism back. Colombia has become a tragedy, the characteristics of which we are all familiar with, and is on its way to transforming itself into a non-State and into a non-nation. Ecuador, Peru and Bolivia experienced such violent spasms that not even the most boldest social science will risk making predictions: it is possible to go from the Shining Path to Alberto Fujimori and from the latter to Alejandro Toledo, from experiments in the Margaret Thatcher style *avant la lettre* to Evo Morales, and from dollarization with a forceps to the anti-capitalist indigenous movement, virtually without mediation. Venezuela suffered the most unrestrained corruption under the most social-democratic party the continent has known, and has been daily experiencing innumerable attempts to destabilize its Bolivarian revolution, including the scandalous attack

against the presidency of the republic personally led by the president of the businessmen's association.

Rather than a rosary of our weaknesses, what this brief listing describes is the extremely strong erosion of democratic and republican institutions by neoliberalism, an open declaration of war by capital against the possibilities of political action. Paraphrasing Atilio Boron –this Executive Secretary who with his courageous team carried out the true miracle of recovering our CLACSO– capitalism in the periphery is showing itself to be totally incompatible with democracy.

After the crisis of the dictatorships, a breath of liberty swept over Latin America. All over the continent, the revitalization of politics operated by the conjunction of rising social movements, renewed labor movements (clear-cut case of Brazil), the foreign-debt crises, the creation of new mass parties centered on the workers (once again the Brazilian example with the Workers' Party or PT), the patching up of misguided party antagonisms (typical being the Chilean reconciliation between Christian Democrats and socialists), the new alignment within Argentina's Justicialism, the popular rejection of *Andresist* corruption in Venezuela and a renewed identification with Bolivarian ideas, generated the miracle of the democratization of Latin America. And with it, the promises of banishing the almost Auschwitzian neoliberalism experiments. For the first time in the history of the region, in its thirty-five countries there existed no dictatorial régime. It seemed that the grotesque mix of dictators, minor chieftains, and petty tyrants in a few pseudo-democratic régimes had ended, to give way to the unanimous predominance of democracy.

However, something entirely unforeseen happened. Perhaps we had underestimated the "dirty work" of the dictatorships, the havoc wreaked in the social structure, in the increase in inequalities, in the governmental ability to regulate conflicts, in the identity between the national project for the dominant classes and the national project for the dominated classes. A kind of asynchrony, to say the least, had taken place: the bourgeoisies gave up on a national project, and the space of politics was, thus, transformed into a confinement for the dominated classes. The wave of democratization was encapsulated by globalization, with all its consequences: the dictatorships had definitively inserted the economies of Latin America in the financialization of capital, which to an extreme degree sterilized the power of the state in this new and original democratization.

The response of the political forces that took over government power after the dictatorships was to step up the pace to complete the work of financialization, attempting to insert the different countries, under diverse formulas, in a mistaken, supposedly homogenizing globalization. Customs protection was eliminated in the name of the benefits of free trade, the government corporations which had constituted themselves into the pillars of industrialization since the 1950s were privatized, and the labor markets structured into a precarious Welfare State were deregulated in different ways. Some went quite far: through integration into FTA Mexico lost its autonomy for any economic policy; Argentina privatized everything and established a dollarization that ended by eliminating all non-customs protection and reached the limit of setting up the parity between the peso and the dollar as a law, thus denying those who had been elected the capacity to govern. De la Rúa was the paroxysm of this destatization of the currency. Brazil, under the double mandate of Fernando Henrique Cardoso, privatized the powerful government-owned industrial base, retaining only Petrobrás, in a transfer of property that endorsed the structures of power and the relations between classes and between the latter and politics. There still remained a significant private industrial base, undercut, however, by opening up trade indiscriminately. It would be lengthy, tedious and superfluous, in the face of the formidable arsenal of data, analyses and interpretations by ECLAC, to reconstruct the disasters expressed in the main economic indicators.

This fragmentation of class relations is not without consequences for politics, radicalizing social tensions to an unsuspected degree, and a political step of such magnitude is required that the very implosion of class relations advises against waiting. The high levels of unemployment and of informal employment dethroned from a politically central position the categories organized in formal employment to which they had risen: even the election of Luiz Inácio "Lula" da Silva to the presidency of the Brazilian republic did not entail the waxing of labor power as the political basis of the PT. It has a different meaning. Unemployment and off-the-books employment, which in a country like Brazil reached something like 60% of the economically active population –and in Argentina the percentage is even greater– created a new class that the political lexicon of the left and of the social sciences isn't even capable of naming: they are not informal workers, they are unemployed but not jobless: they are not a "marginal mass" in the conception of José Nun: they are a *lumpen peasantry,*

without the pejorative nuance that the term undeniably had in the hands of the bearded one of Tiers. It is in politics that they become a *lumpen*; or, better said, it is in anti-politics.

This powerful deconstruction destroys the relations of representation: who is represented today by the parties themselves that arose from the old social bases? Whom does Argentina's Justicialism, by itself already divided into powerful bureaucratic and even gangster-like fractions, represent? The picketers? Ask them themselves. Does the PT represent the sixty percent of the sum of informal workers and unemployed in Brazil? Do the traditional political parties of Colombia represent the forces in conflict for over 30 years, worsened by the arrival of the paramilitaries on the scene? Evo Morales is the new man of the coca growers, and he constitutes real news, because Bolivia's parties had long ceased to have any truly popular insertion, and the Revolutionary Nationalist Movement (MNR) went over to the oligarchies' side a long time ago. The indigenous movement in Ecuador is also a novelty, in the same sense as the movement in Bolivia. Fujimori was a conservative reaction to anarchy: but the immense digestive system of the plundering dominant classes quickly swallowed him and transformed him into the greatest symbol of the corrupt impunity of the old Peruvian dominant classes. Toledo comes with Stanford in his baggage and already experiences a demoralization that makes his Ph.D. impotent.

Institutional politics spin ineffectually, because the conditions and the constraints imposed by globalization make democratic and republican institutions useless and superfluous. Central Banks are the real national authorities, and they are not democratic institutions. In the Schmittian definition, the sovereign is he who decides the State of Exception. National States have turned into States of Exception: all public policies are policies of exception. And who decides among us?

Institutional policy led the most transformation-minded popular forces into a trap. It is these new popular forces, which finally reached the thresholds of power, which implement the exception: of the surpluses agreed on with the International Monetary Fund (IMF), of the pressure to institute the Free Trade Area of the Americas (FTAA), of the submission to the World Trade Organization (WTO), of our conversion to free exchange and free trade.

Latin America has forgotten the fundamental lesson of Raúl Prebisch, about the asymmetry of forces in the center-periphery relationship. Meanwhile, the national bourgeoisies, entirely subordinated

to globalization, renounce politics. They prefer to place their trust in the mechanisms so revealingly pointed out by Foucault: compulsory coercion, procedures, institutionalities, etc. All of them, automatisms that annul politics.

The Brazilian case illustrates this to satiety: Lula's government, which promised to be transformative, surrendered to obligations; there is no political opposition, even opposition by economic sectors, whichever they might be. The paradox thus emerges that the forces that won the elections struggle among themselves, while the dominant classes provoke the conflicts: the case of land reform in Brazil is nothing but that. The Landless Movement (MST) attempts to obtain government compliance with the necessary number of settlements, and the government doesn't carry the land reform out, perhaps not because of a lack of political will but because of the surpluses in fiscal approaches imposed by the IMF, while the media exaggerate the conflict between the MST and the government. Consequently, both are weakened and anti-land reform positions begin to strengthen.

It should also be doubted that the neoliberal period has exhausted its agenda. To provide an example, let us return to the case of the Brazilian government which continues to deepen the neoliberal "reforms." Now, assuming that the neoliberal agenda is really exhausted, the issue that appears is a more complex one: what should be done to repair the deep organizational wearing down of the working classes and minimally restore the regulatory capacity of an entirely pillaged state? How is economic growth to the restarted if the government investment that was decisive in the industrialization of Latin America is impossible because government finances have been strangled by the heavy servicing of the domestic and foreign debt and the privatizations? Trust in the market as a mechanism for the distribution of resources must be cast into doubt even more vigorously than in the golden days of ECLAC, considering that the distribution of income has worsened, and therefore investments only go to the sectors that handle the demands of the high-income classes, perpetuating the perverse concentration already pointed out and condemned by Celso Furtado. Economic growth without a redistribution of income becomes even more concentrating, and without the state as a regulatory force the transformative project has everything needed to be the executioner of its own promise.

What is left in Latin America to the national states that are precluded from acting on development policies is the administration of

the policies of functionalization of poverty. These are policies of exception that transform the states into States of Exception. They are marketing states that invent names such as "bolsa-escola" (school scholarship), "bolsa-alimentação" (food scholarship), "primeiro-emprego" (first job), "começar de novo" (new beginning), "Fome Zero" (Hunger Zero) –the most pretentious of all, which shows up the anti-universal character of these policies with extreme clarity. Meanwhile the social security policies that promoted a greater redistribution of income in the annals of capitalism in the central countries are annulled in the periphery by the privatizations and the "reforms" –the new term for semantic piracy.

As labor forces have been highly eroded, and have lost the ability to propose policies and carry them out, or to veto the anti-reforms, the national states of Latin America are close to what, in the past, the literature called populism. But the name is equivocal; that populism entailed the inclusion along "the passive path," in an authoritarian manner, of the working classes in politics, while neopopulism –let us accept it for now– implies the exclusion of workers from politics and their transformation into the objects of compensatory policies. May Nun forgive me, but through the policies for the functionalization of poverty the "marginal mass" turns into the maintenance of the "reserve armies" suitable for more primitive work processes, with which to win a functional spot in the accumulation of capital. It isn't poverty, however, that moves that accumulation, but the molecular-digital revolution at the dynamic center that makes poverty functional for the accumulation of capital. The economies of Latin America now belong to the platypus family, a lopsided combination of high income, conspicuous consumption, accumulation of capital commanded by the molecular-digital revolution, extreme poverty, modern lumpen-peasantry, and subjection by financial capital, technical and scientific ineffectualness. Argentina, which had given us the only Nobel in a scientific field, physiology-biology-medicine, now lies asleep at the Recoleta cemetery: here lies the promise of a nation.

Why is the challenge greater today than that which arose in the years of "developmentalism" (*desarrollismo*), which found its best formulator in the brave ECLAC? Firstly for a fundamental strategic reason: the previous situation –characterized by an "unequal exchange" between producers of raw materials (Latin America) and producers of manufactured goods (the dynamic center)– could be overcome by putting into practice ECLAC's proposal *par excellence*: industrialization.

Today, globalization is above all a financial system. The principal contradiction doesn't refer to the fact that it is the multinationals themselves who are present in the industrialization that substitutes for imports –which worsens financial dependence because it is one of its structuring elements– but the fact that it is global money (the dollar and the euro) which constitutes the prior assumption and the result of the financing of the economies of the Latin American periphery. In other words, it is international money itself which finances Latin America's productive activity. And there is no "substitutive industrialization" for global money. In this case, the medicine kills. The equation of dependence and that of its solution are more complex.