Latin American Populism
Between Left and Right

by
Harry der Nederlanden

“A spectre has arisen, one of anti-American nationalism,” pronounced The Economist portentously on the news of Ecuador’s eviction of Occidental Petroleum and its seizure of a large segment of its oil resources. The move followed closely on the heels of the “nationalisation” of the energy sector in Bolivia, which in turn followed the pattern set by Venezuela’s Hugo Chavez.

Depending on their bias, other commentators have warned of the rise of socialist radicals to power in Latin America or have celebrated the emergence of a new left consensus or even of a renaissance of the left. Writing in the leftist magazine The Nation, Greg Grandin welcomed the rise of a bloc of nations that he estimates includes almost 60 percent of the population of Latin America to oppose the so-called “Washington consensus” which he describes as “a euphemism for the mix of punishing fiscal austerity, privatization and market liberalization that has produced staggering levels of poverty and inequality over the past three decades.” He groups all the left-leaning administrations in Latin America as part of a consensus or loose alliance against globalization and the power of the U.S.

A number of other analysts echo the influential essay, “Latin America’s Left Turn” (Foreign Affairs) by Jorge G. Castaneda, a former Foreign Minister for Mexico: it argues there are two lefts at work in Latin America. There is a distinct backlash against the free-market reforms of the last 15 years, he says. But the left-wing wave that has hit the continent is not a tsunami. Many of those that Grandin groups with Hugo Chavez (Venezuela) and Evo Morales (Bolivia), he says, differ in important respects: they belong to an older left, a chastened and reconstructed left that emphasizes social policies like education, antipoverty programs, healthcare and housing within a more or less orthodox market framework. It has given up its radical vision of a wholesale revolution and state ownership.
The flamboyant populist left represented by Chavez, says Castaneda, is very different—“often virulently anticommunist, always authoritarian . . . , and much more interested in policy as an instrument for attaining and conserving power than in power as a tool for making policy.” These leaders tend to make deals with big business to get their hands on money to redistribute as a way to curry popular favor.

Castaneda leaves no doubt where his sympathies lie. He sees the moderate, constitutional leftism of countries like Chile as indispensable for a region with huge disparities in wealth, widespread poverty and still-weak democratic traditions.

The populist left, he generalizes, loves power more than democracy and tends to take control of the media and of the two other branches of government, the legislature and the judiciary. This is true of both Chavez and Morales. Alvaro Vargas Llosa, the author of Liberty for Latin America: How to Undo Five Hundred Years of State Oppression, stresses that for Latin American society to flourish, it must, among other things, develop more respect for law by those in power, greater respect for democratic institutions, and resist the temptation to concentrate power in the hands of the few. The populist left fails on all counts.

**Populism and Corporatism**

Some, in fact, suggest that to speak of all the leftist governments in terms of a swing to the left misses more than it captures. Populist movements in Latin America have relied on charismatic, one-man leadership, or demagogues, if you will, who seek to establish a direct bond with their followers rather than through structured parties. They tend to blur the distinction between leader, party, government and state. Many of them project a strong man image and have a military background. They appeal strongly to nationalist sentiment and inveigh against foreigners, elites and capitalists. “There is nothing inherently left-wing about populism,” asserts the article from The Economist, from which I garnered much of this summary. “Some leaders were closer to fascism.”

Samuel Gregg, Director of Research at the Acton Institute, prefers the label corporatism to describe what has been happening in Venezuela, Bolivia and some other Latin American countries. He, too, sees affinities with fascism. Corporatism, he says, “blends state authoritarianism, populism, nationalism and anti-foreign xenophobia. This is combined with extensive nationalization and regulation of the economy, the militarization of much of society, and the creation of state-controlled civil organizations that gradually suffocate any autonomous free associations.”

Does it make any difference how we label political developments in Latin America? Yes, I think it is important to see that what is happening is not simply a resurgence of old Marxist ideology and Communist agitators. The extreme inequality, poverty, and concentration of wealth and power in these countries have not abated under free market and democratic reforms. As a consequence, the poor masses, which in the Andean countries includes almost all the indigenous peoples, have become cynical about democratic ideals. They are desperate for an alternative, and in the short
term Chavez and Morales seem to provide a more hopeful future. Critics, however, fear that in the long run they are undermining the very institutions that provide for a healthy political and economic life.

The Peruvian Election

Maxwell A Cameron, looking at the Peruvian election (scheduled after we go to print) in which one candidate has aligned himself with Chavez, warns that it would be a mistake “to frame the decision as a choice between social democracy and radical populism.” Ollanta Humala, a military man who has expressed his admiration for Chavez and received his emphatic support, also wants to nationalize the country’s oil and gas resources. However, says Cameron, he is much less radical than Chavez. Vargas Llosa, however, warned that Humala would mean a return to authoritarianism and subjugation of the press.

The other main candidate, Alan Garcia, served a term as president a few years ago, and in his previous incarnation he was himself a populist. After the failure of his radical policies, however, he embraced a more moderate approach. Both candidates, however, will probably concentrate power in some way, Cameron believes.

Many business people gravitate toward Garcia, not because he is right wing but because they are afraid of Chavez’s radicalism. They are afraid that such policies would threaten the 5.5 percent growth rate the country has seen over the last four years. However, this growth has brought very little in improvements to the life of the poor in Peru.

Politics in Peru has become so directionless and fragmented that it has given rise to 36 political parties, many of them regional. Polls indicate that 70 percent of Peruvians are fed up with democracy.

Ecuador’s Oil Grab

Ecuador’s recent eviction of the large American oil company Occidental Petroleum and the seizure of its assets has been interpreted as part of the Latin American swing to the left. Occidental produced about 20 percent of the oil in the country.

As in Bolivia and Venezuela, the move is very popular among the poor, who are convinced (with some justification) that rich multinationals are ripping off their natural resources with very little benefit to them. All across Latin America people are being taught that multinationals and capitalism are the producers of poverty rather than of wealth, so nationalization looks like a good idea. In the past, it led to the withdrawal of investment and invariably left the country poorer. With oil in such high demand, however, especially by China, that may not be an obstacle this time.
Occidental has filed for $1 billion in damages, which it may yet get. And the U.S. has broken off trade negotiations. But Chavez stepped into the gap and sealed a deal with Ecuador to refine its oil at a cut rate.

Colombia’s Uribe—An Exception?

The decisive victory of incumbent President Alvaro Uribe in Colombia—he carried 62 percent of the vote—was touted in many headlines as bucking the trend toward the left in Latin America. The Christian Science Monitor referred to him as “Colombia’s conservative president.” It is true that he has aligned himself with the U.S. against the drug traffickers. But the combination of leftist rebels and drug warlords had made Colombia into one of the most dangerous countries in the world. Uribe is popular because he has managed to bring security to the cities and towns by acting decisively against the rebels. At the same time, he has also gone a long way toward dismantling the right-wing paramilitaries responsible for many of the assassinations.

The rebel attacks and depredations, the horrific homicide and kidnapping rate—these were the big issues for the Colombian people, and Uribe delivered on these. He has made most of the cities and towns safe from the rebels and has cut the homicide rate by 23 percent and kidnappings by 62 percent.

However, he is far from being a conservative in any meaningful sense of the word. Over half of Colombians live in deep poverty and he will be expected to do something about distributing the wealth more equitably. Although he has some of the earmarks of a populist and an authoritarian, Uribe has pledged not to follow Chavez’ example. Maybe that, plus the absence of anti-American rhetoric, makes him look like a conservative to some. But his rise has been at the expense of the two main parties, the Liberals and the Conservatives.

Latin America continues to be the world’s most unequal region. A recent UN study has argued that a lack of development among the poor of a nation is a large obstacle to the production of wealth. Castaneda points to Chile’s example. There direct subsidies to the poor have helped cut poverty by 65 percent since 1990, according to The New York Times, while maintaining a decent rate of growth.

Despite Chavez’s nationalization of the oil industry, despite the windfall oil profits, despite an elaborate system to distribute this wealth to the poor (which makes them indebted directly to him), Venezuela is not doing well, not economically and not in other respects either. Unemployment and crime have risen sharply and so has police violence. Poverty is still on the rise.

Perhaps in the utopian rhetoric of Chavez and Morales, the poor of Latin America are grasping at illusory solutions, but they are not signs of the victory of Marxist ideology; they are rather signs of the failure of free-market reform without
good governance and other remedies to raise the poor. It is good to give people hope; it is even better to give them good reason to hope.

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