



Photos by Antonio Castillo

# A wander around the new Latin American Scenario

By ANTONIO CASTILLO

The Zócalo, the historic heart of Mexico City, is not only a cement esplanade surrounded by the imposing catholic cathedral, the presidential palace and the excavated site of the Templo Mayor, the old temple of the Aztec Tenochtitlán; but it is also an open-air stage where the drama of Mexico is played out daily. Five hundred years of history surrounds this plaza. And while you wander the Zócalo, you are also wandering through the present-day life of Mexico.

At one end of the Zócalo, a short step from the presidential palace – the interior walls of which contain the magnificent murals of Diego Rivera – a group of supporters of the rebel Zapatistas stage an act of remembrance for the late comandante Ramona, the most prominent woman in the Zapatista National Liberation Army, who passed away last year. Opposite, a group of human-rights activists rally against the decision of the United States to criminalise illegal immigrants, and against the bizarre initiative to build a wall to stop Mexicans crossing the border into the United States. Next to the cathedral, a group of indigenous people – perhaps descendents of the mighty Aztecs – perform a smoke ritual, which seems to be more for tourist consumption than

a genuine expression of indigenous spirituality. But again you can be too critical, the indigenous people are the poorest of the poor in Mexico and tourist pennies count. The rally against President Vicente Fox is a semi-permanent feature in the Zócalo, day in and day out.

The historic centre is a good place to explore the Mexican troubles. And there is nothing more troubling than the figure of President Vicente Fox. He came to power with many expectations and hopes. Fox and his Partido de Acción Nacional (National Action Party or PAN) came to power in 2000 putting an end to the 71 years of uninterrupted rule of the corrupt Partido Revolucionario Institucional (PRI). The election of Fox was seen then as a new dawn for this country. It was regarded as the start of a political transition to democracy, and as a promise of resolving the vast social, economic and political problems of Mexico. Sadly little has changed. Mexico continues to stagnate and the best reflection of this is its long-term economic growth that at best can be considered modest when compared, for example, to East Asia and the Pacific. Poor economic growth means an inability to resolve the problem of poverty.

With elections scheduled for July 2, the hopes of Mexicans

could soon be in the hands of Andres Manuel López Obrador and his Partido de la Revolución Democrática (Party of the Democratic Revolution, or PRD). López Obrador fits nicely into the Latin American model of the populist left-wing political leader. While mayor of Mexico City, he gained notoriety for his major handouts and well-advertised public projects, especially in the most impoverished sectors of this vast city. The two other candidates Roberto Madrazo (PRI) and Felipe Calderón (PAN) are said not to stand a chance.

Mexico is the tenth largest economy in the world and the largest in Latin America. Hence, it's not surprising that the election is being closely watched by the rest of the region, and also by the United States. If López Obrador wins, the "backyard of the United States" – as Latin American is pejoratively described – will be largely ruled by left-wing leaders. From Mexico in the north to Chile in the south.

## A new wave of socialists?

The flight from Mexico City to Santiago, the Chilean capital, takes about nine hours. The smartly-dressed young Chilean businessman sitting next to me spent a big deal of that time updating me on what he describes as the Chilean economic miracle. He is



proud of Chile's economic success and bets his country will become a developed nation in the next five years. Is he worried that the socialist, Michelle Bachelet – the first Chilean woman to become president – was elected? Parana (not at all) he says. He did not vote for her. But he is certain that Bachelet will maintain the “rules of the game.” He refers to the free-market economic model.

Bachelet has joined a long list of leaders traditionally associated with the Latin American left. Néstor Kirchner in Argentina; Tabare Vázquez in Uruguay; Luiz Inacio “Lula” da Silva in Brazil; Alejandro Toledo in Peru; Evo Morales in Bolivia; Michelle Bachelet in Chile and Hugo Chavez in Venezuela. And then, there is the likelihood that the left-wing former army officer Ollanta Umala, the frontrunner in Peru's last April 9 national election, will win the run-offs; while in Mexico, left-wing indigenous activist López Obrador is tipped to win the election.

With these electoral victories, the initial reaction was to think that Latin America was again flirting with socialist experiments. This is plainly wrong. The leftist leaders who now rule in the region have little resemblance to the left-wing politicians of the 1960s and 1970s. Socialism in Latin America is becoming a term rather than an ideology and it has been painted with different colours. Not one of them has promised to implement an economic collectivised system and Marx has not been mentioned at all. It is true that some of them, such as Lula and Morales have been frequently photographed with Cuba's Fidel Castro, but this is more for show than an alignment with La Habana.

Jorge Peña, a Chilean political scientist, said these governments are led by “pragmatic leftists leaning to the centre.” According to him, all of them – and perhaps Chavez is the only exception – cling to their own taste of free-market policies with socially oriented reforms. This

is an approach that has even achieved favourable views from the influential intellectual class. Carlos Fuentes, the celebrated writer and a long-standing left-wing member of the intelligentsia, has recommended following the Chilean model – a mix of free-market economics and fiscal restraint with programs that point to a reduction in poverty.

All of these new leaders are well aware that the reason they have been elected is largely a rejection of the leaders who adopted their neoliberal economic models left in place by military dictatorships that had ruled the region until the end of the 1980s. The main factors behind instability in the region are poverty and inequality, a result of these neoliberal economic policies. This is a defining characteristic of the region.

In spite of some improvements due to favourable conditions for primary products and raw materials, it is estimated that 40 percent of Latin Americans live in poverty. Dr. Telly Karl, a political scientist at Stanford University, said that the inattentiveness to extreme inequality contributed to the perpetuation of poverty. She speaks of a vicious cycle in which poverty and a high level of inequality hinder economic growth, and in which growth rates are consequently too low to solve the problems of inequality and poverty.

James Petras, a prominent American intellectual, is far more critical of these new leaders and rejects altogether their left-wing credentials. “Politically and rhetorically they seem to be left wing. However, economically and the way they approach social issues are far closer to the right.”

Sergio Avendaño is a Chilean left-wing political economist, who during the 1970s advocated the

establishment of a collectivist economy. Not any longer. For him Latin American governments main challenges are to juggle sound fiscal policies, which will please international markets, and to create social programs that alleviate poverty. Private businesses and international investors remain essential for economic growth. This was one of the messages sent by Bolivia's Evo Morales to the international financial community. He spoke of “economic partners.” This is far cry from the old leftists who saw international investors as mere thieves of national resources.

In Chile, as in the other countries, the appointment to financial and economic portfolios of well-known supporters of the market economy, and also former officials of some major international financial institutions, will guarantee the model won't change. Andrés Velasco in Chile is a Harvard economist and his appointment was applauded by Wall Street.

In Uruguay, Tabaré Vasquez – a former left-wing guerrilla fighter – was appointed to the Central Bank and the Economy Minister is Danilo Astori, a hard-line neoliberal economist. In Brazil, the key advisers to Lula are right-wing bankers and corporate executives. All of them are linked to the International Monetary Fund (IMF). They occupy strategic positions in the finance, economic, trade and agricultural ministries.

The role that these economic advisers are playing is to maintain the economic orthodoxy and to follow the guidelines imposed by the IMF. The payment of foreign debt has become a priority and presidents Lula and Kirchner have become “model debtors.” Before his election Lula made

a commitment with the IMF to repay foreign debt. He made early payments of more than US \$100 billion. He also committed to maintain a budget surplus of four percent and maintain macro-economic stability. This has brought about a stable economy, but the social programs in health and education have been reduced by more than five percent in his three years as president.

The economic management of these governments has been praised by international financial institutions. The executive director of Comisión Económica para América Latina (Latin American Economic Commission, or CEPAL) José Luis Machinea, during the presentation of the state of the economies address in the region in 2005, said without hesitation that the left-wing governments in Latin America don't present any risk. “They are not a factor of instability,” he commented.

The flight from Santiago to Sydney is around 14 hours. It is a long flight and a good time to reflect on this new scenario for Latin America. The words of Argentinean writer Mario Grondona keep on resonating in my mind. Not long ago, he sharply described Latin America as a laboratory of failed economic experiments. “We tried socialism and it failed; we tried a neoliberal model and it also failed,” he said. One just hopes that this new wave of leaders will be able to come up with a successful experiment. Thousands of Latin-Americans living in poverty are counting on it.

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Michelle Bachelet (Chile)  
Photo courtesy Antonio Castillo



Chavez (Venezuela)  
Photo by Alberto Borrego



Lula Da Silva (Brazil)  
Photo by AFP