

CanadaWatch

PRACTICAL AND AUTHORITATIVE ANALYSIS OF KEY NATIONAL ISSUES

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EDITORIAL

The remarkable turning point

THE NEW DYNAMISM

The emergence of Latin America as a bristling, confident regional power is most remarkable. With growth averaging a robust 5.5 percent, this has been the best year since the 1960s. Inflation, once the scourge of the continent, is in single-digit territory. The picture looks bright with economic growth forecast at over 5 percent for the entire region for 2011, compared with 1.8 percent in the United States.

The bigger story behind the numbers is that no Latin American country is in

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hock to the International Monetary Fund (IMF). The era of neoliberal policies that were punitive and harmful to millions is now a closed chapter. The loans are all repaid, and this has given the region, as Pablo Trucco and Diana Tussie underline in this special issue, new breathing space to experiment with innovative social initiatives and political programs.

The shift in power dynamics is still an unfolding story. The old order that kept Latin America solidly in Washington's backyard was unipolar—centred on the United States with the European Union a junior partner, and Latin America with neither voice nor influence globally. All this has changed. The present order is multipolar with Asia and Latin America no longer relegated to secondary positions. At the Cancun meetings of the WTO in 2003, the G20 marked its “coming of age,” in the apt words of Brazil's

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THE RISKS AND OPPORTUNITIES OF FUNDAMENTAL POLITICAL CHANGE

Obama, Canada, and civil society South and North

THE OBAMA CHALLENGE: PROMISE AND CONTRADICTION

Many civil society networks in the southern hemisphere, like many others around the world, positively anticipated the impact of a Barack Obama victory on US policy, including foreign and security dimensions, given some hints in his campaign promise for “A New Partnership for the Americas.” It was apparent to North Americans that Obama should respond to his base in the so-called rust belt with some sort of revision to US international trade policy, possibly even a revision of NAFTA. His

BY JOHN W. FOSTER

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appearance, however brief, at the Summit of the Americas in Trinidad and Tobago in 2009 offered a key opportunity to initiate something new in terms of listening to leaders in change processes in the hemisphere, including civil society. Venezuelan President Hugo Chavez presented Obama with Eduardo Galeano's *Open Veins of Latin America*.

But Obama quickly swept illusions aside, particularly for those interested in a real change in US trade and investment policies. He announced that he would proceed with the US agenda of bilateral negotiations with several Latin American countries, and he appointed Ron Kirk, a

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redefine THE POSSIBLE.

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foreign minister Celso Amorim (see his contribution).

SOUTH–SOUTH COOPERATION: THE CRITICAL DIFFERENCE

The new global geography has catapulted Brazil smack into the centre of this social, economic, and political transformation. Peter Hakim, writing in *Foreign Affairs*, offers a partial explanation for how Washington managed to lose its traditional backyard after 9/11 through a combination of studied neglect and imperial hubris. However, the story is much less about “Sam” and more about what governments and people have accomplished domestically and locally.

What happened over the decade, to Washington’s amazement, is that the old order was overtaken by a fairer and more affluent Latin America despite the poverty, crime, and corruption. Not everything is a success story, but the efforts, through trade, the activism of new social movements, new political alliances, and developing the continent’s infrastructure, have resulted in remarkable progress in building a focused regional identity, as many of the contributors to this special issue underscore.

Much of this momentum can be traced, inevitably, to Brazil’s centre-stage role in the new economic order. On its own, Brazil accounts for 40 percent of the continent’s GDP. It has become a global agricultural producer of sugar, oranges, soybean, maize, chicken, beef, and pork. It is also a major exporter of oil, iron ore, and many other minerals that China relies on to power its industries. Brazil has more available, arable land than any other country in the world, including major agrarian producers such as India, the United States, and China. Its ability to innovate new varieties of quick-growing soybean and maize in the drier regions on marginal lands is part of its extraordinary green agricultural revolution.

So how has Brazil been able to grow more food, renegotiate oil contracts with foreign multinational corporations

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(MNCs) on favourable terms, and develop its industries such that it is slated to become the fifth-largest economy in the world by 2025?

REGULATORY REFORM AND INSTITUTION-BUILDING

The major explanation behind these momentous changes is the pivotal transformation of the Brazilian state and its reform of the regulatory culture over the better part of the decade by different administrations. The strengthening of state institutions has made Brazil into an effective partner with private actors—building infrastructure and exploiting its vast undersea oil reserves. Brazil, more than any other country in Latin America, has used the leverage of public–private partnerships to establish new institutions for a society on the move.

Of course, the picture is more nuanced as different contributors to the issue explain. Forty million have moved out of poverty under Lula da Silva’s reforms, but a third of Brazilians remain poor, and gun violence in the largest cities is off the charts. Inequality is far too high and programs are required to keep children in school longer as well as other health-care reform initiatives to increase primary health services for pre- and post-natal care. One bright spot is that reforms in public spending have contributed to a rise in living standards, and this picture is duplicated, albeit unevenly, across

Latin America.

It has taken more than half a century for the continent to emerge economically from the long shadow of the United States. China’s appetite for iron ore, gas, soybeans, and maize is a large part of the story. Latin American exports to China have grown tenfold since 2005, and Beijing has become the leading trading partner for all major countries across the continent. Latin America’s dominant economies embraced globalization and capitalism as skeptics still bearing the scars of the IMF-Washington Consensus years. Brazil, Chile, and Argentina are now expanding their policy space by launching industrial strategies and reforming domestic institutions. It is an uphill battle, but it has reduced Latin America’s traditional dependence on US interests in the region. China is the new growth metropole, the counterweight to “Yankee interests,” and it is fortunate that it is thousands of kilometres away and not next door.

PETRO-POPULISM AND RECLAIMING “OUR AMERICA”

“Latin America’s decade” is big, complex, and highly politicized. In this issue of *Canada Watch* Jorge Heine describes the extraordinary return of the left in Brazil, Uruguay, Chile, Bolivia, Argentina, Ecuador, and Venezuela. All are populist, some wear deep-red socialist colours, although there are also centrists in the mix. Petro-nationalism has brought new wealth to an emerging middle and lower middle class, and the emphasis on inclusion reflects political attention to anti-poverty policies that were largely absent in the past on such a scale.

Rafael Correa in Ecuador and Evo Morales in Bolivia have brought stability to countries where the level of development differs from the Southern Cone, where the state has been traditionally weak. The neo-populist movements that brought both leaders to power displaced traditional parties and challenged the entrenched political class. Morales and

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Correa have developed inclusive policies toward aboriginal populations who never had a voice before and faced systemic racism at the hands of the traditional elites.

Canadian foreign policy appears to be on the wrong side of the tracks concerning these progressive changes, and is looking more and more, in John Foster's words, like "mining in a banker's suit." Foreign policy has failed to address the environmental destruction caused by Canadian multinationals. The Harper government has zealously pursued more bilateral free-trade deals while remaining fundamentally hostile to Hugo Chavez. It has lost an opportunity to rethink its foreign policy interests and build new relations in the hemisphere.

THE BOLIVARIAN ALTERNATIVE: NOT TO BE DISMISSED

Perhaps the development that bears very close watching is the Bolivarian Alliance for the Peoples of Our America, or ALBA (see Josette Altmann's insightful contribution), an innovative and provocative initiative of Chavez. Altmann examines ALBA's growing influence, particularly its role as a counterweight to the neoliberal model of regional economic integration. It began in 2001 at the Third Summit of the Association of Caribbean States, with Cuba, Venezuela, Bolivia, and Nicaragua as founding members. ALBA is a bottom-up alternative for cooperative strategies bankrolled by Venezuela's petro-dollars. Its numbers have grown from the original core, and currently ALBA offers 18 countries, including Caribbean members, subsidized oil prices, long-term credit, and low interest rates.

The Alliance is based on the principle of "differentiated and special treatment" for countries with different needs and diverse stages of development through social solidarity. It is miles ahead of the WTO in putting these first principles into practice for an ambitious, regional development agenda. ALBA operates as a political and ideological alliance, both pragmatic and results-driven, providing

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its member states with public health services for the very poor, enhanced access to education for marginal groups, and a regional bank that provides funding for start up projects and other kinds of assistance.

It is wrong-headed to suggest that these initiatives for cooperation are utopian, the kind of "for tomorrow" schemes advocated by the old left. There are signs that Latin America's political culture of redistribution and transformative pragmatism has substance and staying power. These new politics should not come as a total surprise. After decades of ideological wars, Lula's "can do" charisma has fired Latin America's imagination in a way not seen since the iconic Che dominated public thinking. A new model of cooperation has taken root in South America from the Andes to the Southern Cone with Chavez, Correa, Morales, and the recently deceased Néstor and Cristina Kirchner in Argentina.

VIOLENCE AND THE DRUG WARS

The troubling part of this picture is that even as Latin America tries to turn into a more equal society, controlling crime in the weaker Andean states and Mexico has defeated authorities' best efforts. Drug-related crime remains out of control, and the police and judiciary are part of the problem, although they must certainly be part of the solution as well. According to all experts, youth gangs and the drug wars, driven by the huge American consumer appetite for drugs, accounts for the rising violence. Illegal activities involve large parts of the population, and many of these threats are of a new kind with the violence linked to exclusion and weakening of social cohesion. Economic growth is critical to reducing crime rates but it is not enough.

Better policing and police management are required, and there is some evidence that governments are modernizing their policing methods and reforming the judiciary. In São Paulo, better police practices helped cut the murder rate by 70 percent and, between 2001 and 2005, more than doubled the success rate for catching murderers.

BROADENING AND DEEPENING DEMOCRACY

Stability is always relative. Latin America's politics have become more inclusive with a new generation of leaders like Brazil's Lula and Bolivia's Morales who grew up poor. But the big question is whether strong democratic institutions can evolve even further despite all the obstacles and disadvantages to consensus on economic stability. The wave of electoral victories that brought the left to power will end, and the pendulum will eventually swing back. What differs this time is that the political landscape has dramatically changed. But how deeply and for how long? Is it likely that Latin America will fall backwards into dependence and rule by autocracy?

The iconic idea that Latin Americans now inhabit their own front-yard with new models of regional cooperation for advancing the rights of its citizens is a powerful one. Latin American democracies have long followed a unique path and are currently working together in unprecedented ways. The severe international crisis of 2008 has made the US position in the region highly contestable. Hemispheric politics are making the crucial difference. So far, so good. 🍁

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