

THE LATIN AMERICAN LEFT

Transitional remarks leading from the Foreign Policy Association's DVD to general discussion from the floor.

Medford Leas Theater
February 28, 2008

I am all in favor of civil dialogue about issues, even issues of life and death, issues of exploitation and oppression, issues of freedom and tyranny. I believe in peaceful dialogue and in non-violent persuasion with respect to all these things.

I do not know what your reaction to the video we have just seen is, but each time I watched it in preparation for this morning's meeting, the civility of the discussion seemed carried to such an extreme that I felt anesthetized. Admittedly, there are a few red flag buzz words which creep into the conversation – the names Fidel Castro and Hugo Chavez, and the mention of oil, for example.

But are these learned gentlemen really talking about a continent flowing abundantly with natural resources, yet most of whose people remain desperately poor in spite of some recent improvements? Are they talking about the continent where an archbishop was gunned down at the cathedral altar while saying mass because he dared advocate for the poor, the continent where priests in their desperation were driven to Marxism and to guerilla warfare, where nuns were murdered, where the United States overthrew the democratically elected government of Guatemalan president Jacabo Arbenz, ushering in an agonizing period of conflict between revolutionary guerilla warriors and government-sponsored death squads? The ramifications of the war against drug cartels, of the decimation of the Amazon rain forest, of the hot-button issue of illegal Latin American immigrants to the United States, of the controversies over NAFTA, and of the implications for poor Latin Americans of our flirtation with corn based gasahol, all remained unmentioned in a conversation characterized by a smothering politesse.

Obviously there is no way in a short session like this morning's that we could review the details of the epic drama of the United States' interaction with its southern neighbors. We cannot explore the ethical and political nuances of all that has occurred, and which seems relentlessly to fuel an irrepressible movement to the Left in Latin America. But I hope it will be agreeable if I just recount one fairly recent anecdote which I believe brings into view many of the issues which have vexed inter-American relations from the present back to the

Mexican American War of the late 1840s.

As we know, water is a necessity of life. Both an adequate amount and an adequate quality of water are essential for public health and hygiene. Here in the United States, in recognition of the principle that access to water is a human right, and that water is a natural resource bestowed by the Creation itself for the benefit of all its creatures, most people have access to water as a result of community organized utilities. Moreover, a water system is innately monopolistic, in that you cannot have free market competition with dozens of firms laying competing sets of pipes in bids to attract customers. The provision of water is carried out through cooperative effort via municipal governments, or through government regulated monopolies, called public utilities.

The job is to build and maintain the infrastructure necessary efficiently to deliver a commodity presumed to be a common possession to the members of the community to the locations where they need to use it. No individual or corporation is presumed to own as their personal private property the rain which falls or the aquifer which flows under the earth's surface.

Bolivia is one of the poorer countries in Latin America. Its third largest city, Cochabamba, is generally considered a pleasant place, located on a plain high in the Andes. As is the case with many Third World cities, by the late 1990s the water system was decaying and in need of both renewal and extension. Previously existing infrastructure which was corroding needed to be replaced, and the system needed to be extended to serve the spreading population of urbanizing newcomers at the city's periphery.

Bolivia applied for a development loan from the World Bank to improve the water system. The World Bank made it a condition of providing a loan for water system development that the public water system be privatized. This led to a forty-year concession being granted to a consortium of multi-national companies led by the Bechtel Group of San Francisco, one of whose principles is former United States Secretary of State George Shultz. Within weeks of being granted the contract, the consortium raised water rates by 50% for most people, and for some poor households the percentage increase was even higher.

Bechtel's price hikes were met with fierce public protest. Cochabamba was shut down by general strikes on three separate occasions. In an effort to protect the Bechtel contract, the Bolivian government declared a state of martial law and began arresting protest leaders in their homes in the middle of the night. In the disorders that followed, six people were killed, including an unarmed 17-year-old boy. Hundreds of others were injured. But finally, in the year 2000, Bechtel was forced to leave the country and the water company was returned to public ownership.

But the story does not end there. In November of 2001 Bechtel and its associates filed a suit for \$50 million dollars against the Bolivian government and the Bolivian people before the World Bank's trade court, known as the International Center for the Settlement of Investment Disputes.

It is the practice of the World Bank's trade court to bar the public and the media from being present at its proceedings, and the Bank will not even disclose who testifies. Nevertheless, several international human rights organizations, as well as citizens' groups from Bolivia, sought "friend of the court" status, or at least an opportunity to witness the court's proceedings. In February of 2003 the President of the World Bank's tribunal issued a letter denying the citizens and the public interest organizations any access to the proceedings. The letter also rejected all requests that the documents associated with the proceedings be made public. In other words, a proceeding in which one of the richest corporations in the world was suing the people of one of the poorest countries of the world for \$50 million was to be conducted entirely in secret.

For four years citizen groups on five continents waged a global campaign to pressure Bechtel to drop the case. Protesters closed down Bechtel's San Francisco headquarters twice. Citizens groups from 43 nations petitioned the World Bank with demands that the case be tried in public. In the end, after the case achieved an unprecedented degree of notoriety in the international press, Bechtel backed down. It dropped its case in exchange for a token payment of thirty cents.

The notoriety of the this water war, together with a parallel hydrocarbon war, helped propel the election of the first indigenous Aymara president of Bolivia, Evo Morales, who, like Hugo Chavez of Venezuela, is a socialist and an admirer of Fidel Castro.

I don't want to paint this in a totally one-sided way. Perhaps the World Bank had good reason to believe that the public authority which was managing Cochabamba's public water utility was incompetent or corrupt, and that simply to make a loan in the context of existing conditions was to waste it. I simply have no knowledge myself of how the pre-privatization water authority conducted itself. It may also be true that the water bills would have had to go up, at least to some degree, if the water system was to be fixed and extended. Nevertheless, it seems to me the story illustrates several themes which appear constantly throughout the history of U.S./Latin American relations:

1. The first theme is that the American people are often largely oblivious of what international actors who symbolize our country are doing abroad, and how these doings impact upon local people. Perhaps many of you in this room have followed the story of the Cochabamba water wars, but I dare say there are very

few Americans whom one might meet in the street who would know anything about it. Nor would they realize that an unprecedented degree of international outrage was focused on an American corporation in which an American Secretary of State had once served as CEO and still remains an active functionary.

2. A second theme is the dogmatic insistence of powerful institutions like the World Bank and the International Monetary Fund on spreading a kind of free-market fundamentalism, even in situations where a free market could not possibly function fairly or effectively.

3. A corollary of this is that already wealthy stockholders and executives of multi-national corporations should become further enriched by extracting profits to themselves from poor countries through the monopolistic control of indigenous resources, like water and hydrocarbons.

It is this last point which presents the question which vexes not only United States relations with Latin America, but our relations with the Islamic world as well. It is the fundamental question of who owns the earth and its resources, who has the right to exploit them, and for whose benefit are they allowed to do so.

I mentioned earlier the CIA's overthrow of the democratically elected government of Jacobo Arbenz of Guatemala in 1954. This was provoked by the expressed intention of Arbenz to nationalize lands owned by a United States firm called the United Fruit Company, also known as Chiquita Banana.

Now I am sure that from the perspective of the United Fruit Company this was a ruthless challenge to the sacred principle of private property. But anyone who has been to Guatemala, as I have, knows very well that a very large portion of the population is Native American. From their perspective, illegal aliens from Europe invaded their country, seized their land, proceeded to kill many of their people, and then brutally exploited the survivors. By the 1950s enough was enough; it was time to give the land back to the people to whom it had originally belonged.

The situation was aggravated by the fact that the United Fruit Company, in order to maintain its own monopoly on the growing and exportation of bananas, bought large tracts of land which it kept idle so that competitors like Dole, or like the indigenous people themselves, could not produce bananas in competition with United Fruit. So, presumably, all of us who were eating Chiquita bananas in the 1950s and 1960s were paying a much higher price for them than a free market would have required. So you had a land tenure system in which a wealthy foreign company could outbid locals for territory, use some of it to

produce fruit to be exported while holding the rest of it idle, while local people remained impoverished and malnourished and unable to produce either the beans and corn they needed for themselves, or the bananas which they might have exported so that they, too, could prosper.

Guatemala's President Arbenz's proposed solution to this was to buy back the idle land from the United Fruit Company at the price at which they had valued it in their tax returns, and then to redistribute it to poor and landless Native American peasants.

The then Secretary of State, John Foster Dulles, had previously been a partner in the law firm which represented the United Fruit Company. His brother, Allen Dulles, was the director of the CIA. The Assistant Secretary of State, John Moors Cabot, was the brother of the president of the United Fruit Company. Although constitutionally elected, Arbenz appeared to them to be a dangerous communist, and the CIA was summarily dispatched to overthrow him, ushering in, as I have indicated, a long and nightmarish period of conflict, guerilla warfare, and government sponsored death squads. Again, as with George Shultz, Bechtel and Bolivian water, the American people were scarcely aware of the dangerous and costly conflation of the special interests of the United Fruit Company and the foreign policy of the United States of America.

The CIA was a relatively young agency at the time of the Guatemalan affair, having been organized out of the former OSS after World War Two. But the Arbenz affair was already its second successful overthrow of a legitimately elected government. Its first triumph in this field was the overthrow of Iran's elected Prime Minister, Dr. Mohammed Mossadegh, followed by America's relentless support of the increasingly autocratic Shah of Iran and his dreaded secret police SAVAK, which brutally crushed all internal opposition. The enormously popular Dr. Mossadegh had committed the offense of nationalizing Iran's oil fields. When the Shah was finally toppled in 1978, enraged students seized the United States embassy and held our diplomats hostage for well over a year, probably to ensure that the embassy would not function once again as a launching pad for counter-revolution. Needless to say, we are still trying to pick up the pieces of the CIA's anti-Mossadegh adventure.

Iran is obviously not part of Latin America. But I bring it up to indicate that the essential problem we face in Latin America – how the resources of the earth are to be owned and exploited – is a universal one. I honestly do not know the answer to this problem. If there is far-reaching nationalization, and the government winds up owning everything in sight, the temptation of the commissariat to practice totalitarianism appears enormous. Some sort of economic pluralism seems essential to freedom. Yet the status quo, wherein the precious resources of diverse Third World countries are exploited for the benefit

of the First World and for the profit of the elite stockholders and executives of multi-national corporations, while the people in the Third World countries themselves remain impoverished, definitely does not pass the smell test. The situation inevitably will generate leftism and jihadism.

The Foreign Policy Association film implies that there is in Latin America a bad Left – including Fidel Castro of Cuba, Evo Morales of Bolivia, and Hugo Chavez of Venezuela – and a good Left, represented by such people as Luis Ignacio da Silva of Brazil, with whom even George Bush can get along. The film acknowledges that American intervention in Latin America in the past has been uniformly ill-advised, unjust, self-serving, and counterproductive, and the learned gentlemen raise the question of whether we should hope that the United States simply has learned its lesson and will keep its hands off, or whether we might hope instead that, at last, the United States might use its power and influence pro-actively in a good way.

So these are the questions with which we might begin our discussion: Is there a good Left and a bad Left? If so, what is the nature of the distinction between them? And what, if anything, should the United States do to address the problems of poverty and development here in the Western Hemisphere?

Daniel A. Seeger

Follow on, if time permits:

Lula and the conference in Menlo Park, California

Armed robbery as a basis for property rights derived from colonial regimes

Annexation following the War with Mexico.

Indian Removal Act.

Conclusion: Ulysses Grant and the War with Mexico.