Published on *National Catholic Reporter* (https://www.ncronline.org)

Latin America swings to the left

Barbara Fraser | Jul. 22, 2011

An Andean woman shouts slogans in front of police in Lima, Peru, during a mid-June protest against the Peruvian government's support of extractive mining. (CNS/Reuters/Pilar Olivares)

LIMA, PERU -- The morning after Ollanta Humala won a photo-finish runoff for Peru?s presidency, rumors flew -- of a run on a grocery store in a high-end suburb, that the well-to-do would pull their money out of the country, that companies would pack up and take their investments elsewhere.

Even before official election results were announced, right-leaning media called for the left-leaning former army colonel to name his economy minister immediately, to calm fears.

Peru is the latest in a series of Latin American countries to swing to the left, driven by discontented voters who feel the neoliberal economic policies of the 1990s and the boom times of the past decade have passed them by.

Oddly, the trend toward leftist governments has come as the Catholic church, long associated with social justice causes in the region, has become more conservative, said Steven Levitsky, a professor of government at Harvard University who is in residence at Peru?s Pontifical Catholic University in Lima this year.

The leftward shift -- which swept Venezuela, Ecuador, Bolivia, Paraguay, Brazil and Chile until a right-wing candidate won the last election in that country -- has taken different forms in different places.

?Countries that are governed by left-wing parties of some sort or another have not necessarily junked free-market economics, but have called into question and begun to revise the model,? Levitsky said.

The spectrum ranges from Venezuela, where President Hugo Chávez remains anchored in ideological revolutionary rhetoric and economic chaos, to Brazil, whose last president, Luiz Inácio Lula da Silva, morphed from a firebrand labor activist into a respected politician who attacked hunger and positioned his country solidly as a leader among developing nations.

Taking a cue from events in the region, Humala slid from one end of the scale to the other in Peru. In 2006, when he lost the presidency to Alan García, he ran on a platform reminiscent of Chávez?s radical rhetoric. But by the time this year?s June 5 runoff election came around, he had hired Brazilian advisers and was channeling da Silva.

Levitsky called Humala?s victory ?a punch in the gut? to Peru?s political establishment, and a sign that despite economic growth ranging from 6 to 10 percent annually for most of the past decade, ?something is not working? -- a message voters in other countries had already delivered at the ballot box.

Humala?s first battle may not be with his obvious political opponents, but with the poor, largely indigenous electorate that put him in office. Indigenous villagers in Peru?s southern highlands, who are protesting mining and petroleum concessions, have said they will give the new president until the end of August to respond to their demands.

Humala will find himself walking the same tightrope as the chief executives of other Latin American countries, who are trying to respond to the demands of marginalized poor communities without antagonizing large businesses that keep revenue flowing into national coffers.

Extractive industries, especially oil and gas, are a flash point throughout the region. As they have since the arrival of the Spanish conquistadors more than 500 years ago, many countries in the region depend on exports or raw materials -- especially minerals and oil and gas -- to drive economic growth.

Increasing demand for commodities, especially by China, buffered Latin America against the most recent global economic downturn. Economic growth in the region averaged 6 percent in 2010 and foreign direct investment totaled $112 billion, 40 percent ahead of 2009 levels, according to the U.N. Economic Commission for Latin America and the Caribbean. In Brazil alone, foreign direct investment rose from $25.9 billion in 2009 to nearly $48.5 billion in 2010.

In Mexico and Central America, foreign investment was mainly in manufacturing, while in South America, it targeted natural resources. Ninety percent of China?s investment in the region was in natural resources, according to the U.N. commission.

Despite economic growth, however, Latin America has one of the world?s most unequal distributions of wealth. The disparities between urban and rural communities and indigenous and non-indigenous populations are especially sharp.

The surge in mining and oil and gas exploration has led to tensions with communities living near mineral deposits and potential oil and gas fields. Indigenous communities, especially, have mobilized to demand that they be consulted about development plans that would affect their lands, as required under International Labor Organization Convention 169 on the rights of tribal and indigenous peoples.

While most of the region?s countries signed and ratified that convention, few have passed specific legislation to implement it, and many leave it to the prospecting companies to negotiate with communities that would be affected by their concessions.

Fears that legislation implementing Peru?s free trade agreement with the United States would open their lands to private industry led to protests by Awajún and Wampis indigenous communities in northern Peru in 2009. The protests ended with the deaths of 24 police and 10 civilians.

Even Bolivian President Evo Morales, the son of Aymara farmers, who engineered a rewriting of the Bolivian Constitution to explicitly outline the rights of the country?s large indigenous population, ran afoul of his main constituency by opening a swath of Amazon rain forest to oil drilling and highway construction.

As indigenous organizations increase their political savvy and network with other native groups and international supporters, governments in the Andean countries, Guatemala and Mexico, which have the largest populations of original peoples, will have to find a way to balance resource extraction and indigenous rights.

For the most part, the region?s left-leaning presidents are taking a pragmatic approach, according to Levitsky.

?I?d be pretty surprised to see any of these governments walk away from extractive exports,? he said. Instead, they are likely to experiment and ?come up with strategies that allow them to incorporate and maintain the support of local indigenous communities without abandoning extractive industries.?

The challenge will be to strengthen and enforce environmental regulations -- a growing demand of communities located near mines and oil and gas fields -- and distribute revenues from the commodity bonanza to reduce the poverty and inequality that drive social problems, including migration and violence.

Those two problems are now most visible in Central America and Mexico, whose economic fortunes are more closely tied to those of the United States.

?We?ve experienced a triple whammy,? said Fr. Dean Brackley, a Jesuit theology professor at the University of Central America in San Salvador, El Salvador. ?About four years ago, the price spikes in grains and fuel were devastating. They drove tens of thousands of people into poverty, and from poverty into extreme poverty. That was followed by the U.S. financial crisis, which meant a drop in remittances,? the money sent home by migrants.

In El Salvador, remittances dropped by 10 percent, equivalent to 18 percent of gross domestic product, he said. In Honduras, the official figure for the decrease in remittance flows equaled 25 percent of GDP.

While poverty drives migration from Central America to the United States, stepped-up deportation of undocumented migrants from the United States swells the ranks of the unemployed in those countries, creating a vicious circle.

Social pressures, poverty and weak governments create fertile ground for criminal groups expanding from Colombia and Mexico. Countries that were once merely part of the route for shipping drugs from Colombia to the United States are becoming trapped in a web of organized crime and drug trafficking.

Honduran authorities recently raided a cocaine-processing lab and Salvadoran authorities seized barrels of chemicals used to manufacture synthetic drugs. In May, 27 farm workers -- men, women and children -- were brutally murdered on a farm owned by an alleged drug lord in Guatemala?s Petén region.

Guatemalan officials blamed the Zetas, an organized crime group that was started by former Mexican soldiers, and is expanding through Central America.

?The Zetas are changing the calculus? of criminal operations in the region, according to Steven Dudley, codirector of InSight, a think tank that studies organized crime in the Americas.

The group?s goal is to control territory so it can ?collect tolls on every criminal activity that occurs in those areas. That?s an incredible model that only an organization with a military background could think to implement,? Dudley said. ?It begins to change the dynamics of the underworld throughout the entire region. Other groups have to respond to the way that these guys operate and organize themselves and penetrate their rivals? areas.?

The result is an escalation of violence that leads to migration by families who fear for their safety, as well as those seeking to escape poverty. Meanwhile, corruption from organized crime further undermines already weak governments.

Mexican and Guatemalan bishops have spoken out against the violence, but experts say the only lasting solution will be long-term development that creates economic opportunities and strengthens government institutions.

?That?s the real challenge -- to get these governments to focus on implementing reforms? that may not yield immediate political results, Dudley said. He noted that the problem is not limited to Central America. ?This is an institutional problem that stretches across the hemisphere.?

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