

WHAT IF
LATIN AMERICA
RULED THE
WORLD

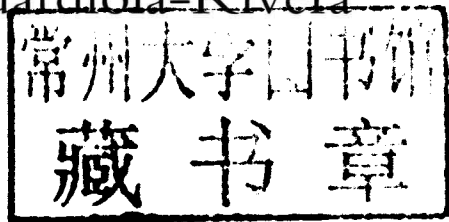
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how the
south will
take
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north
into
the
22nd
century

WHAT IF
LATIN AMERICA
RULED THE WORLD?

*How the South Will Take the
North into the 22nd Century*

Oscar Guardiola-Rivera



B L O O M S B U R Y
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To Sylvia Ospina, ut pictura poesis.
To Zoe, other eyes.
To Haidy and Ceci, and the women of the Americas, Etna in one's
own home.
To Bill Swainson and Kevin Conroy Scott, mystificateurs.

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Maps by John Gilkes

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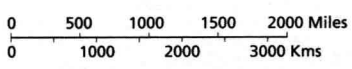
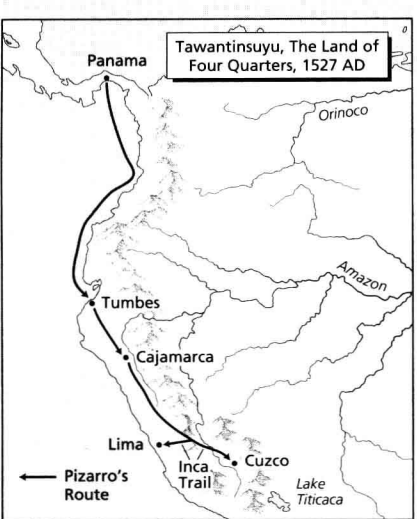
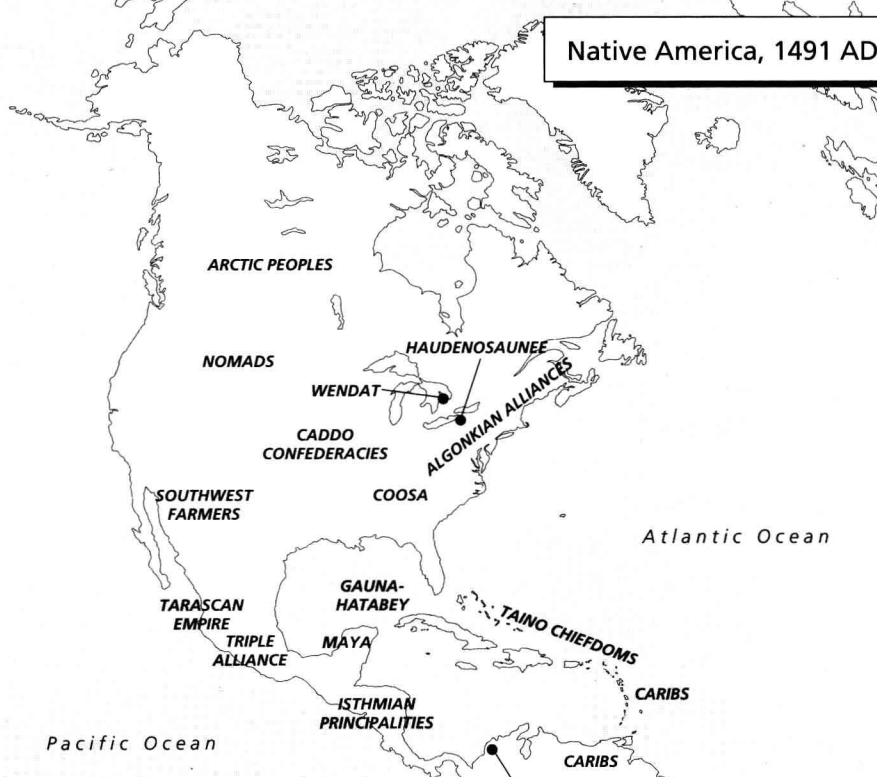
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Native America, 1491 AD



Source: Charles C. Mann

The Americas, 1790–1890s



Community of Latin American and Caribbean States, 2010



RUSSIA

UNITED STATES

CANADA

UNITED STATES

Atlantic Ocean

Community members

MEXICO

Miami

Bahamas

Mexico City

BELIZE

HONDURAS

NICARAGUA

GUATEMALA

EL SALVADOR

Cartagena

Caracas

- St Kitts & Nevis
- Antigua & Barbuda
- Dominica
- St Lucia
- St Vincent & The Grenadines
- Barbados
- Grenada
- Trinidad & Tobago
- GUYANA
- SURINAM
- FRENCH GUIANA

COSTA RICA

VENEZUELA

PANAMA

COLOMBIA

Pacific Ocean

ECUADOR

PERU

BRAZIL

BOLIVIA

PARAGUAY

CHILE

ARGENTINA

URUGUAY



0 500 1000 1500 2000 Miles
0 1000 2000 3000 Kms

Falkland Is.

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INTRODUCTION

What if Latin America Ruled the World?

In June 2009, the spokesman of the Yanomami people of Brazil, Davi Kopenawa, told the British Parliament that history was repeating itself. He warned that a second war of conquest was coming. Across the globe, as governments and the boards of directors of transnational mining and energy companies race for dwindling resources in order to cover the needs of our highly energy-intensive, resource-hungry world, indigenous peoples are battling to defend their lands, while young people develop a view of the world less as a storehouse of valuable materials and more as a complex network of relationships that extend to the biosphere. They struggle to resolve the paradoxes caused by over-exploitation and consumerism, propelled into the uncertain future by a violent gust while catastrophes erupt behind and beneath them.

If it is true that a war is coming, and that we are witnessing the endgame of the form of globalisation brought about by the first and second industrial revolutions, then Latin America – this time also including the United States, which by 2040 will have a Latino majority – is the place in the world where the battle is most likely to be decided. However, as Kopenawa put it during his visit to London, victory this time will require something else, something more than the force of arms, or the power of economic forces. ‘Governments must treat us with respect,’ he told British MPs, ‘we kill nothing, we live on the land, we never rob nature. Yet governments always want more. We need your help,’ he said. His point was that the division of labour among nations could no longer mean that some specialise in winning while others specialise in losing.

Uruguayan novelist and journalist Eduardo Galeano once wrote that the part of the world known today as Latin America had been precocious: it specialised in losing, 'ever since those remote times when Renaissance Europeans ventured across the ocean and buried their teeth in the throats of Indian civilisations. Centuries passed, and Latin America perfected its role.'¹ A spokesman for those same Indian civilisations came from Latin America to London in 2009, donning the mantle of the prophet, to tell the west that this time things would be different. Far from fitting their stereotype as inhabitants of a region of banana republics and idealistic utopias, the peoples of South America have risen up and now stand together. They have been able to resist some of the most extreme consequences of the globalist and unfettered market policies that have wreaked havoc elsewhere in the developed world, particularly after the 2008 global financial crisis. They are now calling on the rest of the world, especially the young people of Europe, Asia, Africa and America who may choose to use their newfound consciousness of the relational nature of global space, for help and recognition, to stand together and overcome the paradox whose damaging effects we all suffer today.

Of Business and Freedom

'The more freedom is extended to business, the more prisons have to be built for those who suffer from that business.'² This argument, popularised in Latin America during the 1950s and 1960s, resonates with the observations made in seventeenth-century England about the link between the enclosure movement, the death penalty and imprisonment by Diggers and Levellers, and by commoner revolutionaries in New Granada, present-day Colombia, a century later. The 'prisons' referred to included forced displacement, impressment to serve in merchant and military vessels at sea, private and public debt, and indentured and waged labour as much as straightforward deprivation of liberty in dungeons and other places of incarceration. British Diggers and Spanish American commoners were conscious of the connections between the occurrence of such phenomena at home and the enslavement of poor and indigent peoples on both sides of the Atlantic and in Africa and Asia.

They also acknowledged the role that the use of force, militarism and the limitation of liberty played in the wider context of global economic relations. A form of solidarity was born between them, based upon an emergent consciousness of the need to protect their common heritage in order to be able to create future environments for all. Contemporary native activists like Davi Kopenawa and others appeal to the associative approach and the consciousness that animated the efforts of levelling and commoner movements on both sides of the Atlantic when they say ‘we need your help’. They aim not to move our sympathy and provoke charity, but to retrieve in us the deep-seated and almost forgotten memory of mutuality that long united English-speaking peoples and communities in the struggle in South America and the Caribbean. Such declarations should not be understood as appeals for assistance; rather, they contain an age-old call to action that can be heard across the globe.³

For years, policies favoured by the centres of power in Europe and Washington, and in the international financial institutions where their influence prevails, such as the World Bank and the International Monetary Fund (IMF) – including deregulation of financial and capital markets, privatisation of state-owned enterprises and pensions, private and public debt to sustain demand, debt conditionality, deregulation of labour markets, and trade liberalisation – compelled countries to remove obstacles to foreign investment, make labour contracts flexible and deregulate financial systems, sell everything, including most natural resources, without any consideration for indigenous rights, development concerns or environmental impact, and throw all of their efforts into raising exports to be exchanged in a playing field where players are unequal and competition unfair. All the while, these policies facilitated indebtedness, both private and public. Internal mismanagement by elites catering for their short-term interests, to the detriment of the long-term interests of the peoples they were supposed to represent, did not help.

The rationale behind such policies was that unless these countries fitted themselves with such policies as if they were a ‘golden straitjacket’, nations dependent on the exploitation of raw materials would never be able to join the Lexus and Samsung world. Fitting themselves with the straitjacket was thus the only path for developing countries to follow

in order to succeed in the new global economy. However, the fact is that had the Japanese, Korean, Indian, Chinese or Brazilian governments followed the free-trade economists, IMF and Washington officials and their self-righteous spokespeople back in the 1960s and 1970s, or more recently in the 2000s, there would have been no Lexus and no Samsung, and no BRICs, which is how journalists and economists refer these days to the emerging countries and economies of Brazil, Russia, India and China. It is also a fact that the alleged 'only path' in the global economy led not to prosperity and success, but to the Great Recession. The emerging economies of today have responded better to the Great Recession than the 'developed' ones, not because they fitted themselves with the straitjacket and followed or imitated the 'unique path' to success, but precisely because they chose not to follow it, and distanced themselves from the recipes of free-trade economists and ideologues. Consideration of these facts in the uncertain climate of the Great Recession obliges us to set the record straight and take a closer look at the official history of globalisation.

The Official History

According to the official history of globalisation, Britain first adopted free-market and free-trade policies in the eighteenth century, well ahead of other countries.⁴ By the middle of the nineteenth century it had consolidated its spectacular economic success, and other countries started imitating Britain's liberalisation or borrowed from it, together with democracy and the rule of law, through colonial channels. Everything was fine until the Great War when, in response to the ensuing instability of the world economy, countries unwisely started erecting barriers to free trade once again, such as the infamous US Smoot-Hawley Tariff Act of the 1930s. In 1932, Britain itself, the champion of free trade around the world, ceded to temptation and introduced tariffs. Only after World War II was the world economy re-established along liberal lines, this time with the United States taking over the position of global dominance vacated by Britain.

And although protectionism and state intervention prevailed in various parts of the developing world, or so the story goes, by the 1980s

such policies had been abandoned following the failure of the so-called Import Substitution Industrialization (ISI) model in these countries, and the rise of neoliberalism. After the East Asian 'economic miracle' and the Third World debt crises of the 1980s, the remaining developing countries still hanging on to the ISI idea – that a backward country starts producing industrial products that it used to import and makes imports artificially expensive by means of tariffs, or gives domestic subsidies, thereby substituting imported industrial goods with domestically produced equivalents – finally embraced neoliberalism. These changes were made all the more necessary by the global integration and the possibilities opened up by new communication and information technologies 'flattening' the whole world and making it homogeneous. The crowning glory of this historical shift was the fall of communism in 1989 and the rise of the globalised world economy, hailed by the advent of the liberalising World Trade Organization (WTO), now at the centre of global governance together with the IMF and the World Bank. It was, we have been told, the end of history.

The official history is widely accepted. One of its corollaries is that in the brave new world of globalisation there is no room for rich social relations, forms of common ownership or deeper links to Nature of the kind advocated by the indigenous peoples of Latin America and other opposition movements. At best, these are relics of the past; at worst, they are dangerous and empty ideals. To speak of a 'carnal connection with goddess-mother earth' is dismissed as hippie-talk or political and economic nonsense. Moreover, when native peoples and activists use that language they demonstrate that they have no one else to blame but themselves for their backward status. 'Underdevelopment is in the mind' then becomes an acceptable slogan. And if political correctness calls for a prudent qualification of the slogan, underdevelopment then becomes a matter of faulty institutions, corruption and conflict-prone social or cultural tendencies.

Today, however, Latin American nations and social movements led by activists and native peoples in the region are resisting the pressure of neoliberalism. Furthermore, they are setting up innovative economic and environmental arrangements outside the mainstream of globalist

market strictures. Now that the Great Recession has made it clear that a new dispensation is required, their call to set the record straight and redefine the international monetary and economic system has become relevant to us all.

Setting the Record Straight

Latin America's new advocates – the natives of Bolivia, Mexico and southern Colombia, the landless of Brazil, the free associations of Chile and Argentina, and the Latino community organisers of the United States – together with a new generation of economists and historians,⁵ point out that the real history of globalisation includes such episodes as: the river of silver and gold flowing between Spanish America and Europe from the sixteenth century to the late eighteenth century; the capture of Porto Bello in Panama by the British admiral Sir Edward Vernon in 1739; Vernon's siege of Cartagena de Indias in 1741 as part of the so-called War of Jenkins' Ear; the Opium Wars of 1781 and 1856 in East Asia, the Mexican-American and the Spanish-American wars that ended with formal or *de facto* dominion of the United States over California, Texas, New Mexico, Cuba and Puerto Rico together with Guam and the Philippines via the Treaty of Paris of 1898; the Anglo-German blockade of Venezuela in 1902 with the purpose of claiming overdue debts from the South American country; and the US-assisted separation of Panama from Colombia in 1903 that resulted in US control of the Panama Canal until 2000. They see this recollection as both a cautionary tale in relation to the War on Drugs, the debt crisis, neoliberal globalism and the merging of development and security that has been taking place in Latin America and elsewhere during the last three decades, and also as a springboard for creativity and experimentation in history.⁶

The truth is that the free movement of money, goods and people that developed first during the 'silver and gold river' years of Spanish and Portuguese dominion over the Americas, starting in the 1550s and continuing until the 1850s, and thereafter during the second episode of globalisation and industrialisation between 1870 and 1913, this time dominated by British sea power, was made possible for the most part

by military might rather than 'free' market forces. The dirty secret of globalisation is that direct or indirect colonial relations, underpinned by force, played a key role in bringing into existence a world circuit of global trade in the late sixteenth century, and then in promoting 'free trade' across the globe in the late nineteenth and early twentieth centuries through empire, neocolonialism and unequal treaties or financial commitments. To begin with, there is little doubt that it was not until Spanish and Portuguese American exports of silver and gold began to generate large transatlantic and transpacific trade flows, that the full circle of global exchange of goods and resources was joined, making world trade a reality.⁷

There is also no doubt that the many misdeeds of empire and indirect colonialism, from plunder and the enslavement of entire populations across continents, to gunboat diplomacy and debt conditionality, cannot be justified by the argument that empire was a good thing overall because it was the cheapest way to ensure free trade, which benefits everyone. This argument, which simplifies David Ricardo's mainstream assumptions about trade and economics, and turns them into an iron-law or a consequentialist account of history, has been espoused in recent years by British historian Niall Ferguson, among others. At least Ferguson has the honesty to mention the Opium Wars, unlike most of the authors in the already long and convoluted literature on the history and significance of globalisation. However, the argument flies in the face of evidence indicating, first, that not everyone benefited, and, second, that to justify the costs from the perspective of the totality – the consequential overall and ultimate good – is both suspect and immoral.

It is suspect because such a justification depends upon the questionable assumption that it is incumbent upon thought or historical observation to uncover a reason that would prove capable of accounting for everything, including its own standpoint as observer of the totality of history up until today. This judgement calls for a reason not conditioned by any other. Only then, once the unconditioned reason of everything has been provided, could the observer survey the whole of history and conclude that the costs were necessary because they brought about something that was necessary as an overall good in history.⁸ It is immoral because

it justifies evil, which is a practical choice, as a necessary or inevitable sacrifice.

Checking the Facts

Did the Opium Wars in particular, for instance, or colonial relations in general benefit everyone? Evidence suggests that countries under direct colonial rule or indirect, neocolonial and unequal debts and treaties did poorly. Between 1870 and 1913, the period of the second globalisation under British predominance, per capita income in Asia grew on average at 0.4 per cent per year, while that in Africa grew at 0.6 per cent per year. In contrast, the figure for western Europe in that period is 1.3 per cent and 1.8 per cent per year for the United States. Interestingly, during the same period, the annual per capita income growth rate in Latin America rose to 1.8 per cent, in comparison to -0.03 per cent per year between 1820 and 1870. The reason? Independence was consolidated throughout Latin America only after that period, and most countries were still subjected to unequal treaties and trade relations. Once Latin America recovered tariff autonomy, things changed. Between 1870 and 1913 average tariffs varied between 17 per cent in Mexico and 47 per cent in Colombia; and yet the region grew at the same level as the United States of America.⁹

While they were busy securing free trade through colonial relations and unequal treaties, Britain and other European powers, later on America as well, kept protectionist measures for themselves. Britain only embraced free trade when its industry, the wool industry in particular, was ready – around the mid-nineteenth century. Between the 1860s and 1870s Britain featured zero tariffs and other European countries followed a similar route. Protective measures were raised again in Europe from the 1880s onwards, in part to protect local production from cheaper and technologically more advanced meat and other Latin American food industries, and also to promote emerging European steel, chemicals and other heavy industries. Competitor and successful protectionist countries like the United States, which chose to defy the advice of Adam Smith and instead follow the blueprint outlined by the first US Secretary of the Treasury, Alexander Hamilton, led Britain to rethink its path in

the global economy. By the 1920s and 1930s, the United Kingdom was once more attempting to impose unequal treaties on Latin American countries, and succeeding in the case of Argentina – its main commercial partner for meat and wheat – while erecting its own barriers.

The argument of Latin America's nations breaking a new path, and that of maverick economists and historians, is that the official history of globalisation is misleading and fundamentally wrong. It distorts our understanding of how we got to where we are and where we may be heading for. After having witnessed South American countries fare better than most during the Great Recession, make their mark in global debates about climate change, or even 'take off' and assume their role as world leaders, as in the case of Brazil, the rest of the world seems ready to listen. Indeed, Latin America no longer specialises in losing.

Moving On

For Europeans and Americans, Latin America is still little more than their underdeveloped sibling, its inhabitants pitching up on its shores or struggling across the Rio Grande into the United States. It is a place of exuberant music, mesmerising football, extravagant beauty, fantastic literature, drug trafficking, caudillos, dictatorship and guerrilla warfare – in short, exotic, dangerous and exciting. However, as this book will show, by being unafraid to turn its back on some commonly held economic views that have now lost their currency, and energised by the creativity of its younger population and the collective discipline and memory of its Indian and Afro-Latin American grassroots, Latin America is making its presence felt from Brasilia to London and from Buenos Aires to New York.

In a recent conference at the Centre for International Development in London, *The Economist* editor for the Americas, Michael Reid, explained how things were changing in the region. 'Latin America has moved on,' he said. Reid was referring to the fact that the continent has left behind the years of dictatorship and widespread US intervention. Although for Americans who take pride in their nation's democratic tradition, the idea put forth by historians like Niall Ferguson that the United States may have created an 'empire' can appear repellent, most

Latin Americans would not find it surprising. Not so long ago, by backing compliant elites and militaries, the United States was able to secure natural resources and other interests in the region. In the nineteenth century it expanded its territory at the expense of Mexico, American filibusters took over parts of Central America, and the US gained *de facto* or formal control over Puerto Rico, Cuba and Panama. After World War II, America allied itself with the armed forces in South America in an effort to bolster its position in the Cold War and contain any threats of revolutionary contamination.

But recently, Latin America seems to have moved away from its stereotype as a collection of ‘banana republics’ and turned a critical page in its political and economic history. While US influence remains strong in much of the region, for instance in Colombia and in parts of Central America, many nations in South America and the Caribbean have taken a more independent stance, and are now playing prominent roles on the global stage. Venezuelan president Hugo Chávez’s initiative to end his country’s habit of pumping more oil than was allowed under OPEC quotas helped prompt a steady increase in world prices. Ecuador’s Rafael Correa proposed in 2007, during the meeting of the UN General Assembly, a financial scheme that would allow oil-producing developing nations to leave their energy resources in the ground, thereby helping decisively to tackle the global problem of climate change. And as the November 2009 edition of *The Economist* reported, Brazil turned upside down an infamous trend of big loans, debts and defaults in Latin America with international financial institutions by announcing that it would now lend money to the International Monetary Fund. According to most forecasts, sometime after 2014 Brazil will become the world’s fifth-largest economy, overtaking Britain and France.

What If Latin America Ruled the World?

In many ways, Brazil already outclasses both ‘developed’ countries and the other emerging economies of the so-called BRIC bloc. Unlike China, it is a democracy whose political and economic development model is firmly based on the respect and promotion of social and political human rights. Unlike India, it has no insurgents, no intractable ethnic