

LATIN AMERICA: DEMOCRATIZATION AND STRUCTURAL ADJUSTMENT

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I The regimes of National Security and the revolutionary wave

During the sixties and part of the seventies, Latin America and developing countries in general were affected by several military “coup d'état”, that originated a new kind of institutional military regimes. These regimes were based on the doctrine of national security and in the tactics of counter-insurgency. Both were originated in the North American military schools and in some academic centers.

The doctrine of national security defended the idea that the confrontation between democracy and communism was not only a frontal war shock among states, but mainly an internal fight in each country. According to the doctrine, communism developed a strategy of guerrilla and psychological war that attacked the national security of each country from inside it. This situation obliged each national Army to develop counter insurgent tactics.

Counter insurgency demands not only military tactics with irregular army forces (mariners and so on), but also a political intervention in the affected communities with policy measures to develop these societies and to gain its political support. If guerrilla wars were developed at national level, these interventions should assume the form of a military intervention in the national state to adequate it to the needs of national security.

These were the doctrinaire foundations to the military intervention in the sixties and in the seventies. Social-political analysis gave more substantial arguments in favor of military regimes. Some authors affirmed that development take off (Rostow, 1971) depended on the leadership of a middle class in Europe and US. But this social group did not exist in underdeveloped countries. They must be substituted by social elites, that are in contact with modern ideas and concepts. Among these elites (intellectuals, students, trade-unionists, peasants, etc.), the militaries represented the most well prepared group to orient a program of development, taking the leadership of a modern and efficient national state.

This doctrine had other aspects that we can not develop in this paper. It is necessary to advert its relations with the program of foreign aid of American government, mainly the AID or Alliance for Progress. This program was also related with

a strong movement of foreign direct investment supported by governmental agencies like Eximbank and others, or even multilateral agencies like World Bank, Interamerican Bank and International Monetary Fund.

These actions were reinforced by American diplomacy, especially by the United States Information Services (USIS), by the operations of intelligence services (mainly CIA), and by political civil movements used by CIA (Peace Corps, AFL-CIO, and others). Militarily, the doctrine of Hemispheric Defense proposes, since 1947, a common military strategy to defend America of foreign invader (considering only the Russians and communists after the victory against nazism). In the sixties and seventies, this hemispheric doctrine was emerged in the doctrine of national security with the creation of the notion of internal enemy.

We had, in consequence, a strong articulation between free market and: liberal economic policies, openness to foreign capital, export oriented economies, external aid, authoritarian regimes, anti-Communist ideologies, technocratic and military management.

This sophisticated state, private and social apparatus acted according to a common strategic conception. This is why it is so difficult to accept the Huntington's (1994) thesis that military regimes created at this time represented a spontaneous "wave". On the contrary, we can analyze the existence of such a sophisticate anti-insurgent and anti-popular institutional apparatus as a consequence of a spectacular revolutionary and democratic wave at these countries, so that United States needed to control and oppose it in alliance with local dominant classes and new technocratic elites.

Why was US so sompromised to anti-democratic force in these countries? In Japan, and in some other regions like South Korea and Taiwan, United States supported agrarian reform and other anti-monopolistic and anti-oligarchies measures. But in Latin America and in other areas, where US business had a relatively empty social and economic space to penetrate, without the menace of socialist renditions, the American establishment preferred always to form an alliance with local mineral or agrarian exporters oligarchies. Sometimes, American enterprises were responsible for the exporting oriented monocultures, as in Guatemala, Honduras or Cuba. In Latin America, the hemispheric strategy was also a substantial weight in favor of a pro-oligarchy politics.

Chile was the only Latin American country where American government supported a reformist politics. Eduardo Frey, a Christian democratic leader, was opposed, in 1964, to the Popular Front Alliance, which supported Salvador Allende twice (Allende only won his third election, in 1970, because of the insufficient reformer policy of Christian democracy). In all the other Latin American countries, North American intervention was against populist and reformer leaders and movements.

US policy was against: Perón in Argentina (supporting and promoting the “coup d’état” against him in 1952). Vargas in Brazil (managing an impeachment movement that stopped only with his suicide, in 1954); Bolivian revolution, in 1952, under the leadership of MNR (supporting the building of a national Army that will come to power in 1961 by a “coup d’état”); Guatemala’s President Jacob Arbens (invasion of the country was organized by CIA in 1954); the Cuban revolution in 1958–9 (at the beginning American Liberal supported Castro’s uprising, but they confronted with Castro’s government after he made the agrarian reform and the nationalization of oil companies).

During the sixties, these diplomatic and subversive actions gained a new level with the “coup d’état” in Brazil. Immediately after it, in Argentina, Onganía intended a “coup d’état”, in 1966. After go and back, this cycle finished with the “coup d’état” of Videla, in 1976. The cycle has continued in Bolivia in 1971, in Uruguay and in Chile in 1973. At the middle of the seventies, only Mexico, Venezuela and Colombia had democratic regimes, in Latin America.

II The Liberal re-building and the democratic wave

It is important to see that there was an alternative reading for the doctrine of national security. Some national armies understood that the menace presented by the guerrillas was a consequence of social injustice, national submission to foreign interest and oligarchic power. According to them, a policy of national security must be based on an agrarian reform, on nationalization of foreign companies that exploited the country, and on policies of social emancipation. This was the case of Peruvian revolution, led by Peruvian Army in 1968. This conception was also assimilated by Garcia Meza in Equator, General Torres in Bolivia and General Torrijos in Panama. In each of the Latin America armies there was a Peruvian military faction inspired mainly in nationalism. In Africa and in Middle East we had a succession of this kind of “progressive” military “coup d’état”, which even created “marxist-leninist” military regimes, like in Ethiopia, or “Arabian-socialist” regimes, like it was Kadafi in Libya. In 1973, Huntington wrote an article about the danger of military nationalism, that opposes national state to internationalization and multinational corporations.

In consequence, military regimes that started with a liberal economic policy tended towards state intervention, nationalization and anti-liberal economic policies. This period was related to the OPEC carted, the Chart of Economic Rights in the UN, UNCTAD coordination of raw material producers, and other interventionist economic policies. Military regimes were not completely alienated to these new realities.

These new realities gave origin to a profound strategic revision that was transformed into a deep turn with the “oil crisis” of 1973 and the American failure in Vietnam. At this moment, the trilateral Commission appeared as the main strategic center. The trilateral strategy was based on the idea that South countries were in a global rebellion against North, with a possible alliance with the Socialist countries. To confront this tendency, it was necessary to unify the North (USA, Europe and Japan – the trilateral alliance, divide the Second World (supporting China X USSR), and divide a possible alliance between the Second and the Third Worlds, offering an “entente” with socialist countries and a special position to some medium-developed, peripheral or dependent economies in the international institutions. Finally, it was necessary to divide the Third World with several policies of pressure over their local regimes, referring to economic aid and loans (mainly using the recycling of petrodollars).

The policies of human rights had a central role in this strategy. US governments, since Carter, start to support local democratic movements against the dictatorships they had already created and supported. They obliged dictatorships to accept a policy of “openness”. They mobilized European social democracy in the same direction and created a liberal wave in Third World countries. In the eighties, the neo-liberal economic ideology expressed in the Washington Consensus unified British and American governments – with the support of Christian democrats and even of social democrats – to impose adjustment policies in developed countries, with the execution under the leadership of IMF and BIRD.

In consequence, we can see a global “democratization” conducted by liberal and conservatives parties that created in the eighties a completely different international arena. It includes the socialist countries that have followed the same model since 1985. Democracy comes “from above” as a heaven kindness in Latin America, Africa, Asia, East Europe, and Soviet Union. Just Chinese, North Korean, Vietnamese and Cuban governments maintained some basic principles of one-party system. But they are also in process of changing.

It is not true that these democratic changes come always from above. South Africa, Brazil, Philippines, Nicaragua, in part Russia and Poland, and other processes of democratization had a strong support in the civil society. But, in large measure, they conserved the mark of conservative forces as hegemonic, fundamental or important part of the process of liberalization.

Human rights, liberalization and even democratization strategies have an important relation with the criticism of nationalist military regimes. It was recognized in the center of the world system that military regimes had a dangerous tendency to nationalism and that it would be very difficult to manage this situation.

In general, conservative nationalist forces, in developed countries, appeared

more and more like a dangerous resistance to globalization and neo-liberal ideals. Sometimes, social democrats and socialists seem more comfortable about the liberal and global integration that conservatives and old nationalist parties do. Reagan and Thatcher's rightist populism was also favorable to globalism. But their countries were very well placed in this globalization at the first moment. That is why they could combine nationalist populism with globalism and neo-liberalism. Just in the second half of the eighties, it was clear that Japan and Germany were the best placed countries to explore this process of globalization, transforming their exporting leadership in financial and technological advantages. But it was already too late to stop and undo this process.

In consequence, democratic transition was associated to liberal economic policies. It is also necessary to observe that the 80's were deeply market by the "debt crisis", originated by the growing interest rates imposed by US at the beginning of this decade. To oblige debtor countries to pay this absurd interest, it was imposed to them the "adjustment economic policy". This policy was imposed by the IMF and the BIRD, private banks and industrial countries' government pressure. It consisted in higher exportation combined with lower importation based in internal market restriction (by means of salary compression). The trade surplus, obtained with this "adjustment", was used basically to pay foreign interests. During the 80's, Latin American exported a large amount of its internal surplus without any reward. Consequently, liberal and democratic democratic regimes were reestablished and was associated to economic depression and to income concentration.

If we look carefully at this global framework for the recent process of democratization, we must be very skeptical about its "spontaneous" character. We are obliged once again to criticize the idea of a democratic wave during this period as Huntington (1994) suggested. On the contrary: we can see in this period a weakness of popular and democratic forces, with the growth of manipulated liberal changes, what reinforces conservatives and even reactionary economic and political forces. At the side of liberal conservatives new Right is growing in this process with a clear populist and pro-fascist ideological framework. The best expression of it are the admirers of Fujimori government in Peru. Colloe in Brazil represented a clear rightist populism, also.

After the revolutionary were between 1960 and 1970, the response was military regimes with a national security strategy. After the victory of these regimes and the emergence of military nationalism, since the middle of the 70's, liberal and civil democratic regimes have been promoted, under the leadership of conservative forces. The success of these regimes in the 80's favored wild free-market economic policies, that broke national and local enterprises in benefit of multi-, trans-, and even global-corporations. Globalization and democratization were one side of the

general process. Concentration of the production and of the income, centralization of capital, unemployment and social exclusion were the other.

Democratic transition was each time more associated to this social unrest. Now, democratic movements will be obliged to re-build a movement in favor of social justice, full employment and another conception of development, in which the ecological problem is one of the basic aspects. No-intervention, free-market and other symbols of neo-liberalism were more and more associated to appeals of mass mobilization to save the middle class from state, taxes and other unfair requirements. At present, though, unemployment, social exclusion, social violence and social unrest go to the core of the political life. The increase of exclusion in dependent countries leads to new fundamentalist movements like Muslim rebirth. In this case, a civil and religious background is used to unify these excluded social forces to oppose globalization controlled by the international establishment, creating an embarrassing reactionary offensive.

At the first moment (1960-1970), the international establishment opposed military regimes to mass movements for social reforms; at the second moment (1980-1994), the international establishment opposed processes of liberalization and democratization (associated to globalization) to military regimes (accused of statist and nationalist). When the deception with this kind of democratization without social improvement will be consolidated, what will be the new policy of the international establishment?

Will the international establishment support democracy against fascist or populist mobilization? Or vice-versa? And what if social democracy maintains its alliance with national self-determination and establish a stronger compromise with multi-culturalism and with other tendencies in favor of a more plural concept of globalization? In this case, we will have a new political agenda where the basic issues will be: full employment, with a shorter work time, social movements, global economic and social planning, growing social and local participation in governments, larger participation of ethnically and social minorities in the state power, ecological preservation and implementation at local and global levels. Is this agenda compatible with a conservative conception of the process of democratization? Technocratic authoritarian forces of management were maintained and even increased in its influence and power, and they were developed during the democratic transition supported from above. These forms of management are being mixed with neo-liberal economic policies. On the contrary of the theoretical propositions and ideological and doctrinaire principles, neo-liberal governments are deeply interventionist, imposing high interest rates, growing U.S.A. state budget deficit and so on. They are consequent only when cutting social welfare expenses. The abyss between the state and the large groups of social excluded is growing at national and interna-

tional levels. We can not expect a peaceful evolution of this situation if we do not make an important change of policies.

All these questions show us that we are not in the end of History. On the contrary, we are building a new and absolutely singular planetary civilization, which will be a new synthesis of all the civilizations humanity has built so far. The present process of democratization must be understood as the beginning of a new cycle of economic, social and political contradictions. Local societies, national states, civil structures will be combined in the context of a transition to a new planetary civilization where the present market relations are imposing a chaotic social and international reality. This new civilization will create the basis of a new ideological international background. We need to prepare ourselves to this new set of ideas and problems.

III Globalization, Regionalization and Economic Policies in Latin America

The quick and deep changes of the world economy and politics originated new planetary phenomena which are produced in global scale, in spite of being created by the regional, national and local context.

This global process is supported by the scientific-technological revolution that began in the forties and change radically the relation among science technology and the productive process through the submission of the production under the technology and the submission of the technology under the science. This revolution changes violently the scales of the production (that nowadays become planetary and regional in various areas). It modifies the process of the production with the implantation of the automation through the robotic and the informatic, increases the free time, diminishes the work's journey, extends the role of the services and of the activities related to the knowledge, planning and design of the products, transforming it flexible and integrated with automatized systems. It creates new sectors, industries and economic activities and changes the relation between the economic sectors causing a third industrial revolution. It integrates the planet in instantaneous process of communication and reduces the distances among the various regions of the globe. Finally, it breaks the traditional ecologic balance and threatens the humanity's survival because of the creation of nuclear explosion.

In this context of rapid changes, the world's regions that don't participate of the development of the production forms and industrial and post-industrial circulations, are more and more distant from the centers of world power, amplifying the abyss between the producers of technology and knowledge and the producers of primary products and manufactured/traditional ones. The barriers of entrance in-

creases for the less powerful economic and financial ones, while the competition among the most powerful monopolizes the struggle to survive, in these conditions of permanent mutation.

The most technologically backward regions realized that they were prisoners of a perverse double movement. On the one hand, the advance of new technologies and productive systems have eliminated the rest of subsistence economies (peasants, tribals, handicrafts, direct trade, etc.) conducting a great number of the population in the direction of the urban regions. On the other hand, the absence of a global dynamics of development, (in other words, a balanced industrialization, the production of new technologies, an educational and modern dynamics integrated through its local cultures, the creation of jobs in the services that were created and generated by the Scientific-Technologies Revolution, etc) don't permit an absorption of these populations in the modern productive system that have been breeding in these countries. The result being an explosion of cities without a good social-economic structure, the upperdetermination of these economies by the urban marginal phenomenon and by the growth of the social-economic misery phenomenon (recognized by the ILO, UNDP and other international organizations which are dedicated to the study of the matter).

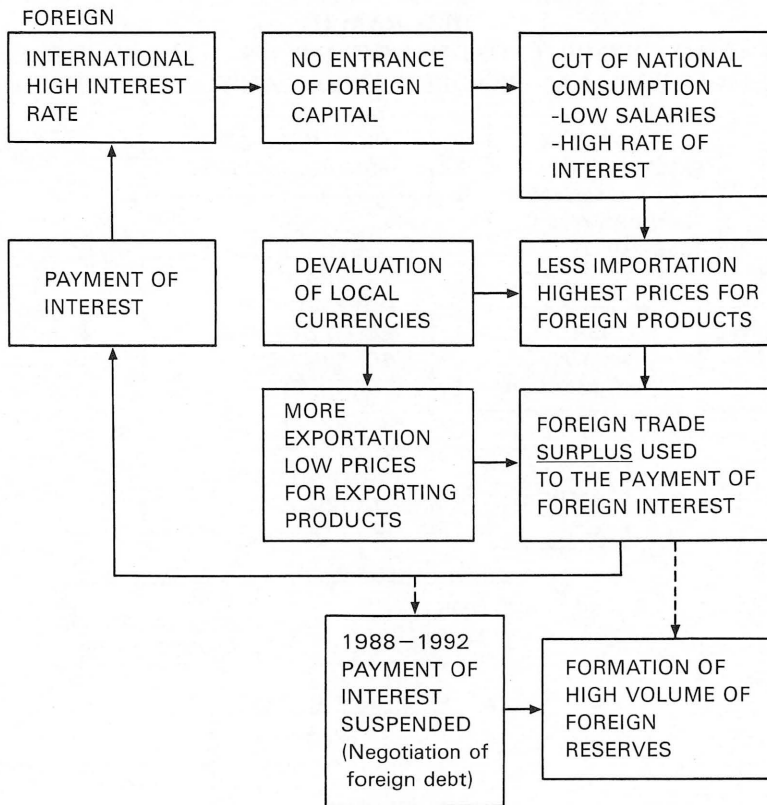
The Latin America and Caribe (and Brazil in particular) were incarcerated in this dynamics just when they were trying to enter in a new stage of industrial development. In the eighties, the volume of its international debts changed drastically by the brutal increase of the interest rates and consequent suspension of new loans, causing a retreat of financial resources of the region for the payment of the service of the debt, the remittance of the profits of the Multinational Companies and the external investments of the local capitalists, causing the massive exportation of the economic exceeding produced in the region. All of this provoked the derangement of the local financial markets, deteriorating the public finances and the monetary politics, placing these countries in an inflation of three digits always near the hyperinflation.

The effort of an economic adjustment imposed by the authorities and international financial powers (especially BIRD and IMF) required violent social costs. In order to ensure the payment of the service's debt, the creation of foreign trade surplus was necessary. On the one hand, there surplus were obtained through generous subsidies of various National States for the enlargement of the exportations. On the other hand, the inside nonstable investments were compressed by high interest rates and wages and salaries were drastically reduced. Consequently the internal demand fell and the importations were limited. In these circumstances the external and internal investments have fallen, affecting severely the rates of economic development, causing a negative distribution of income and emphasizing the dread-

full reality of the region's poverty. (See Diagram I)

Therefore, the eighties augmented our subordinated and dependent integration on the world economy when it increases our dependence on the exportations – even when they are more and more industrials, whereas it excluded sectors more and more ample of this process, increasing the social-economic marginality and reinforcing the informal economy. In relation to the other previous historical period (in which the recessions increased the subsistence economies that became a reserve of labor), in the present time, of a strong mercantilization of the whole production, we had a drastic diminution of the traditional subsistence economies and the creation of a new type of urban marginality (reinforced in various parts by the increase of the criminality and the enrichment of illegal activities, like the drugs business, the smuggling, the prostitution, the kidnapping and the urban assaults more and more organized), only softened by an informal economy that, in spite of being praised by the international organizations, is very near of the criminality marginality and the il-

DIAGRAM I
 STRUCTURAL ADJUSTMENT DURING THE DEBT CRISIS, 1982–1990:
 THE *SURPLUS* POLICY TO PAY THE INTEREST

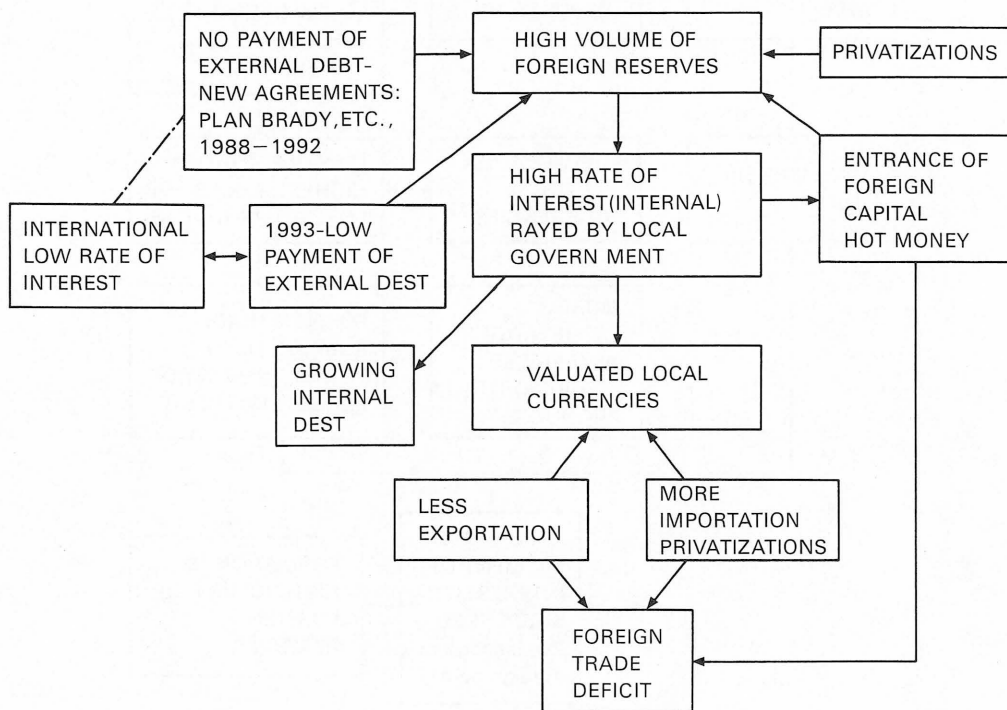


egal activities described above.

In the nineties, the international interest rates dropped and there is a relief of the pressure for the payment of the international debts, matter of several negotiations that came to conciliatory agreements. However the politics of adjustment had an opposite sign. Because of the pressure of the United State's necessity to equilibrate its payment's balance, these dependent countries that before were supply-oriented – implanted a politics of commercial deficit. This new economic policy was based on a valorization of the local currencies (through the famous foreign exchange anchor), on the indiscriminate increase of the interest rates of the public debts, as well as the sale of the public patrimony known as the “privatization” of the economy. Consequently, the exportations fall or diminished its growth rate and importations increase, producing the commercial “deficits”, that are compensated by the entrance of short term capital searching for the high interests and the stock market speculation created by the favorable macro-economics of short term indicators. This politics was practiced without restrictions until the Mexican crisis in December, 1994, but hasn't been entirely surpassed yet. (See Diagram II)

In this context the question that we have to answer is clear: Until what point

DIAGRAM II
STRUCTURAL ADJUSTMENT POST-DEBT CRISIS 1990 TO NOW—THE POLICY OF DEFICIT TO BALANCE NORTH AMERICAN FOREIGN DEFICIT



is it possible and convenient to go on a process of globalization of the world economy that causes an immediate situation so unstable and negative? It would be however possible or convenient to stop it? This wouldn't cause a strongest and worse crisis? Are there alternative forms for the evolution of this process of globalization and for the insertion of the developing countries (especially of the Latin America and of Caribe) in this process?

IV A PROGRAM OF STUDIES

The best brains of the South "intelligentsia" are now concentrated in these questions. It is necessary, however to understand that the answers to these questions depend more and more on a correct analysis of the global tendencies described before. We have here a large area of research and teaching to develop in common with the "intelligentsia" of the North. It is necessary a wide common effort to:

1) To establish a conceptual bases that permit to describe this process of globalization in its dimensions:

- a - Techno-productive
- b - Political-strategic
- c - Cultural; habits and customs

2) To determine which are the tendencies of evolution of the world economy in the present moment, about the following hypothesis are proposed:

a - The scientific-technological revolution reaches scales of planetary production, links the production to the pure science and the frontier research, diversify the markets and the quality and the offer of the products and join intimately with the accumulation of capital and the economic development sustainable or not;

b - The action of the long waves (Kondratiev's cycles) is located at this moment in the end of the negative curve of the world economy, that began in 1967, and reached its lowest point in 1993 and begins since 1994, a new long term period of economic growth. In this new period of positive increase, the national economies will be able to assimilate a great number of scientific and technologic advances prepared during the long years of recession. By the way, the fast incorporation of new productive technologies began during the recessions of the eighties when the robotic and the flexible production had a great development. It can create a new period of globalization and integration of the world economy;

c - This new period of increase, as related in the theory of the long waves, would be relatively stable for a long time. Nevertheless, it begins with a big problem of structural unemployment, as a consequence of the huge advance of the automation of the productive process and of the great part of the activities of service. The

issues of this period will be: free time, diminution of the work's journey (work day), change in the systems of monitorizing micro and macro economic level, restructuration of the corporations universe and the public administration cross with augmentation of social exclusion and criminal violence, consumption of drugs, environment degradation and other manifestations of unequal development, the basic unbalances and the essential contradictions to be solved as consequence of this new historical era.

d - The tendencies of monopolization and oligopolization of the local, national, regional and global markets, with the formation of the regional blocks, with the increase of the intra-firm commerce, with the crescent co-operation among the multinational corporations and the formation of networks and mechanisms of management supported by the rational information.

e - The question of the governability and the global, regional and national levels of these new realities will lead to an institutional planetary and organizational reconstruction that affects particularly the United Nations and other international organizations, and a rebuilding of industrial and economic policies at these levels.

f - The definition of a global project of sustainable development, able to guarantee the preservation and the betterment of the environment and the elimination of the poverty and the misery at a period of time historically defined.

3) Which is the capacity of the international research system and particularly of the academic institutions of the Latin America and Caribe, of Africa and of the Asiatic less developed countries:

a - To diagnose this global situation and its interests in it?

b - Can its political, economic, trade-union, academic, technological and military elites perceive these global changes and the relations of these regions with the planet and with the other regions of the world?

c - To determine and draw politics of regional integration and of sustainable development capable to overcome these serious structural limits and to put itself in a level of civilization compatible with the scientific and technological revolution?

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