

AND Weekly Editorial – Where Is Latin America Headed?

A Nova Democracia: Where Is Latin America Headed?

Editors' Note: The following is an unofficial translation of an editorial by the Brazilian democratic newspaper A Nova Democracia: "Editorial semanal – Para onde vai a América Latina?"

Tribune has added a few footnotes to clarify some points for our readers.

By the Editorial Board of A Nova Democracia

Last month, the United Nations Development Program (UNDP) released a report titled "Trapped: High Inequality and Low Growth in Latin America and the Caribbean" which reveals the seriousness of the economic and social crisis across the region and the concern of reactionary think-tanks in the face of the growing explosiveness of the masses. If the class perspective of the documents of this nature is taken into account (that is, its commitment to defending the old order), its content can contribute to reinforcing points of view pointed out, for some time, by this newspaper. Here, we will use the summary of that report as a basis.¹

Although it says that Latin America and the Caribbean (LAC) experienced a "reduction of inequalities" at the beginning of the century, the report soon finds that "despite this

progress, the region remains the second most unequal in the world, and the countries in the LAC have higher levels of inequality than other regions with similar levels of economic development." According to available data, only sub-Saharan Africa has patterns of income concentration higher than ours.

The report does not say, of course, that even the so-called "reduction of inequalities" in the penultimate decade was associated, on the one hand, with the sharp reprimarization² of the subcontinent's economies, and, on the other hand, with the "credit binge" of the era of the PT [the so-called Workers' Party, Partido dos Trabalhadores] administration (in the case of Brazil), resulting in indecent profits from finance capital and a process of exacerbation of rent-seeking and free-riding; in addition to the indebtedness of the poor population and the increase in poverty on a large scale. Thus, the report notes that "the growth of total factor productivity (TFP) had no and even negative contribution to long-term growth in LAC. The accumulation of factors, on the contrary, had a constant positive contribution before and after 1990." In other words, the "economic growth" of the past was nothing more than the boosting of the rotten bureaucratic capitalism, based on semi-feudal relations in the countryside and on the dirty and obsolete industries—whose example is the car assemblers—installed in some urban centers, both based on extensive and predatory exploitation of the workforce and the environment.

As part of the phenomenon of free-riding, the region is one of the most monopolized in the world. Thus, "Latin American markets tend to be dominated by a small number of giant companies" whose profit margins "are higher, and constant over time, than anywhere else in the world." To illustrate this, just think of the example of Petrobras³, which announced a net profit of 31.14 billion Brazilian reais (\$5.5 billion US) in the third quarter of this year, extracted from the sweat and

blood of our people, who returned to cooking using firewood. This “monopoly power” cannot fail to translate “into a political power that, in turn, increases monopoly power, creating a vicious cycle.” But there are people who claim to be “left” and even Marxists who want to change this situation based on the fake recurrent elections.

It is clear that the high profitability of national bureaucratic and foreign imperialist monopolies rests, on the one hand, on the ruthless exploitation of the labor force and, on the other, on all sorts of benefits and guarantees to the “wolves of the market.” As for the first aspect, the report notes that “the formal-informal segmentation of the workforce is a central feature of labor markets in LAC and results from a combination of legal exclusions and non-compliance.” In Brazil, the data collected show that 43% of workers are outside of any social protection and 15% of the population able to work lives in complete poverty. Increasingly flattening wages is the way for bureaucratic capitalism to seek a “competitive advantage” in the world market. On the second aspect, the UNDP says that “a distinctive feature of the region’s tax systems is its low redistributive power,” as well as the pressure of monopoly capital—which includes the exporting latifundium [big landlords]—“for exemptions and subsidies for their operations.” This year alone, according to the National Association of Tax Auditors of the Federal Revenue of Brazil (Unafisco, Associação Nacional dos Auditores Fiscais da Receita Federal do Brasil), the government of Bolsonaro/generals will no longer collect 457 billion Brazilian reais (\$80.72 billion US) as “tax incentives.” This is the real income transfer program applied by the old Brazilian bureaucratic-landlord State, which exceeds by more than ten times what is spent on “social programs” of any kind.

On top of this rapidly decomposing economic base, large investments in education cannot be expected. After all, it

doesn't take a lot of schooling to make sporadic deliveries or odd jobs in an environment of generalized precariousness. The pandemic, in addition to precipitating the recession overnight, only aggravated the longstanding problems in this field:

"Before the Covid-19 pandemic, Latin America was already the region with the least intergenerational educational mobility. After considering the progress of educational expansion over time, thanks to which younger segments have more education than older ones, the educational level of adults in LA continues to be strongly determined by the educational level of mothers and fathers" (AND emphasis).

What does this point to? Bureaucratic capitalism, servant of imperialism, mainly North American, does not offer prospects for the working youth. Their social condition at birth, as in the Middle Ages, is usually an unappealable sentence until the end of their days, if not tending to deteriorate even further. Marginalized, unemployed, part of the new generation seeks employment in different fields of the illegal economy. The drug cartels and factions, deeply linked to the State, whose main consumer market is located in the United States and Europe, are, at the same time, a source of super-profits and a justification for the militarization of poor neighborhoods. This combination makes the region, although home to only 9% of the world's population, responsible for 34% of violent deaths recorded on the planet.

The Report is extremely concerned about the discrediting of the political and justice systems. The data reveal that 80% of the Latin American population considers the judiciary "unfair," 77% think that their countries are governed in the interests of a few and not the majority of the population (in Paraguay and Chile, shaken by recent mass struggles, this discredit reaches 95% and 92% respectively). In Brazil, this

“discredit rate” is 74%. As it could not be otherwise, bourgeois analysts are particularly interested in the possible consequences of this widespread delegitimization of “institutions,” since “the referent aspiration [to a dignified life] seems too distant or unreachable, people can become discouraged, which generates frustration and reasons to leave the social contract.” In the same sense, the document points out that “when people perceive that the system is biased in favor of a few, they often lose faith in the capacity of the ‘voice’ as a means to reach and sustain new agreements.” As an example of this tendency to “get out of the social contract”—read: the form of “bourgeois democracy” that exists in our countries—the report points out the popular uprisings (characterized as “malaise”) that occurred between 2019 and 2020.

The diagnosis, as far as it is concerned, reveals the structural problems of a region sunk, in its own words, in “multiple economic and social crises.” Its prescription, as is natural, does not go into the causes of such ailments. The bourgeois and the petty-bourgeois, in this case, only defend the need for “moralization” in politics and timid “anti-monopoly” measures in economics, as if they were possible within their frameworks. From the perspective of the democrats and revolutionaries, what it is all about, on the contrary, is not to “regret” the crises or seek to beautify the dying old regime, but to see in them an exceptionally favorable situation to uncover the class antagonisms that underlie the centuries-long enslavement of our peoples. On that objective basis, the masses have given and will give ever more forceful demonstrations of explosiveness and commitment not to continue living as before. So they seek out, groping in the darkness, the indispensable weapons for the clamored-for combats that ultimately decide their emancipation. Increasingly, as the weakest link among so many in the chain of imperialist domination, Latin America marches, in the coming decades, to

become the epicenter of the World Proletarian Revolution, with all the bright prospects intermediated by the inherent catastrophes. This is not to be regretted or feared, but to be understood in order to wisely navigate the rough seas ahead.

Footnotes:

1. The full report referenced in the editorial can be accessed here: "Trapped: High Inequality and Low Growth in Latin America and the Caribbean"
2. Reprimarization refers to returning the economy to the production of raw commodities as the main source of export revenues, for example oil, cattle, soy, or mining. Brazil for a period was increasing its export of manufactured goods, but is shifting back towards raw production to serve imperialist interests.
3. Petrobras is a state-owned Brazilian multinational corporation in the petroleum industry.