

Venezuela's ragtag reserves are marching as to war

SIMON ROMERO
CÚA, JUNE 15

AS DAWN broke in this gritty city adorned with revolutionary graffiti and murals one day recently, about 300 residents were practising military-style marching, strutting under the hot sun and clicking their heels in a salute to their commander. This ragtag army of nurses, students and other citizens is one of many being formed throughout Venezuela, part of President Hugo Chávez's attempt to create Latin America's largest civilian reserve force.

"I always thought of myself as a peaceful person," said Carmen Tovar, 55, a nurse who had been training with reserves for several months. "But now I'm prepared to defend with ferocity the sovereignty of our homeland."



María Martínez, 74, leads reservists in Cúa. *NYT*

The drills here and in other towns each weekend are a key part of Chávez's rising military profile, which includes arms purchases and what he contends will be the training of as many as two million citizens to fight a guerrilla war, all in preparation for what Chávez insists is the threat of invasion

by the United States.

Plans for the citizen reservists serve both strategic and political ends for Chávez, while, critics say, deflecting attention from domestic concerns like violent crime. Critics see the programme as a way for Chávez to build a parallel force loyal to him outside

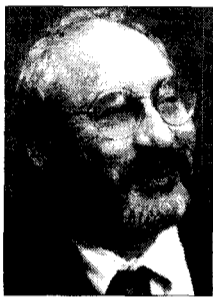
the regular army. The US, the president says covets Venezuela's oil, the largest proven conventional reserves outside the Middle East.

The civilians training can be seen in communities throughout Venezuela most Saturday mornings, with official estimates of reservists at about 100,000. The reservists in Cúa, a city with 120,000 residents, ranged in age from 18 to 74.

Some were eager to voice support for Chávez's call to prepare for an invasion. But others said they were simply glad to get the small daily stipend, about \$7.40, for showing up to march and do calisthenics. María de Lourdes Martínez, 74, a retired shopkeeper, said she was also studying computer programming through Misión Robinson, a Chávez antipoverity programme. *—NYT*

Who really owns Bolivia?

Even if Bolivia gets fair value for her natural wealth, she will need help not only to extract the resources but also to improve the health and education of all Bolivians to ensure long-term economic growth, says **Joseph E Stiglitz**



A FEW months ago, Evo Morales became Bolivia's first democratically elected indigenous head of state. Indigenous groups constitute 62% of Bolivia's population,

and those with mixed blood another 30%, but for 500 years Bolivians had been ruled by colonial powers and their descendants. Well into the twentieth century, indigenous groups were effectively deprived of a vote and a voice. Aymara and Quechua, their languages, were not even recognised for conducting public business. So Morales' election was historic, and the excitement in Bolivia is palpable.

But Morales' nationalisation of Bolivia's oil and gas fields sent shock waves through the international community. During his campaign, Morales made clear his intention to increase state control over national gas and oil. But he had made it equally clear that he did not intend to expropriate the property of energy firms — he wanted foreign investors to stay. (Nationalisation does not, of course, necessarily mean expropriation without appropriate compensation.)

Perhaps surprising for modern politicians, Morales took his words seriously. Genuinely concerned about raising the incomes of his desperately poor people, he recognised that Bolivia needs foreigners' expertise to achieve growth, and that this entails paying fairly for their services. But are foreign owners getting more than a fair rate of return?

Morales' actions are widely supported by Bolivians, who see the so-called privatisations (or "capitalisations") under former President Gonzalo 'Goni' Sanchez de Lozada as a rip-off: Bolivia received only 18% of the proceeds! Bolivians wonder why investments of



SASIKUMAR

some \$3 billion should entitle foreign investors to 82% of the country's vast gas reserves, now estimated to be worth \$250 billion. While there has not yet been full disclosure of returns, or an audit of the true value of investments, it appears that investors would, at the old terms, have recouped all their money within just four years.

Bolivians also ask why foreigners reap all the benefits of today's high prices for oil and gas? It costs no more to extract oil or gas today than it did when prices were one-third of their current level. Yet, the foreign oil companies get 82% of the increase — in the case of oil, this would amount to a windfall for them of \$32 a barrel or more. No wonder that Bolivians thought they were being cheated and demanded a new deal. On May 2, Morales simply reversed the percentages, pending renegotiation of the contracts: the companies operating in the two largest fields would get 18% of the production for themselves.

As part of this new deal, Bolivia should also get a larger share when

prices increase. (Boliviamay, of course, not want to bear the risk of a fall in the price, so it may strike a deal to transfer some of the downside risk to foreign companies, giving them in exchange more of the upside potential.)

TO MOST Bolivians, what is at stake is a matter of fairness: should foreign oil and gas companies get a fair return on their capital, or a supernormal return? Should Bolivia be paid a fair value for its resources? And should Bolivia, or foreign companies, reap most of the windfall gains from increases in energy prices?

Moreover, many deals were apparently done in secret by previous governments — and apparently without the approval of Congress. Indeed, because Bolivia's Constitution requires the approval of Congress for such sales, it isn't clear that Morales is nationalising anything: the assets were never properly sold. When a country is robbed of a national art treasure, we don't call its return "re-nationalisation," because it belonged to the coun-

try all along.

As with many privatisations elsewhere, there are questions as to whether the foreign investors have kept their side of the bargain. Bolivia contributed to these joint enterprises not only with resources, but also with previous investments. The foreign companies' contribution was supposed to be further investment. But did they fully live up to their commitments? Are accounting gimmicks being used to overstate the true value of foreign capital contributions? Bolivia's government has, so far, simply raised questions, and set in motion a process for ascertaining the answer.

The problem in Bolivia is a lack of transparency, both when contracts are signed and afterwards. Without transparency, it is easy for citizens to feel that they are being cheated — and they often are. When foreign companies get a deal that is too good to be true, there is often something underhanded going on. Around the world, oil and gas companies have themselves to blame: too often, they have resisted calls for greater transparency.

In the future, companies and countries should agree on a simple principle: there should be, to paraphrase President Woodrow Wilson's memorable words, "open contracts, openly and transparently arrived at."

If the Bolivians do not get fair value for their country's natural wealth, their prospects are bleak. Even if they do, they will need assistance, not only to extract their resources, but also to improve the health and education of all Bolivians — to ensure long-term economic growth and social welfare.

For now, the world should celebrate the fact that Bolivia has a democratically elected leader attempting to represent the interests of the poor people of his country. It is a historic moment.

(The author, a Nobel laureate in economics, is professor of economics at Columbia University)

(C): Project Syndicate, 2006

US sending troops disguised as tourists: Morales

La Paz (Bolivia): President Evo Morales accused the US government on Tuesday of sending "soldiers disguised as students and tourists" to Bolivia in remarks that come as his political opponents are denouncing Morales' coziness with Venezuela's military.



During a speech to thousands of peasants in Cochabamba state, his political stronghold, Morales said US ambassador David Greenlee had sought a meeting with him.

"He asked for a meeting. I don't know what he's looking to discuss. I'm not at all afraid of talking or perhaps he's angry," said Morales.

"But I also have the right to complain because US soldiers disguised as students and tourists are entering the country," said Morales, an Aymara Indian elected in December with a strong mandate to lead a cultural and populist revolution.

The leftist Bolivian president offered no evidence to back up the claim. His spokesman, Alex Contreras, said on Tuesday night that Morales would be providing evidence though he did not say when. The leftist Bolivian president offered no evidence to back up the claim.

On Sunday, during a meeting in the same region of coca growers, Morales had uttered a phrase in the native Quechua language that may have irritated the US ambassador.

"I shouted, 'Qausachun Coca (Long Live Coca!), Wanuchun Yanquis (Die Yankees),' and perhaps that could have angered him," said Morales.

"If he complains, I, too, have the right to complain."

Morales, who remained head of Bolivia's coca-growers' union after assuming the presidency in January, would typically intone the incendiary Quechua phrase in speeches during his years as a union leader. AP

Garcia makes stunning return as Peru president

AGENCE FRANCE PRESSE

LIMA, JUNE 5

ALAN Garcia, whose 1985-1990 administration plunged Peru into economic shambles, celebrated victory after securing another term in an election he said defeated the "expansion" designs of Venezuelan President Hugo Chavez.

The outcome was certain to be welcomed by the US, which feared the possible rise to power of another ally of Venezuela's Chavez in Latin America just months after Bolivia's leftist President Evo Morales took office.

Garcia, 57, had almost 55 per cent of the vote and a lead of more than nine points over radical nationalist Ollanta Humala, according to a count of 84 per cent of the ballots announced early Monday.

Voters, Garcia said, "defeated the efforts by Mr Hugo Chavez to incorporate us in his strategy of expansion of the militarist and retrograde model he wants to implant in South America."



Winner of Peruvian presidential elections Alan Garcia greets supporters after the polls in Lima on Sunday. AP

Chavez had urged Peruvians to vote for 43-year-old Humala, a fellow former army officer, and said he would break off ties with Peru if Garcia is elected.

While he remains controversial, Garcia has gained reluctant support from former political opponents worried by Humala's anti-establishment programme and his ties with Chavez. Garcia has capitalized on the unease over the radical proposals of his rival, a political newcomer who advocates a redistribution of

wealth and the nationalisation of the key mining sector.

Garcia has pledged to bring about "responsible" social reforms. Over the years, he has warmed to free market concepts, and insists he has learned from the mistakes of his administration, which was marked by hyperinflation, corruption and unchecked insurgencies.

"It is a night of victory," said Humala, adding that his national movement "managed in very little time to awaken the minds of Peruvians."

06 JUN 2006

INDIAN EXPRESS

Morales distributes land among poor

La Paz: Leftist President Evo Morales has launched a sweeping land reform plan on by handing over roughly 24,800 square kilometres of state-owned land to poor Indians.

Morales on Saturday marked the start of his "agrarian revolution," just weeks after his administration nationalised Bolivia's natural gas industry, giving foreign-owned energy companies six months to negotiate new contracts or leave.

"We want to change Bolivia together," Morales told the thousands of Indians gathered in the eastern city of Santa Cruz to receive land titles. "Getting back the land means we're getting back all the natural resources, we're nationalising all the natu-

ral resources." Onlookers chanted 'Evo' and waved both Bolivian and rainbow whipala flags that represent 500 years of Indian struggle. Saturday's ceremony came after talks broke down between Morales and agribusiness leaders on his agrarian reform, which involves the distribution of 200,000 square kilometres of public land—an area roughly twice the size of Portugal—during the next five years.

Just under 90% of Bolivia's productive terrain is worked by only 50,000 families, leaving millions of Bolivians with little or no land. The National Farming Confederation said it would form groups to defend land it feared could be confiscated. It did not give details. AP



Morales aims at nationalising all natural resources of Bolivia

05 JUN 2008

THE TIMES OF INDIA

Chavez extends clout with oil deal in Ecuador

116
11-11 Central & Latin America

Quito (Ecuador): Venezuelan President Hugo Chavez signed crude oil and natural gas deals with Ecuador on Tuesday in a move that extends the leftist leader's clout in Latin America.

Chavez, at the forefront of a shift challenging US influence in the region, visited the Ecuadorean capital weeks after Quito terminated a contract with Occidental Petroleum, straining relations with Washington and sparking fears of an oil nationalisation.

Chavez's commitment to refining up to 100,000 barrels of Ecuadorean oil per day is the latest example of his use of Venezuela's oil operations to build regional support.

The two countries agreed to create joint companies to improve Ecuadorean refineries as well as the transportation and storage of natural gas. The joint companies will also facilitate the exploration, production and refining of oil. "We respect the internal politics of each country ... We only want integration, to get closer because it is essential to the future of our people," Chavez said inside the national palace during a sched-



Chavez (left) and Palacios

uled six-hour stay in Ecuador.

Chavez congratulated his counterpart Alfredo Palacio for recovering "Ecuador's natural resources". He was referring to Ecuador's decision to terminate Occidental's contract.

Outside the palace a crowd held banners welcoming Chavez, a former military officer and self-proclaimed revolutionary who leads the world's No. 5 oil exporter.

In a trip to Bolivia last week, Chavez promised to invest \$1.5 billion in the country's natural gas industry. Bolivian President Evo Morales nationalised the energy sector earlier this month.

Leftists in Quito voiced sup-

port for Chavez's anti-American politics. Business leaders accused him of political intervention.

Ecuadorean officials tried to lower the political tone of the visit by portraying it as technical, not political.

"This is not going to make it easier to reach an understanding and overcome the problems raised by the Occidental issue," said Michael Shifter of Inter-American Dialogue, a Washington-based think-tank. He noted that Chavez's compromise "is not a recipe (for Ecuador) to have a warm relation with the US."

As he did in Bolivia, Chavez again called for a Latin American political and economic alliance to challenge the US' commercial ambitions in the region. Chavez and Morales are close allies and, with Cuban President Fidel Castro, have formed an alliance to counter what they call US political and economic hegemony in Latin America.

The US accuses Chavez of destabilising the region and earlier this month George W Bush said he was concerned about the erosion of democracy in Bolivia and Venezuela. REUTERS

01 JUN 2006

THE TIMES OF INDIA

April 20, 2006

Populist Movements Wrest Much of Latin America From Old Parties

By JUAN FORERO

LIMA, Peru, April 14 — The past is always on display at the imposing headquarters of the Popular Action Party. Meeting halls are adorned with black-and-white pictures of party leaders, men whose hold on Congress was once indisputable.

But in a trend mirroring the sagging fortunes of traditional political parties across Latin America, Peruvians elected only four Popular Action candidates to the 120-member Congress this month, and the party's candidate for president finished a distant fifth.

From Venezuela to Argentina, many of the traditional parties that built dynasties through patronage and hard-knuckle politics — but also offered stability, a clear ideology and experienced functionaries ready to govern — are disintegrating. Disillusioned by corruption and a failure to deliver prosperity, voters are increasingly captivated by new, mostly leftist movements promising to redistribute wealth, punishing traditional parties and turning political systems on their heads.

The upheaval has come as Latin Americans have grown frustrated with Washington-backed economic prescriptions like unfettered trade and privatization. The new leaders and movements they bring to power, though, threaten to create a political free-for-all that could weaken already unstable countries.

"There's a crisis in the political system in Latin America that goes hand in hand with the economic crisis," said Iván Hinojosa, a political analyst at Catholic University in Lima. "Some parties recuperate, but many do not, and in their place you have all these new, unpredictable movements."

In Peru, voters in the recent presidential election gave the most votes to Ollanta Humala, whose Nationalist Party was formed just last year. Mr. Humala, 43, said traditional politicians simply had not delivered, leaving voters looking "not just for a new message but a new messenger."

"These people are the same candidates from 20, 30 years ago," he said in an interview, speaking of traditional politicians and their parties. "They are grayer, a little fatter, but they are the same people, and they've destroyed the country."

The change is seen as far south as Argentina, where one of two longtime governing parties, the Radical Civic Union, has been on the margins of power since its leader, Fernando de la Rúa, resigned as president in 2001 as the economy collapsed. As far north as Costa Rica, the Social Christian Unity Party has been left in disarray by corruption scandals that enveloped two of the party's former presidents.

In Venezuela, Democratic Action and Copei, two parties that divided the spoils of an oil-producing economy for 40 years, have been so debilitated by Hugo Chávez's seven-year presidency that they backed out of parliamentary elections in December and lost all representation in the 167-seat National Assembly.

But it is in the five Andean countries where traditional parties have been most buffeted, and where the alternatives have been the most unpredictable.

In Bolivia, the election in December of Evo Morales, an Aymara Indian, as president signaled the obliteration of one traditional party and upheaval for three others that had dominated politics since the country's return to democracy in 1982. Even the once omnipresent National Revolutionary Movement, which led the country's epic 1952 revolution, won just a handful of congressional seats.

Colombia's two traditional parties have been so battered by President Álvaro Uribe's influence that one of them, the Liberals, lost 12 of their 29 Senate seats in elections in March, while the other, the Conservatives, have been co-opted into a coalition of pro-Uribe movements.

Across Latin America, the political tumult has gathered momentum with the introduction of decentralization, which since the 1990's has permitted voters in several countries to choose their own mayors and other local leaders for the first time. Increasingly aggressive and sometimes independent news media have also heaped scorn on old parties, while lending visibility to new movements.

Chris Sabatini, senior director of policy at the Americas Society-Council of the Americas, said the shifting political terrain had given voice to long-ignored regions and made issues like schools, crime and public works crucial in local elections.

"We shouldn't romanticize the old parties," Mr. Sabatini said. "They were not democratic, and they were patronage-driven. They were tied to the economic elite old order, and they were simply not up to the task of adapting."

But the new movements often lack the cohesion and direction of traditional parties and, in many cases, much of an ideology.

Some movements, like Mr. Chávez's Fifth Republic Movement in Venezuela or Mr. Uribe's U Party in Colombia, are beholden to the cult of personality built around their leaders. Many lack capable technocrats that the most

successful traditional parties drew on to fill crucial government posts.

Moreover, the new movements sometimes appear and disappear so quickly that voters are never really able to determine what they are offering, aside from nebulous promises of change. In Peru there are now 36 parties, or one for every 450,000 voters, and only six of them are more than a decade old, said Rafael Roncagliolo, who studies political parties for the Lima-based Institute for Democracy and Electoral Assistance.

Even Mr. Humala's movement, which is expected to become the largest bloc in Congress once votes are tabulated from the April 9 election, is such a loose assortment of politicians that desertions are considered inevitable.

"They do not have a doctrine to support a plan of governance," said Gastón Acurio, 75, a former senator and member of Popular Action since 1956, when it was founded. "You don't know what you're going to get with these movements. If there's no ideology, then the politician does what he wants."

Lloyd Axworthy, who led the election observers here for the Organization of American States, said having so many movements could make reform difficult. "You've got to get to a point where you have 3 or 4 parties, not 21," Mr. Axworthy said. "You have to get majorities to pass law."

Nonetheless, the resentment, even fury, at the old-line parties is so great that Latinobarómetro, a Chilean public opinion group that surveys political attitudes across the continent, says political parties ranked last, with only a 19 percent confidence level, among Latin American institutions.

In Peru, the breakdown of the parties began with Alberto K. Fujimori, who won the presidency 16 years ago by railing against the party system and, within two years, dissolved Congress.

After Mr. Fujimori's government collapsed in scandal in 2000, many parties felt that the parties would regain legitimacy. But as regional parties won big victories, some of the traditional parties were left with little representation in rural Peru.

Now, after the April 9 general elections, Peru's political landscape has been further redrawn. The party of President Alejandro Toledo, Peru Possible, once the majority party in Congress, is virtually gone. In its place are Mr. Humala's movement and others like the Alliance for the Future, which is led by Keiko Fujimori, the former strongman's daughter.

Valentín Paniagua, who was Popular Action's candidate for president, said traditional parties had become easy scapegoats for populists looking to score points with voters.

The adjustment is not easy for Popular Action, the party that is famous in Peru for its founder, Fernando Belaúnde Terry, who was twice president and renowned for bringing infrastructure to the countryside. The party's politicians know they have less influence, and they have a harder time raising money to keep the party operating.

"There are leaders who, through their own jealousies and selfishness, did not let in new leaders, and you can see the results in the latest voting," said Yohny Lescano, a Popular Action congressman.

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Man on a mission

Condoliza Rice
Latin America
5/7 1995

The spectre haunting Latin America - the spectre of Hugo Chavez, President of Venezuela - furrows brow, pats my knee, and tells me about the night he thought he was going to die.

"I will never forget - in the early hours, I said goodbye to my wife and three little children." He knew in his gut he was not going to survive that long day in 1992, when he and his allies finally decided to stage a revolution against the corrupt order loathed by the Venezuelan people. "I realised at that moment that I was saying goodbye to life," he says. "So it is possible that, after surviving, one has been a bit... imbued with that sense ever since, no?" There are people who wish Chavez had died. To Condoleezza Rice, he is "one of the most dangerous men in the world". But to the lost millions living in the cardboard barrios that scar the high hills around Caracas - and run like a river of trash across the continent - he is a saviour bearing free medicine and food.

But the inevitable movie of Hugo Chavez's life will not begin here, with him despised by the elite and loved by the poor. It will begin in a shack with dirt floors and dirt-poverty, in a small village in rural Venezuela in 1954. His parents - both school teachers - were too poor to look after him, so he was sent to live with his grandmother. Sitting in the presidential suite at the top of the Savoy, London, he insists this did not scar his childhood. "No, it for me was a very happy period. We were raised in a very poor family in a poor town on the banks of the river. "One of the things I most love is rivers, the water running, flowing. I used to fish a lot, and we would hand out fish in the village among our neighbours so they could eat. We would go into the forest and pick up the mangoes and hand them out so they would not be wasted. I never felt any repression." Just as this is beginning to sound like sepia-tinted nostalgia, he adds, "I was in close contact with poverty, it's true. I cried a lot." He remembers Jorge, a kid he played ball with every day. "Then one day, he didn't come to school. We asked why. They told us his mother had died in childbirth.

"This happened a lot, because there were no doctors for anyone." Since Jorge's father had also died, "he was forced to go to work and become a child-labourer. He had little brothers and sisters, and they

JOHANN HARI gets an audience with Hugo Chavez, the man with most powerful enemies in the world



had to be fed." Then he pauses, and remembers his own little brother. "Yes, I saw the pain of poverty. My little brother was called Enso, he was a very beautiful child but he became ill. I remember him lying in a hammock.

"He was always smiling. But he died. There were no doctors, nothing. We buried him in a bag. He was one of those children who are swallowed by poverty." Enso died in a country that was almost unimaginably rich. Venezuela was already swimming in petrol wealth, but the money was used to build Beverly Hills-style suburbs for the super-rich.

Chavez's political awakening began when, as a 21-year-old rookie just out of the Military Academy, he was sent to put down a Maoist uprising in his home town. "It is there I began to see," he says. "The peasants were subject to huge repression. (The army would) burn their houses down. I saw how peasants were tortured by my own side. But I also saw the guerrillas, the rebels, massacring our soldiers. One of them died in my arms. To me, he was a peasant, a human being, but I was in the military. I remember him saying to me, 'It was an ambush. Don't allow me to die.' A soldier in my arms. He had been shot three times in

the chest. He died." The bloodstains remained on his mind. "I began asking - who's right here? (Is it) my people who sometimes torture and kill peasants, or the guerrilla-men, who are also torturing peasants?" For the next few decades, Chavez began to rise up the army hierarchy, reading about and debating radical politics. And then, in the 1980s, the International Monetary Fund (IMF) entered stage right bearing a bag of shock therapy tools. They demanded that the Venezuelan government slash the tiny slivers of spending that made their way into the barrios. Poor Venezuelans rioted, and the army opened fire, and in a slaughter that trumps even Tiananmen in its kill-rate, they shot anything that moved.

Hugo Chavez - by then a lieutenant in the army - could not follow these orders. "The army was not being used to defend Venezuela but against it, to trample the Venezuelan people," he says. "I would not do it." Instead, he led the failed revolution, and ended up in the notorious Yare Prison - his own private Robben Island. It was only in 1998 that he won power in a free and open election. He decided to stop the oil profits flowing towards foreign corporations, and used them instead to build missions in every

barrio. These centres provided free doctors, and literacy programmes for everyone. It doesn't sound like much, but it transformed the lives of tens of millions of people. I still remember the pride on the face of a gnarled old lady I met in a Caracas mission as she proudly wrote her name on the blackboard for the first time. I remember the awe on the face of an old man who had been blind for forty years because of cataracts, but now could see again. I remember the quiet joy of a woman shopping in the new subsidised food centres, buying a plump chicken for her kids when before Chavez, they lived on scraps.

This is a loud, proud challenge to the IMF model of enforced corporate rule - and across the developing world, people are looking to it as a long-awaited flicker of hope in the darkness.

Chavez knew "I was making very powerful enemies" - not least in the White House. The Bush administration slams him because he is a threat to the profit-margins of the petrol companies they depend on for their political lives. They are, he says, terrified that this idea of spending the profits from oil on ordinary people - rather than funnelling it into the bank accounts of their good ol' boy paymasters - might catch on. It has already spread to Bolivia and is set for victory in Mexico later this year.

And yet, and yet... amidst all this glory, could Chavez still join Latin America's long parade of false prophets - Che, Evita, Fidel? Will the Bolivarian Revolution end with a chorus of "Don't Cry For Me, Venezuela?" His critics point to his very close alliance with Fidel Castro and his decisions to meet with Saddam Hussein and even embrace Robert Mugabe.

I put it to Chavez that under him, Venezuela has all the good things about Cuba - the great schools and hospitals - without the revolting things - dictatorship, censorship, repression. "I don't think in Cuba there is a lack of freedom of speech," he says with worrying speed. "If you approach Cuba from the perspective of the Western world, you might think so. "But there, you have the people who express themselves on many matters. There is no repression in Cuba." Really? What would he say to the Cubans jailed just for running private libraries, or to Vaclav Havel, who calls Cuba "the biggest prison on earth"? "What you have in Cuba is a very specific model of

revolution. We are very respectful of the revolutionary people of Cuba and its institutions. In the grassroots in Cuba, there are constant elections that take place. Is it true that by electing a president or prime minister every five years you have democracy? Is it because you have press and TV channels that you have freedom of speech? There's a lot of cynicism behind that. Every country has its own model." What about Robert Mugabe? Does he regret calling him a "freedom fighter"? "He is my friend. I think he has been demonised too much. Have you met him?" No, but I have met many of his victims. "We all make mistakes. I think you should interview Mugabe so you have a better idea who he is and what he's about. You have to understand the history of colonialism in Zimbabwe against the black people, he wants a world where people are equals without racism, that's my opinion." Given Chavez's willingness to wave aside a free Press and elections in Cuba, could he one day do the same, travelling the old, worn dictator's path from zero to hero to Nero? It seems unlikely. The Venezuelan Press orchestrated and lauded a US-backed semi-fascist coup that kidnapped Chavez and held him hostage for 48 hours, forcing him to watch while the parliament and supreme court were dismissed and a new President was installed. Only millions of people taking to the streets and a rebellion within the army prevented Venezuelan democracy from being destroyed. But even after all this, Chavez is so reluctant to be seen as a dictator that he has not launched a crackdown on the conspirators. Yet here is Chavez defending some appalling dictators abroad.

The President stands up, and places his arm around my shoulder, squeezing hard. The interview is drawing to a close, and he pledges that if the Bush administration attempts another coup, he will blow up his country's oil wells. "We are waiting. If they come for the oil, they will not get the oil," he says. And then he hurries away, back to - what? A slowly expanding programme of health and education for some of the poorest people in the world, a renewed democratic socialism spreading across South America? Or encroaching Castroism, Bush-backed fascist coups and oil fields burning and blasting long into the night?

■ The Independent

SOCIALIST INITIATIVE

Central & Latin America: 19

Bolivia, Cuba, Venezuela forge trade pact

115

We don't want to be rich, but we do want to live well, with dignity **ALBA**

HAVANA: Bolivian President Evo Morales joined Fidel Castro of Cuba and Hugo Chavez of Venezuela in Havana for Saturday's endorsement of a socialist trade initiative aimed at providing an alternative to U.S.-backed trade efforts in Latin America.

Mr. Morales planned to officially include his Andean nation in the Bolivarian Alternative for the Americas — a pact that Leftists Mr. Castro and Mr. Chavez signed a year ago.

So far, only Venezuela and Cuba are signatories to the pact known by its Spanish acronym as ALBA, which also translates to mean "dawn." It also been referred to as the "people's trade agreement."

The pact calls for shared trade and cooperation agreements among Latin American nations in lieu of Washington's unsuccessful Free Trade Area of the Americas, or FTAA, which Mr. Chavez and Mr. Castro said was a U.S. attempt to "annex" the region.

Saturday's ceremony marked a deepening political and economic alliance among Communist Cuba and Left-leaning Venezuela and Bolivia as the three countries work toward their own idea for regional integration without U.S. influence. Mr. Castro warmly greeted Mr.



(From left) Venezuela's President Hugo Chavez, Cuba's President Fidel Castro and Bolivia's President Evo Morales at the Plaza of Revolution in Havana on Saturday. — PHOTO: AP

Morales in the afternoon, then Mr. Chavez along with Mr. Morales in the evening, as they arrived on separate flights at the Havana airport.

The trade pact is named for the 19th century South American revolutionary Simon Bolivar, who led independence wars in the present day nations of Venezuela, Colombia, Panama, Bolivia, Peru and Ecuador. The agreement will allow Bolivia,

Cuba and Venezuela to trade some products with zero tariffs and strengthen already close ties among the three nations, whose leaders are known for their strong opposition to U.S. policy.

"We don't want to be rich, but we do want to live well, with dignity, as brothers, so there is no misery, so there is no poverty, so people are not excluded — that is among our fundamental objectives," Mr. Chavez said of the trade pact in Caracas before leaving for Havana.

Mr. Chavez and Mr. Morales have warned in recent days that their countries could withdraw from the Andean Community if fellow trade-bloc members Colombia, Peru and Ecuador go through with free trade pacts with the United States.

Mr. Chavez said in his Caracas speech that Venezuela and Cuba would happily buy all the soybeans that Bolivia produces. Colombia — previously a key soybean market for Bolivia — recently signed a free trade pact with the United States and can now get soybeans at much lower prices, the Venezuelan President said.

Since a U.S.-backed FTAA fell apart last year, Washington has signed nine free trade agreements with Latin American countries. Ecuador is currently in negotiations. — AP

01 MAY 2006

Bolivia to charge ahead with nationalisation plan

La Paz (Bolivia): Bolivia's leftist government said on Tuesday it would forge ahead with its sweeping energy nationalisation despite international concern over the move by President Evo Morales.

Former coca farmer Morales was making good on election promises to reassert state control over Bolivia's natural resources, which he says have been exploited by foreign companies with little benefit to the country's poor majority.

But the extent of the decree to wrest control of energy fields from foreign oil companies and hand them to a state-owned company stunned analysts and rattled investors, though many ordinary Bolivians welcomed the decision.

The Brazilian government announced that the presidents of Brazil, Venezuela and Argentina will meet Morales in Puerto Iguazu, Argentina, on Thursday, to negotiate the fallout from the decision.

Bolivian officials said troops were guarding about 50 gas and oil facilities to ensure normal operations, a day after Morales sent them into the oil fields and threatened to evict firms within six months if they do not recognise the nationalisation.

Gas is a sensitive topic in Bolivia, South America's poorest country and home to the region's second-largest natural gas reserves. Popular revolts over how to manage the industry toppled two governments



RESPONSE

The decision to wrest control of oil fields from foreign oil firms and hand them to a state-owned company stunned analysts and rattled investors though many Bolivians welcomed it

between 2003 and 2005.

"For me, this is a very good move and something very positive," said Jaime Cossio, 29, who runs two small companies in La Paz. "The foreign companies have put in minimal capital, taken the raw materials and too much profit."

Bolivia's energy minister, Andres Soliz, shrugged off a chorus of complaint from European governments and energy investors such as Spain's Repsol YPF, whose chairman, Antonio Brufau, said the nationalisation defied "business logic."

"It was obvious Brufau would ex-

press his sadness the way Bolivian people express their joy," Soliz told reporters. "If (the companies) aren't in agreement, they can just go."

Brazil's Petrobras is the leading investor in Bolivian natural gas and after some angry words the Brazilian government said it respected the "sovereign" Bolivian decision, while a government source said the oil firm was still intent on operating in the neighbouring country.

The EU echoed earlier comments by Spain's foreign ministry over the Bolivian nationalisation, which added to bullish oil market sentiment with prices already above \$74 per barrel on supply worries.

Wall Street was skeptical too. Christian Stracke, emerging markets analyst at research firm CreditSights, said there was no doubt the nationalisation would be unsuccessful in the long term. "But if in the short term he is able to nationalise an asset that has a lot of value and then turn that into redistribution value... then that is going to prove an example that is going to be difficult to resist in other Latin American countries," he said.

Morales' election in December reflected a popular backlash against free markets and foreign investment in Latin America.

Since taking office three months ago, Morales has forged close ties with Washington's leading Latin American antagonists, REUTERS

Resource rich Bolivia turns clock back

Bolivia has nationalised its domestic energy resources in the face of current trends in favour of private enterprise. A shrewd move, perhaps, at a time when owners of natural resources hold many of the best cards.

William Keegan

WOULD YOU believe it? Nationalisation is back in the news. Not in Britain, where Tony Blair's Labour Government (yes, he is still there) has been even more devoted to the worship of private enterprise than the United Kingdom's radical right-wing Conservative administrations of the 1980s, but in Bolivia.

President Evo Morales in La Paz has shaken not only his neighbours but, it seems, most of the world by his order (appropriately enough on May Day) to the Bolivian army to secure the assets of private energy companies: "The time has come," he said "the awaited day, a historic day on which Bolivia takes control of our natural resources."

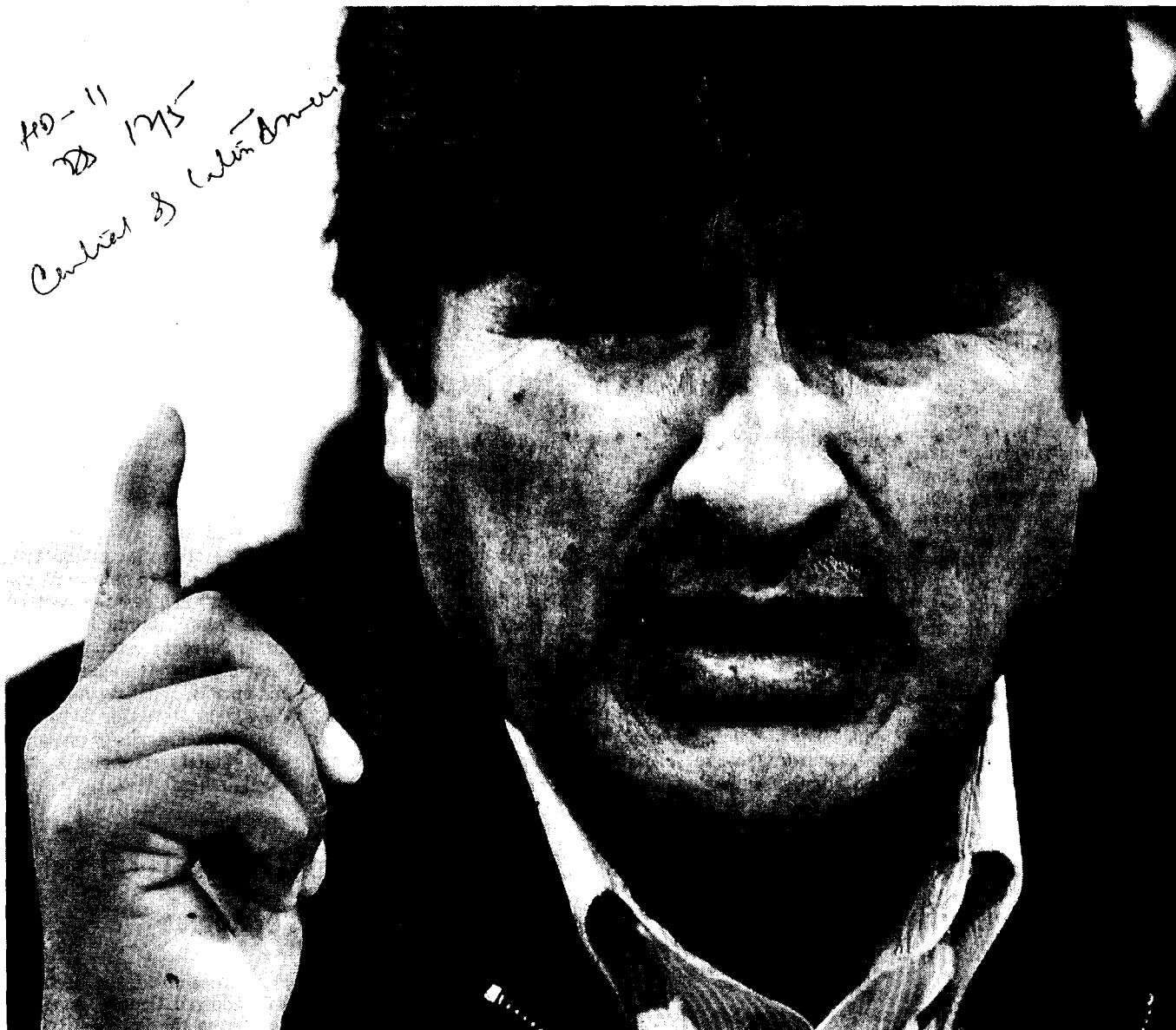
There is a long history of concern in Bolivia about its natural resources. As *The New York Times* notes this week "since well before the past century began, Bolivia has fought repeatedly with its neighbours over the riches on and under its soil. It has lost every time."

For economists and politicians around the world, Mr. Morales' actions go not only against the grain, but also against everything they thought they knew about the course of economics and politics in recent decades. The Governments of Margaret Thatcher in the U.K. in the 1980s prided themselves in introducing the concept of "privatisation" to the rest of the world. Not only did this begin a trend in "denationalisation," but the very neologism seemed designed to banish the very thought of old fashioned, inefficient nationalisation from people's minds.

This, you understand, from the very country, Britain, that had made a big thing of nationalising what were then described as the "commanding heights" of the nation's economy after the election of the Labour government led by Clement Atlee in 1945.

Notwithstanding Mr. Blair's 1990s burial of the old Clause Four of the Labour Party's Constitution (committing the Party to the nationalisation of the means of production, distribution and exchange), the Atlee government is looked back on nostalgically these days. Yet at the time its nationalisation programme, of coal, steel, and the railways, was highly controversial. However, terms of compensation were agreed with shareholders and the country lived reasonably happily with nationalised industries for decades, without being ostracised.

The background to the U.K. Labour's nationalisation programme was the strong belief that "private enterprise" in the relevant industries had served employees and the nation badly during the inter-war years.



Bolivia's President Evo Morales ... protecting the country's interests. - PHOTO: AFP

Fashions changed and disillusionment set in — a disillusionment which was no more beautifully captured with regard to the coal industry than in a musical called *Close the Coal House Door*. This was a satire on the various panaceas for the industry offered by government policy, including nationalisation, regionalisation, and rationalisation (the message comes over best, as in the original stage production, if you imagine these words being spat out contemptuously by an English miner in a strong regional accent).

Back in La Paz, President Morales has claimed in triumphant populist fashion: "The looting by foreign companies has ended."

Looting, I do not know, but hard fought negotiations between governments and foreign (or domestically-owned) energy corporations have been the stuff of economic history since the end of the 19th century. Bolivia's feelings of "exploitation" go back many years.

What is quite clear is that Mr. Morales has made his move at a time when the power is

very much on the side of the owners of natural resources. It may be recalled how shocked the oil-consuming developed nations of the world were when OPEC first raised oil prices in 1973-74. Price rises, industrialised nations quickly realised, they could do very little about.

And, whatever theoretical and practical objections people may have to nationalisation, post-Soviet Russia and America's Enron have not exactly enhanced the reputation of private enterprise. — ©Guardian Newspapers Limited 2006

12 MAY 2006

Which way is Latin America headed?

Jorge Heine

A UNITED Nations University-sponsored conference on human rights in the Americas in Mexico City I attended a few weeks ago coincided with another on "close elections" put together by the Federal Elections Institute and Oxford University (Yogendra Yadav, India's leading pollster, presented the paper on India's 2004 vote). Apparently, the idea of the organisers was to throw light on the July 2 Mexican presidential elections, which a year ago were considered by some "too close to call." That may still turn out to be the case, but today Andrés Manuel López Obrador (or AMLO, as the former Mayor of Mexico City is known) is four points ahead of his closest rival, and the man to beat.

AMLO represents the Democratic Revolutionary party (PRD), a party on the Left, which until now has never won a presidential election. If we add to that the results of the Peruvian elections held on April 9, in which the two candidates on the Left, Ollanta Humala and Alan García, came out on top and will now face a run-off, the pattern of the recent electoral results in Latin America is straightforward.

The Left has won, in some cases with a significant majority, in Brazil (with President Inacio Lula da Silva in 2002), Argentina (with President Néstor Kirchner in 2003), Uruguay — another first (with President Tabaré Vázquez in 2004), the Dominican Republic (with President Leonel Fernández in 2004), Bolivia (with President Evo Morales in 2005) and Chile (with President Michelle Bachelet in 2006). President Hugo Chávez of Venezuela has been in power for quite some time now, and keeps winning elections.

Yet there is a paradox. One would expect a protest vote such as the one leading to first-time wins by the Left in periods of great economic turmoil and/or recession. Yet today Latin America is undergoing a "boom." In 2005 the region grew at 4.3 per cent, its third consecutive year of growth, unemployment fell from 10.3 per cent in 2004 to 9.3, and the poverty rate from 44 per cent in 2002 to 40.6. Thanks to the uptrend in

A majority of Latin Americans are now ruled by Left-led governments. Their leaders are applying new, imaginative solutions tailored to their country's specific needs, rather than the "one-size-fits-all" approach that has wrought havoc in the region in the past.

commodity prices (with oil at \$70 a barrel and copper approaching \$3 a pound), exports are thriving and the region has benefited the most in the current business cycle.

After its 2001 crisis, Argentina grew at between 8 and 9 per cent a year for three years in a row; despite the misgivings in international financial markets in the months leading to his election, President Lula has stabilised the Brazilian economy, and the same markets now look with quiet nonchalance at his likely re-election next November; Mexico has become Latin America's biggest economy (as large as Brazil and Argentina's put together) and Chile's major "problem" is what to do with its burgeoning fiscal surplus, which threatens to reach \$7 billion, or 6 per cent of GDP this year, leading to a considerable appreciation of the peso (a classic case of "Dutch disease"). FDI in the region in 2005 was \$60 billion, only slightly less than in 2004 (at \$61 billion), and international financial investors are smiling all the way to the bank. Mutual funds focussed on Latin American stocks have been the best performing Morningstar fund category for three years in a row.

So, what is going on? What we are seeing is a "third wave" of sorts. Much as from the mid-1960s to the mid-1980s, military dictatorships (or bureaucratic-authoritarian regimes, as they were typecast in the Southern Cone) ruled the roost, and after that, democracy, hand in hand with the Washington consensus, became the only game in town, today the pendulum has

swung back again. This is a reaction against the dogmatic ramming through of economic reforms "for reforms' sake," as cycle after cycle of them promises heaven on earth, yet is unable to deliver. Once economists start talking about "third generation reforms" as the ones that will really work, there will be a problem.

Latin America is the region with the highest income inequality, and these successive (and seemingly never-ending) reform cycles, whatever their other virtues, have not been able to make a dent in these huge gaps between social classes. One may debate endlessly whether it is the reforms themselves (privatisation, deregulation, opening up) or the manner in which they were applied (too fast or too slow, half-way or too comprehensively, etc.), which is at fault, but despite the considerable economic growth and palpable progress across the region, vast sectors of the population feel that their lives are not improving and demand change.

Of what sort? An acquaintance, who looks at this with sympathy, told me he was delighted because "the ideas of the sixties were once again gaining ground in the region." Yet, that is precisely what is not happening.

These changes are an expression of cultural rather than ideological shifts. What we are witnessing is the replacement, at the highest levels of government, of a certain Europeanised elite that, although representing only a small share of the population, managed to secure the monopoly of not just social status and the means of

production but also the top positions in politics. To have a metal worker who lost one of his fingers on the factory floor as President of Brazil, an aboriginal leader (another first) as President of Bolivia, and an agnostic, single mother as President of Chile, all of them elected with more than 50 per cent of the popular vote, entails a major shift from long-standing patterns of social and political behaviour, in which deference and submission to established elites seemed fully entrenched.

The second point is that far from harking back to the heterodox policies of the 1960s, the Latin American Left in government now has been, as a rule, remarkably orthodox in its fiscal and economic management. If there is something the electorates in our countries will not put up with is the inflation as well as economic instability we went through then.

I already referred to how Argentina and Brazil have stabilised their economies, as well as to Chile's stellar performance. Peru has had (ruled by left-of centre President Alejandro Toledo) five years of high economic growth and has attracted much FDI. It has just signed an FTA with the United States, something which Uruguay has also been considering. Most observers think that a PRD-led Mexican government would stick to the economic policies that have led to that country's increased imbrication with the U.S. and the NAFTA project.

Where Left differs with Right

Where the Left does part ways with the Right is on the issue of public policies in general and on social policies in particular.

On the first, the key notion has been that, much as in today's world it is the private sector that drives the economic engine, the government plays a key role in devising tools to leverage the statutory powers of the state with the material resources and managerial capabilities of business. The provision of public infrastructure, a fundamental need in a huge continent such as Latin America, is a classic example.

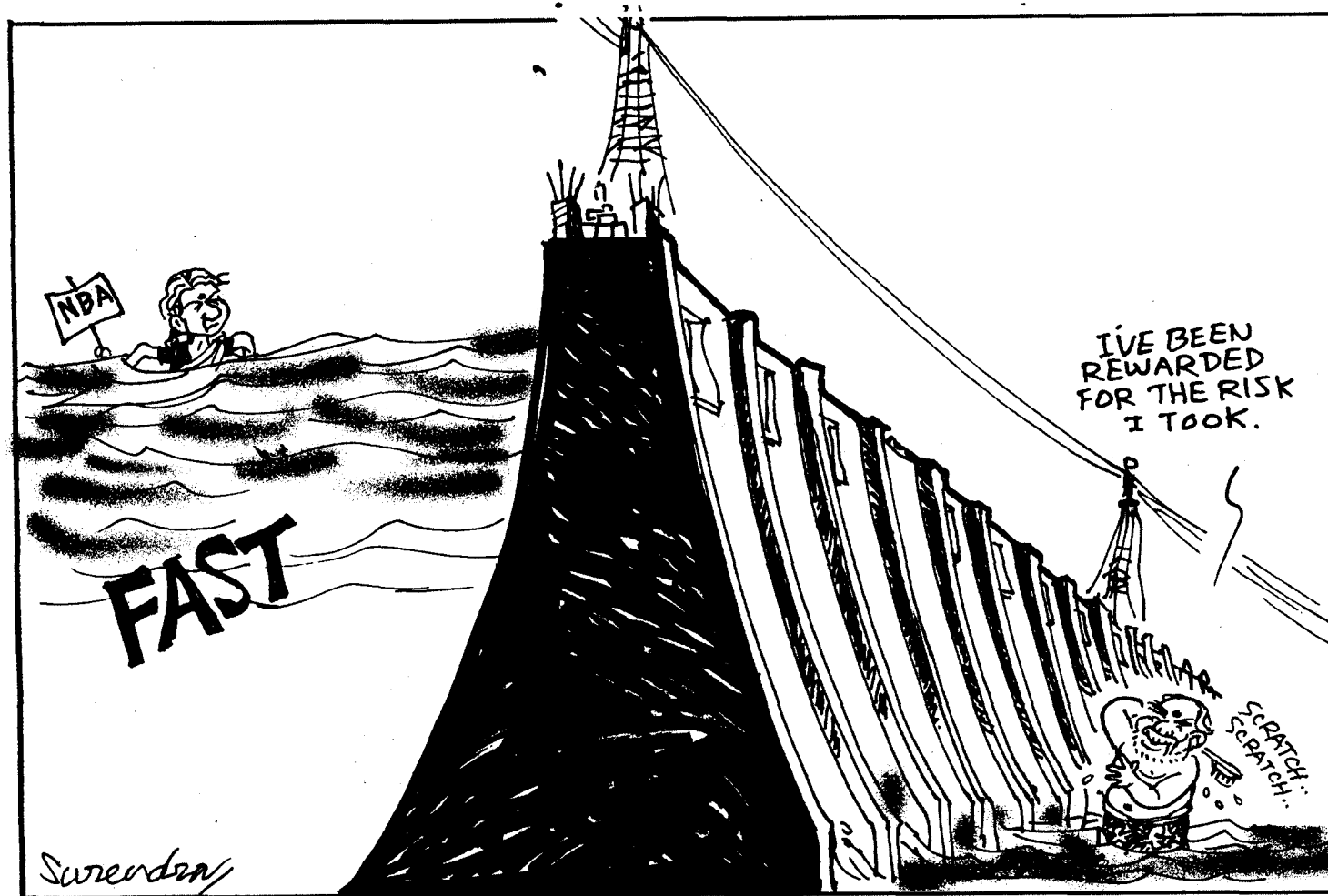
The notion that the free market by itself will provide the highways, bridges, tunnels and airports that are needed is just as mistaken as the one that hopes against hope that the public sector will come up with the enormous resources to pay for them, willy-nilly. Public-private partnerships are, of course, the answer here, something which India is actively pursuing, as we have seen recently with the adjudication of the bids to upgrade the Delhi and Mumbai airports but the same goes for other areas. Chile managed to generate \$6 billion in private investment (mostly foreign) in public infrastructure from 1995 to 2003, and its highways and airports are today ranked among the best in the region.

On social inequalities the Right's standard approach has been "trickle down," that is, to allow economic growth *per se* to take care of the disadvantaged, on the theory that "a rising tide lifts all boats." And while there is little doubt that without growth there won't be much to distribute, the evidence shows that unless carefully calibrated social policies are also put in place, poverty and huge inequalities will persist. Once again the case of Chile, where poverty was almost halved, from 39 per cent of the population in 1990 to 18 per cent in a decade, is a good example of how the imaginative public policies implemented by a responsible Left have made much headway.

Yes, the Left has won quite a few elections, a majority of Latin Americans are now ruled by Left-led governments, and by leaders who are more representative of their peoples. But, far from being determined to turn the clock backwards towards the failed, statist economic policies of yesteryear, these leaders, by and large, are keen on applying new, imaginative solutions tailored to their country's specific needs, rather than the "one-size-fits-all" approach that has wrought such havoc in the region in the recent past.

(Jorge Heine is the Ambassador of Chile to India.)

CARTOONSCAPE



Chavez threatens to expel US envoy

Caracas: Venezuelan President Hugo Chavez threatened to expel the American ambassador on Sunday, accusing him of "provoking" a confrontation two days earlier by visiting a poor pro-government area where protesters attacked his car and chased his convoy.

Chavez's ultimatum came in response to Washington's warning of "severe diplomatic consequences" if anything similar should happen again to American ambassador William Brownfield. His threat appeared to take long-standing tensions between Venezuela and the US to a new extreme.

The dispute arose over a visit that Brownfield made on Friday to a ballpark in Caracas' poor Coche neighbourhood, a Chavez stronghold, where he donated baseball equipment to a youth league. As his convoy left,

Chavez supporters hurled eggs and tomatoes, and chased after his car on motorcycles. "If you continue provoking us, go prepare your bags because I'm going to throw you out of here,"

Chavez warned Brownfield during a nationally televised speech on Sunday.

"I'm going to throw you out of Venezuela if you continue provoking the Venezuelan people."

Chavez condemned the crowd of protesters for pelting Brownfield's car, saying his government "rejects any kind of aggression." But he suggested Brownfield sought a confrontation by failing to advise authorities adequately of his travel plans and venturing into a poor neighbourhood where his presence was unwelcome.

Brownfield has regularly travelled into pro-Chavez slums to meet community leaders and hand out donations,

which have included funds for libraries and children's homes.

Chavez criticised the gifts of baseball gear. "He showed up at a baseball field in Coche to do what? Demagoguery, giving away some gloves, some little balls... He shouldn't do it."

The Venezuelan leader said if the US were to take diplomatic measures against his government, he would do the same. "If the Washington government takes some measure against Venezuela because of provocations, you will be responsible. You will have to leave here, sir. I will declare you persona non grata in Venezuela," Chavez said on Sunday.

The protest during Brownfield's excursion on Friday was the third time in three weeks that the ambassador has been met by protests. Earlier, demonstrators burned tires and torched an American flag. AP



Latin America's Leftist Mirage

It's middle of the road for most countries there

By JULIO MARMA SANGUINETTI

Ever since Deng Xiaoping's remark that "it's not the colour of the cat that matters, but whether it catches mice", it has been clear that the old Cold War divisions of left and right, communism and democracy, were obsolete. Indeed, the China that Deng began to build in 1978 is now communist politically and capitalist economically. But the tendency to apply old labels remains strong, so that everyday we hear gross simplifications like the current one that holds that Latin America is now undergoing a powerful leftist wave.

The basis for this idea is that the rise to power of Lula da Silva in Brazil, Hugo Chavez in Venezuela, Nistor Kirchner in Argentina, Tabari Vasquez in Uruguay, and, most recently, Evo Morales in Bolivia and Michelle Bachelet in Chile show a socialist trend. But are all of them old-style leftists? Or do they practise old-style populism? Just what is happening in Latin America?

To start, we can rule out Chile from the supposed leftist surge, for it is a country ruled by a centrist coalition of Ricardo Lagos's European-style socialists and the country's historic Christian democrats. That President Bachelet comes from socialist roots does not change the nature of her government, which will follow the parameters of its predecessors, and will preside over the most open economy in the region, one integrated into the global market by free-trade agreements that extend from the United States to China.

Nor can one argue that Brazil's government under President Lula has not been characterised by moderation, following a more orthodox economic policy even than that of its predecessor, one based on fiscal discipline, budget surpluses, and an anti-inflationary monetary policy. In contrast to old leftist slogans against

repaying foreign debt, Lula's government has hurried to settle all of its IMF obligations in advance.

The rallying call against paying foreign debt, which was ubiquitous in Latin America in the 1980s, was buried when the Argentinean government did the same thing, committing one-third of its reserves to pay in advance its debts to the IMF. Even Nobel laureate Joseph Stiglitz has questioned whether these countries' debt payment measures represent an exaggerated concession to neo-liberal orthodoxy. Uruguay's government, too, has not deviated from the basic tenets of the policies of the conservative government that preceded it. It maintains the country's improved relations with the IMF, and it has even approved an agreement with

historic justice, not a hard-left ideology.

None of these governments openly speaks of socialism, much less Marxism. There is no planned collectivist economy, foreign investment is still sought, and, in general, the rules of liberal democracy still apply. Leaders may still think that "another world is possible", but, while they use anti-globalisation rhetoric, they pursue serious economic policies, even if more out of resignation than conviction.

What all this means is that Latin America is not shifting left, but settling in the centre. Even traditionally leftist parties like Brazil's Partido dos Trabalhadores or Uruguay's Frente Amplio have abandoned old Marxist ideals. Naturally, they declare friendship with Fidel Castro and seek his embrace to prevent old comrades from accusing them of betraying their legacy. But they go no further: Castro is fine for photo opportunities, but not for policy advice.

Venezuela's Chavez is another story. No doubt, his regime revels in all the historic forms of populism: messianic leadership, anti-American rhetoric, disregard for constitutional forms, drunken spending, and state-orchestrated popular mobilisation to fill squares and jeer at supposed enemies. Chavez is riding a wave of high oil prices and is determined, with torrential verbosity, to exercise some sort of continental demagogic leadership. But, while

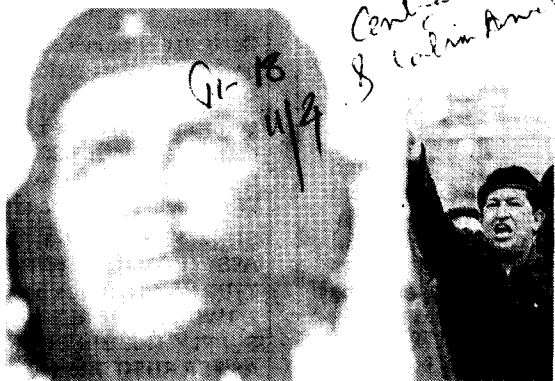
Chavez-style populism appears to have made some headway in Peru, it is far from succeeding.

In Colombia, everything indicates that President Alvaro Uribe, erroneously labelled a rightist because of his fight against his country's guerrillas, will be re-elected. Oscar Arias is winning in Costa Rica. In Mexico, the presidency is up for grabs.

In the meantime, Latin America's economies will continue to benefit from the world boom in commodity markets, elections will remain normal, and life will go on in the political middle of the road.

The writer is a former president of Uruguay.

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the US to guarantee investments.

Even Bolivia's government should not be regarded as a reincarnation of the continent's old populism. President Evo Morales's rise to power was inspired by historic discrimination against the indigenous majority, with the coca leaf as an emblem of an ancestral grudge. Although Morales campaigned on a promise to nationalise mineral resources, this has not happened yet, and, indeed, he now seems to be leaning towards partnerships with big state-owned energy companies, in the manner of Venezuela's Pedvesa or Brazil's Petrobras. Morales might yet turn more radical, but, for now, he represents a deep, ethnically inspired demand for

17 APR 2006

THE HINDU

Chavez's Oil

\$50 a barrel crude could revolutionise global economy

ESCALATING oil prices on international markets appear to indicate the world is running out of oil, but is this really the case? If a proposal mooted by Venezuelan president Hugo Chavez were to be accepted all round, the oil era still has some time to run. Chavez essentially proposes a deal with consumer countries that would fix oil prices at \$50 a barrel. What this does for Venezuela is that it allows it to count its heavy crude deposits as part of its reserves. At guaranteed long-term prices of \$50 a barrel it becomes economical for Venezuela to extract and refine its heavy crudes, normally ignored in estimating reserves. If these reserves are factored in the US department of energy estimates that Venezuela is sitting on 1.3 trillion barrels of oil — more than the entire declared reserves of the rest of the planet. What would such a deal do for consumer countries? Since global economic prospects depend on stable oil supplies, long-term prices pegged at about \$15 below current levels for a barrel could be just what the doctor ordered to maintain buoyancy and growth. The spoiler here may be other OPEC countries, who would balk at Venezuela gaining leverage over oil prices at their expense, not to mention bringing prices well below current levels.

Another spoiler, of course, is the current state of relations between Venezuela and the US. There is a veritable festival of abuse ongoing between Washington and Caracas, and the Bush administration is liable to stymie anything that benefits Chavez. Going by the dictum that a nation only has permanent interests rather than permanent enemies or friends this would, however, be short-sighted. The chill in relations is a legacy of the Cold War — Washington continues to be obsessed with Cuba, and Chavez befriended Fidel Castro. But since the Cold War is over and there isn't any fundamental conflict of interest, what if Washington were to shelve this feud and reach out to Caracas? Taking into account extra reserves, Venezuela surpasses not only Saudi Arabia but the entire Middle East, including Iran and Iraq. Apart from Venezuela, extracting oil from Canadian oil sands also becomes viable at \$50 a barrel, and it should suit US strategic interests to have Venezuela and Canada, rather than Saudi Arabia, Iran and Iraq as oil superpowers. The only caveat is that an era of stable oil supplies should be used as an interregnum, before we find alternate, renewable energy resources that don't heat up the planet.

THE TIMES OF INDIA

15-16 92A

A beacon for the oppressed

Central &
Latin America

Venezuela's President Hugo Chavez has taken on the world's major oil companies by increasing the government's stakes in the country's petroleum assets. Foreign-owned multinationals were set a March 31 deadline to comply with new rules under which the state would get a 60 per cent stake in the 32 relatively marginal fields they were managing until then. While most of the firms, including giants such as Chevron and Royal Dutch Shell, complied with these terms, two European companies failed to meet the deadline. The Chavez Government promptly took control of the fields managed by Total of France and Eni of Italy. With this action, Caracas has signalled the end of an era in which foreign firms were paid generous production fees for operating in the marginal fields that account for a fifth of the country's total output. Earlier, the Chavez Government substantially raised the royalties payable by companies that have invested in the oil-rich fields of the country's eastern region. A more ambitious plan that can transform the global petroleum market is on the anvil. Caracas is trying to strike long-term agreements with consuming countries under which it will supply oil at \$ 50 a barrel. Although this price is well below current levels, such long-term contracts will enable Venezuela to make the most of its extra-heavy crude deposits. Oil of this grade needs to be converted to synthetic light crude before it can be refined. Long-term agreements for supplies at \$50 a barrel will make the process economically viable. If Venezuela is able to make its extra-heavy crude marketable, it can ask the Organisation of the Petroleum Exporting Countries (OPEC) to formally recognise that its proven reserves have swelled to over 300 billion barrels. That will change the global oil order because Saudi Arabia is currently estimated to have the largest reserves at 260 billion barrels. Since OPEC allocates production quotas to different countries on the basis of their proven reserves, Venezuela will then have a major say in setting prices.

Hearteningly, Mr. Chavez has used oil revenues to fuel what he calls a Bolivarian Revolution in Latin America. With funding for social welfare programmes increased from \$8 billion to \$10 billion this year, larger sections of the Venezuelan poor will have access to the schemes for community health care and adult education. The Chavez Government has also provided heating oil for poor homes in the United States free of charge, and flown down indigent Mexican peasants for treatment of eye diseases in Venezuelan hospitals. Substantial aid has been given to other countries in the region. Cuba and several other Caribbean countries have been assured oil supplies at cut-rate prices. Venezuela bought \$2.5 billion worth of Argentinian bonds after Mr. Chavez took office. This helped Buenos Aires pay off its debt to the International Monetary Fund. President Chavez is becoming a beacon for the oppressed of the world.

Caracas, new capital of the Left

The Venezuelan capital is attracting students and celebrities, academics and activists, grandmothers and 1970s-era hippies — a new generation of Sandalistas.

Juan Forero

THE ACTOR Danny Glover has come. Harry Belafonte has also been here. So has the anti-war activist Cindy Sheehan, the prominent black writer Cornel West and Bolivia's new President, Evo Morales.

But most visitors are like Cameron Durnsford, a 24-year-old student from Australia, who decided to study at a new government-financed university in Caracas. Mr. Durnsford was, admittedly, put off some by the cult of celebrity around Venezuela's President Hugo Chavez, which, he says, "seems a little bit Maoist." But Venezuela's revolution, he added, was not to be missed.

"You've got a nation and a leader trying to prove an alternative to neo-liberalism and the policies that have ravaged Latin America for 20 years," Mr. Durnsford said. "That's why people are coming here. There's a sense that it's a moment in history."

Mr. Chavez is decidedly unpopular with the Bush administration, which he has branded a terrorist regime out to get him. That antagonism, coupled with Mr. Chavez's huge oil-generated outlays for social spending, is drawing a following from all over and turning Caracas into the new leftist capital.

Evoking other cities transformed by revolutionary leaders, like Managua, Nicaragua, in 1979, or Havana 20 years before that, Caracas is attracting students and celebrities, academics and activists, grandmothers and 1970s-era hippies — a new generation of Sandalistas, as some call them.

Some, including many Americans, have come to stay. But others come for a new brand of revolutionary tourism organised by the government or by private groups.

For less-famous Americans, the new vacation trail no longer goes through the famed beaches of Margarita Island. Rather, groups such as Global Exchange, based in San Francisco, take visitors who pay \$1,300 on a two-week jaunt through the tumbledown barrios where support for Mr. Chavez is strongest.

The tours include visits to literacy classes, cooperatives and government-financed news media outlets. Visitors chat with government ministers, see *The Revolution Will Not Be Televised*, a documentary favourable



PROVIDING AN ALTERNATIVE WAY? Venezuelan President Hugo Chavez.
— PHOTO: REUTERS

to Mr. Chavez, and meet state oil company officials, who explain how petrodollars are funnelled into social programmes.

Among the speakers who have met visitors is Eva Golinger, a New York lawyer who is dedicated to unearthing what she claims is evidence of Washington's support for Venezuelan Opposition groups, something the

Bush administration has denied.

Americans such as Pat Morris, 62, from Chestnut Hill, Massachusetts, who never had a good impression about the Bush administration, are usually left speechless. "I thought that our current government was lying and greedy, but I had no idea of the long-term investment in destabilising the

country," she said, tears in her eyes after hearing Ms. Golinger speak.

Reva Batterman, 27, a graduate student, said she wanted to come to Venezuela to show its people that "we're not all just Bush supporters or imperialists." "I wish the people in the U.S. would try to understand Hugo Chavez," she said.

Not everyone is as enamoured. Julio Borges, an Opposition politician, said that while Mr. Chavez certainly had showered aid on the poor, he was also a strongman out to crush dissent. Instead of lionising him, Mr. Borges said, visitors should be aware of government ineptitude and growing abuses, such as attacks on the press — charges the government denies.

Activists, intellectuals and leftists have gravitated to other governments, from Salvador Allende's Socialist Chile in the early 1970s to Sandinista-run Nicaragua in the 1980s, which also declared ambitions to overturn the old order in their countries.

Chesa Boudin, 25, a New Yorker who has worked as a volunteer here, notes, for instance, that some on the Left glorify Mr. Chavez simply because he has positioned himself as the anti-Bush leader in Latin America. But Boudin, one of the authors of a book favourable to Venezuela's government, *The Venezuelan Revolution: 100 Questions — 100 Answers*, said many people who had been dismayed by the advance of globalisation saw the possibility of a better world in Venezuela.

Perhaps nothing so illustrates the intertwining of Mr. Chavez's rhetoric about serving the poor and the government's policies as the three-year-old Bolivarian University, which offers free tuition to its mostly poor student body.

Jerome Le Guinio, 23, from France, came a year ago and now works in the university's administration. He has a Venezuelan girlfriend, and even moved to Catia, a poor, crime-ridden neighbourhood where support for Mr. Chavez is solid. "The idea is to find an alternative," he said, "and if you don't find it in Venezuela, you won't find it anywhere else." —New York Times News Service

(Jens Gould contributed reporting in Caracas for this article.)

22 MAR 2006

Chavez celebrates new flag amid protests

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Caracas (Venezuela): Venezuelan President Hugo Chavez held a huge military parade on Sunday to celebrate changes he made to the nation's flag, a reform foes rejected as a personal whim of the leftist leader.

Venezuela's National Assembly, dominated by the president's allies, approved the modified flag last week after Chavez proposed changes as a tribute to Venezuelan-born, South American liberation hero Simon Bolivar, whom Chavez says inspired his socialist revolution.

A small group of Chavez supporters briefly traded blows with enraged opposition marchers protesting against the new flag, which features an eighth star and a white horse on the coat of arms galloping to the left instead of the right.

In a ceremony on the 200th anniversary of the country's flag, Chavez raised the new version at the national pantheon before attending the parade where soldiers and reservists marched with participants in his social programmes for the poor. "Eight



HUGO IMPACT: A Venezuelan soldier with his face painted in the colours of the country's flag takes part in a parade in Caracas

stars now flutter in the wind in Venezuela, seven originals and the eighth Simon Bolivar decreed," Chavez said. "And the white horse is now free."

Chavez, a former soldier, was elected seven years ago and has promised a revolution for the poor in the world's No. 5 oil exporter. His critics at home and in Washington worry about his al-

liance with Communist Cuba and say he has eroded democracy by exercising authoritarian control.

Several hundred opposition supporters marched in Caracas to protest the new flag. One group of demonstrators carried seven white stars and an eighth red one painted with the Soviet hammer and sickle emblem. Scuffles briefly broke out after Chavez loyalists hoisted the new flag along the route of the protest march and opposition supporters tried to take it down. Police quickly quelled the clashes.

"I'm here to defend my flag, you can't change those things without asking the people if they agree or not," said Rosa de Pool, 70, a secretary participating in the opposition protest.

Last year Chavez dismissed the horse image on the flag as "imperialist" after his daughter asked him why it ran to the right with its head facing backward. Chavez said Bolivar decreed in 1817 another star should be added to the flag to represent the addition of a province to Venezuela. Reuters

Central & Latin America
(Uruguay)

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Leftist Chief Is Installed in Uruguay and Gets Busy on Agenda

By

Published: March 2, 2005

ONTEVIDEO, Uruguay, March 1 - Culminating a long and divisive struggle, the left took power on Tuesday for the first time in the history of this small South American nation as Tabaré Vázquez, a 65-year-old physician, was sworn in as president.

Hundreds of thousands of people flocked to the streets here to celebrate the sharp break with the past, many carrying Uruguayan flags or banners of the triumphant Progressive Encounter/Broad Front/New Majority Coalition. Until Dr. Vázquez, a Socialist, won a narrow victory in balloting last October, two traditional parties that had become increasingly difficult to distinguish from each other had alternated in power for more than 150 years.

"We promised change, and we will make changes, starting with the government itself, in its attitudes and its actions," Dr. Vázquez said in a 25-minute inaugural address. He said he would emphasize economic and social policies, "especially to the benefit of those who need them to achieve a life with dignity."

As his first official action, Dr. Vázquez announced a sweeping "Social Emergency Plan" that contains food, health, job and housing components. The program, whose cost is estimated at \$100 million, is to be aimed at the hundreds of thousands of Uruguayans who have fallen below the poverty line as a result of economic crises of recent years.



Cezaro De Luca/European Pressphoto Agency

At his swearing in, Uruguay's president, Tabaré Vázquez, right, greeted José Mujica, a former guerrilla leader who presided at the ceremony.

ARTICLE TOOLS

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Dr. Vázquez's inauguration came exactly 20 years after the restoration of democratic civilian rule in Uruguay. From 1972 through early 1985, this nation sandwiched between Brazil and Argentina was ruled by a right-wing military dictatorship that killed, jailed, tortured or forced into exile thousands of Uruguayans in order to fight off what it described as a Communist threat.

internationa

In an act that was laden with symbolism and offered an example of the "political maturity" that visiting heads of state praised, it was Senator José Mújica who presided over the swearing-in ceremony in his role as the titular head of Congress. A founder of the Tupamaro guerrilla movement that sought to lead a socialism revolution here, Mr. Mújica was jailed for virtually the entire period of the military dictatorship and was also tortured.

Offering an aside from the dais, overcome with emotion, Mr. Mújica, now committed to the parliamentary democracy he once dismissed as "bourgeois," offered his "thanks to life for having reached here." Other aging leaders of the Uruguayan left were seated in the benches reserved for members of Congress, with their eyes glistening or wiping tears from their faces.

Dr. Vázquez alluded in his inaugural speech to the widespread abuses of that era, saying there are still "dark zones in the area of human rights" that his government intends to investigate. "For the good of all, it is possible and necessary to clarify" such issues, he said, so that "the horrors of past eras never happen again."

The new president's second act in office was to restore diplomatic relations with Cuba. Ties were broken in 2002 as a result of a dispute that began when Dr. Vázquez's predecessor, Jorge Batlle Ibáñez, suggested that human rights observers be sent to Cuba to document abuses there.

Fidel Castro had been expected to arrive here today to mark the resumption of relations with a series of rallies, speeches and other public appearances. But Dr. Vázquez said Monday that the Cuban president had decided not to come "for medical reasons," presumably related to injuries he suffered in a fall last year.

In his inaugural address, Dr. Vázquez vowed that Uruguay would adopt "an independent foreign policy," in contrast to the closer ties with the United States that Mr. Batlle had sought. He said his government condemned "all forms of terrorism," favored nonintervention and peaceful resolutions of conflicts, and would insist that international financial institutions recognize "the necessity and the right to development of Uruguayan society as a whole."

"We will tolerate no outside interference in our internal affairs," Dr. Vázquez said to thunderous applause.

Venezuela warns US on the oil front

CARACAS, Feb. 18. Venezuelan President Mr. Hugo Chavez has warned that he could cut off oil supplies to the US, apparently in response to remarks by US secretary of state Ms Condoleezza Rice that he was a "challenge to democracy".

"The US government must know that if it crosses the line, it won't be getting Venezuelan oil," Mr Chavez said at a meeting of pensioners in Caracas yesterday.

"I have to say that I have begun taking steps on the matter, but I won't tell you what they are," he said.

Venezuela, the only member of the Organisation of the Petroleum Exporting Countries (Opec) in Latin America, currently produces about 3.2 million barrels of oil per day, 1.5 million of which go to the



Mr Hugo Chavez

US. Ms Rice had Thursday called Mr Chavez a "challenge to democracy" and said Venezuela's close ties with Cuba were "a particular danger in the region".

In response, Mr Chavez called Ms Rice's remarks a "threat" and accused the leaders of the US and Britain of trying to prevent him from being re-elected in the coming December elections. IANS

The Left in Latin America

To those who despair at the thought of U.S. hegemony forever, Latin America is a point of hope. To those who believe that allying with the U.S. and its policies is the only way forward, Latin America is a warning.

Dhiraj Nayyar

WHAT, POSSIBLY, could the following motley group of people have in common: a divorced single mother with three children, a former army colonel who still occasionally sports his army fatigues, a cancer specialist, a coca farmer, an uneducated man who lost a finger in an industrial accident, and a provincial governor known for his unorthodox thinking? Well, quite a lot actually. Michelle Bachelet, Hugo Chavez, Tabare Vazquez, Evo Morales, Luiz Inacio Lula Da Silva, and Nestor Kirchner are the unlikely six-some carrying out some heavy digging, and churning, in America's favourite backyard. They are, with varying degrees of success, re-laying the landscape of the region; political, economic, and social. In the process, there is hope for those looking at alternatives to the American-pounded political and economic ideology.

Long the bastion of U.S. supported right wing dictators, military or otherwise, following the 'right' economic policies and the right (pro-U.S.) foreign policy, Latin America is changing rapidly; it is becoming more democratic, more Left-liberal in its economic policies, and independent of the U.S. in foreign policy.

The spread of democracy and its consolidation is the biggest change. It is not only the fact that there are free and fair elections and a free media. It is also those who are emerging on top through the political process. An industrial worker, Mr. da Silva, has risen to the Presidency of Brazil. Similarly, Mr. Morales, a coca farmer and indigenous Indian, is President of Bolivia. Ms. Bachelet is among the very few women to have reached the top in the Americas (even the U.S. has not had a woman President). Such people would not have ascended to the top a decade ago. Most of them have endured great hardship through the years of dictatorship in their countries, some tortured, some imprisoned, others stifled. But they have triumphed in the end.

Change in economic policy

The second change is in the sphere of economic policy. The United States along with the World Bank and the International Monetary Fund (IMF) have been promoting unbridled free market policies in Latin America. It has not only been about privatisation, foreign investment, and the liberalising of barriers to trade. It has also been about a tight squeeze on government expenditure through nearly two decades, which has meant little spending on the poorer sec-

tions of the population. The end result of all that has been a lower rate of growth between 1980 and 2000 than there was between 1950 and 1980, the period of so-called state dirigisme. And a sharp rise in inequality and poverty, largely attributable to austerity policies, which made the poor worse-off, and liberal macro economic policies which have made the rich richer, mostly by allowing them to take money abroad but also by distributing privatised assets to many of the elite. The six-some have all been elected on planks to overturn this economic policy and make it more pro-poor, largely by increasing the role of the state in delivering goods and services.

Some have gone further. Mr. Kirchner, in Argentina, has forced creditors, both institutional and private, to restructure and negotiate debt, a step unprecedented anywhere in the developing world, where the demands of rich creditors.

And foreign policy. Well things are changing there as well. George W. Bush's plan for a free trade of the Americas has met with stiff opposition. Mr. Chavez rants against America while meeting regularly with Fidel Castro, Mr. da Silva and Mr. Morales, mainly to express solidarity against their Big Brother. Mr. da Silva's Brazil has gone as far as to

make it mandatory for all U.S. nationals to be fingerprinted on arrival at airports. These may be small steps, of not the greatest significance at the moment. But they do signify an attempt by a corner of the world to take on the U.S. and its big brother attitude in foreign policy.

To those who despair at the thought of U.S. hegemony forever, Latin America is a point of hope. To those who believe that allying with the U.S. and its policies is the only way forward, Latin America is a warning. History may yet be beginning from its proverbial end in the most unlikely of places. Social democracy, Latin American-style, may yet be a credible alternative to Anglo-American-style capitalism. And it may act as a counter to American hegemony in international affairs. A lot, of course, depends on the motley crowd and their achievements, even their unity. Here's wishing them luck.

And perhaps now, even that perennial rebel, by the name of Ernesto Che Guevara would be resting easy in his grave after watching a farmer reach the Presidency of Bolivia and an industrial worker ascend to the Presidency of Brazil. That is what he wanted. Did he not?

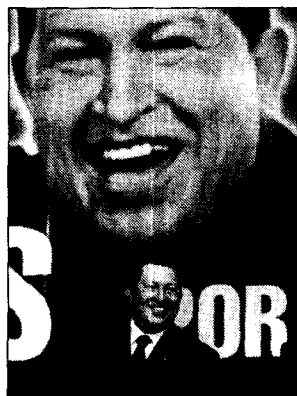
(The writer is a research scholar in Economics at Trinity College, Cambridge and can be reached at dn234@cam.ac.uk.)

11/11/07
Dhiraj Nayyar
Cambridge

Venezuela expels US navy attache

Caracas: Venezuela on Thursday expelled the US navy attache in Caracas, with President Chavez accusing the officer of spying, setting off new diplomatic hostilities with the US.

The US government denied that the diplomat had been involved in espionage, and



Chavez accuses US of planning an invasion

the expulsion brought ties between the two countries to a new low.

Chavez identified the expelled attache as Commander John Correa.

"John Correa has to leave the country immediately," Chavez, a virulent critic of the United States, said in a speech at a Caracas theatre to mark the seventh anniversary of his coming to power. "We have decided, in diplomatic terms, to declare him persona non grata, in plain Spanish that means to throw out of the country an officer at the US mission for spying," Chavez said.

The socialist president

added that if other military attaches were caught spying they could be detained.

Chavez accused Correa of buying information on the Venezuelan armed forces and of setting the stage for a "Panama-type operation". US forces invaded Panama in 1989 to arrest strongman Manuel Noriega.

"If they think about coming to get me, then come, we are waiting for you," Chavez said. Correa's whereabouts were unclear. In Washington, a Defence Department spokesman, Lt Col Mark Ballesteros, said the officer "has been rotated back to the US mainland for further duties as assigned".

The US State Department denied that the attache had been involved in spying.

"This expulsion is not justified. None of the military attaches at the US embassy in Caracas was or is involved in inappropriate activities," said Julie Reside, a State Department spokeswoman.

"No decision has been made on whether to respond to this action," she added. The US embassy in Venezuela received a letter Monday outlining espionage accusations against the naval attache and received a note Thursday declaring Correa persona non grata, US officials said.

Chavez said on Monday that Venezuelan authorities had infiltrated a group of military officers from the US embassy who he alleged had been spying on his government. AFP

- 4 FEB 2006

THE TIMES OF INDIA

Bolivia's new Prez vows to end '500 yrs of injustice'

La Paz: Coca grower Evo Morales was on Monday sworn in as Bolivia's first indigenous president, pledging to end "500 years" of injustice against his people.

"We're here to change our history.. we're taking over," Morales said. "I wish to tell you, my Indian brothers, that the 500-year indigenous and popular campaign of resistance has not been in vain," Morales, an Aymara Indian, said during an emotional speech.

A fierce critic of US policies who helped lead violent street uprisings that toppled two predecessors, Morales raised a clenched fist in a

leftist salute and said his election marked the beginning of the end to oppression against Bolivia's Indians in a majority.

Morales promised his government would move to squelch discrimination dating to the Spanish conquest in 1520. He recalled that just decades ago Indians had no place on segregated sidewalks.

The 46-year-old son of a peasant farmer, Morales said in his inaugural speech that his socialist government would reshape Bolivia and he lashed out at free market economic prescriptions, calling them a failure in easing chronic poverty here.

Morales' landslide election win in December was seen as solidifying a shift to the left in Latin America and as a blow to US-led anti-drug efforts in the region. He opposes efforts in Bolivia to eradicate the coca leaf used to make cocaine.

"The neo-liberal economic model has run out," Morales loudly declared after taking up the red, yellow and green presidential sash.

Thousands of Aymara and Quechua and other Indians, many in brightly woolly caps and ponchos, cheered along with leftist sympathisers, miners and students thronging the cobblestone plaza

outside. Firecrackers boomed and some Indians blew cow horns.

Morales recalled past decades of harsh discrimination as something akin to apartheid-era South Africa, adding "Bolivia seems like South Africa" when reviewing some of the most violent chapters of race relations. Tieless in character with his informal style, Morales vowed his leftist Movement Toward Socialism would be stubbornly independent. While he has said his government would welcome warm relations with Washington, he vowed he would not "submit" to any outside powers.

Agencies

A grand revolution in the Andes

Fidel Castro's prophecy has at last been fulfilled as Bolivia joins Latin America's 'axis of good.'

Richard Gott

ONE OF the most significant events in 500 years of Latin American history will take place in Bolivia on Sunday when Evo Morales, an Aymara Indian, is inducted as President. People of indigenous origin have, on occasion, risen to the top in Latin America.

But Mr. Morales' overwhelming election victory took place on a tide of indigenous mobilisation that is especially powerful in Andean countries; elections in Peru and Ecuador this year might also bring success to indigenous movements.

The Rebellion of the Hanged is one of B. Traven's novels of the Mexican jungle, written in 1936. In these stories, the Indians turn slowly from rebellion to revolution, and something of that spirit infuses the new mood in Latin America. The heirs to pre-Columbian civilisations have conquered their distrust of white "democracy" and are again moving to the front of the historical stage. They do so as one of Kondratiev's long economic waves has been sweeping through the continent like a tsunami. The terrible impact of neoliberal economics is reminiscent of the slump of the 1930s that brought revolution to many countries of Latin America.

Mr. Morales' victory is not just a symptom of economic breakdown and age-old repression. It also fulfils a prophecy made by Fidel Castro, who claimed the Andes would become the Americas' Sierra Maestra — the Cuban mountains that harboured black and Indian rebels over the centuries, as well as Mr. Castro's guerrilla band in the 1950s. His prophecy exercised U.S. Governments in the 1960s.

Radical elected governments were destroyed by the armed forces — guardians of the white settler states — supported by Washington. Countries such as Brazil, Chile, Argentina, and Bolivia were prevented from following anything that might have resembled the Cuban road.

Today the rules have changed. The Cold War no longer provides an excuse for intervention, and the U.S. is stretched in other

parts of the world. The ballot box, for the first time in Latin America, has become the strategy of choice for revolutionaries and the poor majority. The result in Bolivia is a President who invokes the memory of the silver miners of Potosi and Che Guevara, who dreamed of a socialist commonwealth of Latin America. Mr. Castro's prophecy looks close to fulfilment, and, in his 80th year, he will go to Bolivia to savour the moment.

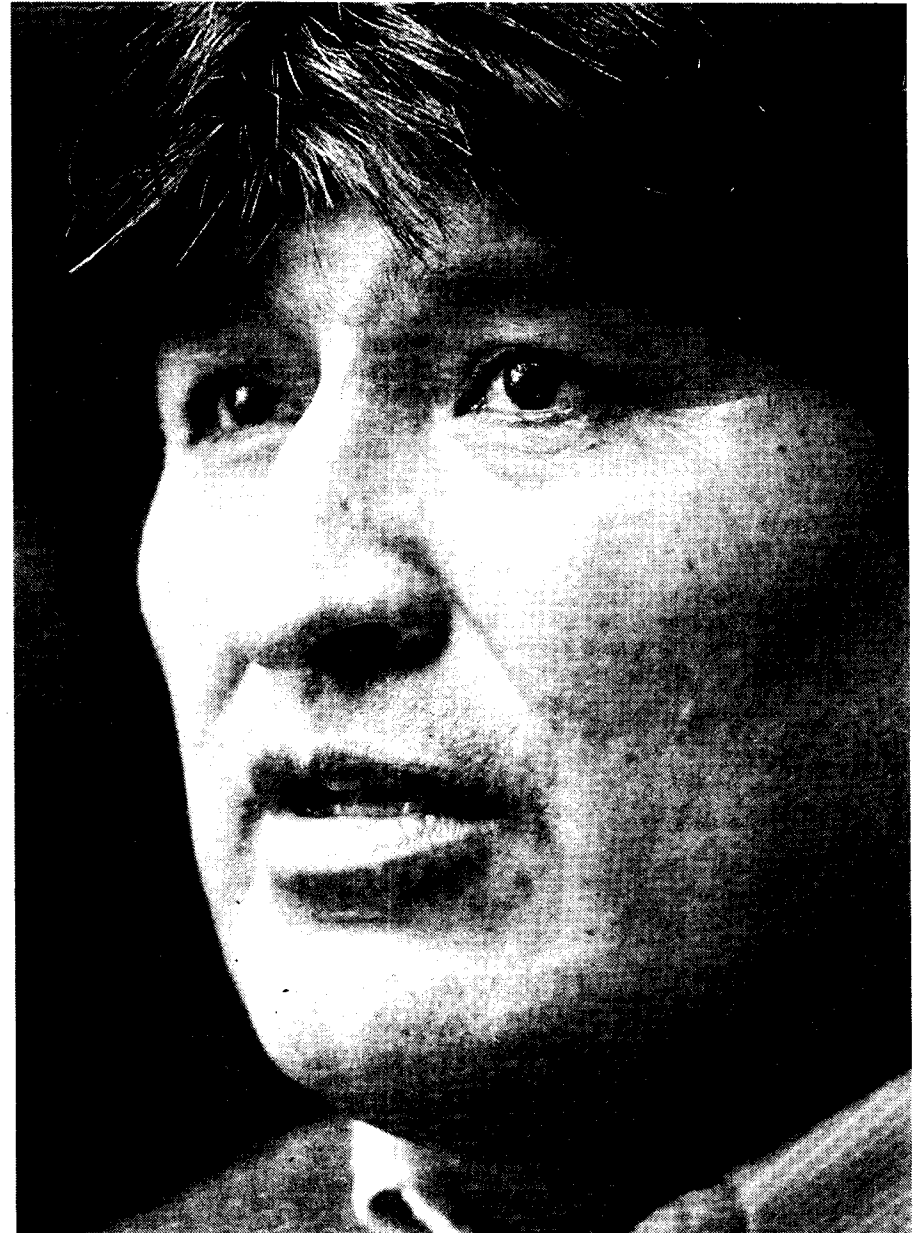
Simon Bolivar's shadow

Another historic presence will be the shadow of Simon Bolivar, the independence leader of the 19th century who also had faith in the ability of the Andean provinces to change Latin America. He drove the Spanish from the mountains, and finished his battles in the country that was given his name. Hugo Chavez of Venezuela, mentor of Mr. Morales and largely responsible for channelling the new mood into revolutionary paths, will also be present this weekend.

The "axis of good" — as Mr. Morales terms it — of Cuba, Venezuela, and Bolivia, is a huge threat to U.S. political, economic, and cultural hegemony. It is also a challenge for Latin America's traditional Left, which has never had much success in coping with indigenous populations. Now the representative of Bolivia's farmers, tin miners, and coca growers of indigenous ancestry is to wear the presidential sash and seek their incorporation into political life. They will be joined by more overtly socialist groups that derive their legitimacy from half a century of union work — an alliance that will be at least as problematic for the President as U.S. hostility and international companies seeking to exploit Bolivia's oil and gas. These won't be nationalised but will certainly have to pay higher royalties.

False dawns are common in Latin American history, but the strength of the radical tide suggests that this time it will not be dammed, still less reversed. — ©Guardian Newspapers Limited 2006

(Richard Gott is author of *Cuba: A New History*; and Hugo Chavez and the Bolivarian.)



MORE THAN A PRESIDENTIAL VICTORY: Bolivia's Evo Morales. —PHOTO: AP

2 JAN 2006

THE HIRLU

Latin America veers Left

The election of Michelle Bachelet as President of Chile is another important milestone in the advance of the Left in Latin American politics. The former doctor represents Concertacion, a coalition led by her Socialist party and the Christian Democrats. The clear majority Ms. Bachelet won in the second round runoff speaks to the Chilean determination, born out of memories of the 17-year-long brutal dictatorship of General Augusto Pinochet, not to give Right-wing parties a comeback opportunity. The Left-Centre coalition has ruled since 1990. The now disgraced General's rule from 1973 to 1990 was notorious for the disappearance of his political opponents, among them the new President's father and boyfriend; Ms. Bachelet herself was detained and tortured. The opposition candidate, Sebastian Pinera of the Centre-Right National Party, openly came out against the General but voters feared that, given a chance, he might open the door to the hardline Right. The victory of Ms. Bachelet follows the election of the socialist leader Evo Morales as President of Bolivia. Together with the Left governments of Venezuela, Brazil, Argentina, and Uruguay, the newly elected presidents of Chile and Bolivia represent Latin America's desire to move out of an orbit defined by the economic and security interests of the United States, with the conservative elites and militaries of the region acting as its handmaidens.

Opposition to U.S. policies and hegemony in Latin America has rarely been stronger, even if there are limits to this opposition. The economic reforms implemented in the region under the tutelage of the International Monetary Fund and the World Bank have brought few benefits. Economic growth per capita has stagnated and poverty levels have risen. While the new Chilean leader is likely to continue the free market policies which led to the growth of the country's economy, she has committed herself to addressing the inequities that accompanied development. The Bolivian President — an Ayamara Indian and the first Native American in more than 200 years to rule in the region — draws support from small farmers who depend on cocoa cultivation for their livelihood (following the collapse of the country's tin industry). Mr. Morales, who takes office next week, has declared he will not support the U.S.-financed cocoa-eradication programme. Promising action against drug traffickers, he has made the point that cocoa-producing countries do not bear sole responsibility for eradicating the cocaine trade. The Left in the region is evolving new economic methods and works within democratic frameworks. Progressives in different countries are now trying to bring themselves into closer alignment, drawing inspiration from the iconic leadership of Cuba's President Fidel Castro and Venezuela's Hugo Chavez. Nine more countries in Latin America are scheduled to hold elections before year-end, but the political map of the continent has already changed.

Central Latin America

Leftist wave now hits Chile

7/15

South America's Economic Powerhouse Elects First Woman President

Santiago: Socialist Michelle Bachelet won Chile's presidential election on Sunday, becoming the Andean nation's first woman leader while further consolidating Latin America's move to the left.

Bachelet, a paediatrician and former political prisoner, handily beat her conservative challenger, multimillionaire businessman Sebastian Pinera. Bachelet won 54% of the vote to Pinera's 46% official results showed.

Bachelet's centre-left coalition has governed Chile since the end of the 1973-90 dictatorship of Gen Augusto Pinochet, and incumbent president Ricardo Lagos in a speech to the nation urged the coalition to remain united behind the president-elect.

She will join other leftist leaders in the region including Venezuela's Hugo Chavez and newly elected Evo Morales of Bolivia, but indicated she will not bring about radical change to the South American country of 16 million people.

"We will continue to walk the same road," she said in her victory speech on Sunday, making it clear she intends to maintain the coalition's free-market economic policies that have turned Chile's economy into one of the region's strongest.

Bachelet, 54, is only the third woman to be directly elected president of a Latin American country, following Violeta Chamorro, who governed Nicaragua from 1990 to 1997, and Mireya Moscoso, president of Panama from 1999 to 2004. However, Bachelet, unlike Chamorro and Moscoso, did not follow a politically prominent husband into power.

"Who would have said, 10, 15 years ago, that a woman would be elected president," Bachelet, a sin-



Supporters of Michelle Bachelet display her photos and banners during victory celebrations in Santiago

gle mother of three, said before thousands of cheering supporters.

The president-elect repeated her promises to improve public education, health and pensions for the elderly. "My commitment is that by the end of my government in 2010 we will have consolidated a system of social protection that will give Chileans and their families the tranquillity that they will have a decent job," she said.

She follows into power Lagos, who deftly balanced his socialist ideology with market-oriented

economics and enjoys an approval rate above 70%. Lagos is constitutionally prohibited from seeking immediate re-election.

Venezuela's Chavez said on Sunday he admired Bachelet. "I am a

very good friend of Mrs. Bachelet, she is a hero."

Harvard-trained economist Pinera conceded defeat, calling Bachelet "president elect" in an emotional speech to supporters.

"I congratulate Michelle Bachelet for her victory," he said. "I also desire Michelle the greatest possible success." As thousands

celebrated in the streets across the country, Lagos said "it will be an honour for me to deliver the presidential sash to a Chilean woman" on March 11.

In a speech to the nation after congratulating Bachelet on the phone, Lagos called her victory "historic ... We now have a new Chile, we have for the first time in our history a woman president."

A 22-year-old medical student at the time of Pinochet's coup, Bachelet was arrested along with her mother and later forced into five years of exile, first in Australia, then in communist East Germany. AP

WINDS OF CHANGE



Bachelet takes over Chile reins

REUTERS

Santiago, January 16

CHILE ELECTED socialist Michelle Bachelet to be its first woman president on Sunday, making her only the second woman elected to head a South American state as Latin America cements a shift to the left.

With almost all votes counted, Bachelet, from Chile's ruling centre-left coalition, won 53 per cent of ballots cast while opposition candidate Sebastian Pinera took 47 percent, the government Electoral Service said.

Bachelet, 54, a medical doctor imprisoned and tortured during the 1973-1990 Augusto Pinochet dictatorship before living in exile abroad, will be the fourth consecutive president from the centre-left alliance that has run Chile since 1990.

"Violence came into my life, destroying what I loved, because I was a victim of hate," Bachelet told tens of thousands of confetti-tossing supporters along the main boulevard in downtown Santiago.

"I have dedicated my life to reversing that hate and converting it into understanding, tolerance and, why not say it, love."

"I feel emotional, happy. We are breathing the air of liberty and unity," said Ana Paredes, 37, a hotel employee who said she spontaneously decided to join Bachelet revellers.

Chile set to elect first woman President

Victim of Pinochet era asks Chilean voters to make history.

Jonathan Franklin

"I AM a woman, a socialist, separated and agnostic — all the sins together," said Chilean presidential candidate Michelle Bachelet with a laugh. Then, asked about her favourite food, she beamed with her trademark smile: "Ahhh! That is my problem, I like everything, seafood, pastas, beans..."

Whether joking about being a political outsider or being overweight, this 54-year-old mother of three has become the darling of Chilean politics. Her perceived humour and honesty have catapulted her to the top of the ratings and she is a clear favourite to win Sunday's presidential elections.

A poll released on Thursday shows Ms. Bachelet with a 53 per cent share of the vote — a five-point lead over her opponent, billionaire businessman Sebastian Pinera.

If elected Ms. Bachelet, a paediatrician who was tortured and lost her father under the Pinochet regime, will become the first woman elected President of a South American nation.

"She is going to take the reins of this country as if it were a big house. She is going to manage us well," said Juan Angel Gaete, a real estate broker in Santiago who said only a woman was capable of solving Chile's problems. "Look at us men, we do one thing at a time, while the mom is cooking, talking on the phone, feeding the children and listening to the radio!"

For a single mother, with little money and no famous last name, Ms. Bachelet's rise to power has been remarkable. Chilean politics are as traditional as the rest of this conservative Catholic nation. Never before has a woman politician been considered a serious candidate.

At first sight Ms. Bachelet, a fluent English speaker who has both lived and worked in the United States, looks like a friendly schoolteacher. She often drives her own car, uses no bodyguards, and refuses to attack her political opponents. This non-confrontational style has been criticised as superficial, yet Chileans consistently rank her as the most honest and capable politician in the nation.

This week Segolene Royal, the French socialist politician, flew to Chile to support her campaign. For Thursday's campaign finale Spanish singers including Miguel Bose were sponsoring a free concert for an estimated 100,000 Bachelet supporters in downtown Santiago.



A NEW CHAPTER: Michelle Bachelet of the Socialist Party is expected to beat her rightist rival, Sebastian Pinera, by at least 5 percentage points, a new poll said on Thursday. — PHOTO: REUTERS

A sense of spontaneity and distance from traditional politics has provided Ms. Bachelet with an extremely loyal base of supporters. "I lived the dictatorship and have very bad memories of Pinochet, I am afraid of the rightwing parties," said Ricardo Yanez, 46, a school teacher. "With Bachelet, I share her values."

While left-wing governments across the continent — notably Venezuelan President Hugo Chavez and incoming Bolivian President Evo Morales — are questioning the free

market model, Ms. Bachelet is expected to maintain Chile's wide open economy.

Ricardo Lagos, the current charismatic leader, has presided over an economic boom that has seen the economy growing at 5 per cent and exports doubling in less than three years. It has made Chile a model of stability in the otherwise tumultuous region.

In addition to the economic success, Mr. Lagos has showcased Chilean leadership, particularly in his refusal to bow to pressure from George Bush to support the war in Iraq.

A member of the socialist party, Ms. Bachelet has focussed her campaign promises on pre-school education, the rights of working mothers, and enforcing Chile's lax labour laws.

"Everywhere I go, a construction site, the supermarket — it is the same, workers approaching me and asking about their rights! About not being paid overtime or being fired without warning," said Ms. Bachelet in an interview. "In my government, we are going to crack down on these abuses."

The rise of Ms. Bachelet comes as the former dictator, Augusto Pinochet, disappears from the political stage. Mr. Pinochet, 90, is increasingly seen by Chileans as a criminal and fraud. With numerous arrest orders and tax investigations, he is politically and socially isolated. Ms. Bachelet has refused to answer reporters asking if, as President, she would allow a state funeral for Mr. Pinochet.

As a life-long opponent of Mr. Pinochet, Ms. Bachelet knows first hand the torture techniques practised by DINA, the military intelligence agency that organised the murder of some 3,000 Chileans during the 1973-1990 military rule. In January 1975, kidnapped by a squad of soldiers, she was beaten and tortured for weeks. Her mother was locked underground without food or water for five days. The military government suspected that Ms. Bachelet worked as a courier in clandestine communications networks in Santiago, ferrying messages among resistance groups. Her father and boyfriend were both tortured to death.

Mother and daughter were exiled together first to Australia, then East Germany, where Ms. Bachelet received her medical degree and organised international resistance to the Pinochet regime. She returned to Chile in the late 1970s and worked in a health clinic, where she specialised in children traumatised by the torture and terror of military rule. When Mr. Lagos took power in 2000 he named Ms. Bachelet as his Health Minister.

In 2002 Mr. Lagos made Ms. Bachelet Minister of Defence, the first time in the history of South America that a woman held the post. It was a signal to the conservative Chilean military that the Pinochet era was over.

But her critics say she lacks leadership qualities. "Michelle is a valiant woman, who has had a hard life," said Mr. Pinera during a debate. "She is capable, but to be President you need much more than being a professional or a business leader. You need tenacity and leadership."

Ms. Bachelet brushes such criticism aside. In a recent debate she said: "Together we recovered democracy in Chile. Now I invite you to be part of another historic moment by electing Chile's first woman President. Let's make history." — ©Guardian Newspapers Limited 2006

Central & Latin America

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February 6, 2006

Arias Leading in Costa Rican Election

By THE ASSOCIATED PRESS

Filed at 1:44 a.m. ET

SAN JOSE, Costa Rica (AP) -- Costa Rica's presidential election tightened early Monday as a staunch critic of the country's free trade pact with the United States pulled nearly even with the candidate largely expected to win, Nobel Peace laureate Oscar Arias.

With half the votes counted, former president Arias had 40.8 percent compared to 40.2 percent for opposition figure Otton Solis of the Citizens' Action Party.

Arias supports the Central American Free Trade Agreement with the United States but Solis argues it would hurt farmers if enacted.

Costa Rica is the only country that has yet to ratify the agreement, although it has two years to join once the pact takes effect.

The winner of the presidential election needs at least 40 percent of the vote to win outright and avoid a runoff in April. Solis asked his supporters, who were gathering at his party's headquarters, to stay calm and wait for complete results. Pre-election polls showed him getting less than a quarter the vote.

"The polls never told the truth," Solis told reporters. "We said it many times."

Twelve other candidates also were vying for the presidency in an election that officials said had a 64 percent turnout -- the lowest in Costa Rican history. The low turnout apparently stemmed from indifference following scandals involving three former presidents.

Wearing the colors of Arias' center-right National Liberation Party -- green and white -- and waving Costa Rican flags, a boisterous group of Arias' supporters gathered at a San Jose hotel, where the candidate was waiting for the results.

The scion of a wealthy coffee farming family, Arias, 65, has pushed for Costa Rica to join CAFTA with the United States, arguing it would help revitalize the country's stagnant economy. The United States, Nicaragua, Guatemala, Honduras, El Salvador and the Dominican Republic have already ratified the pact.

The agreement eliminates tariffs and opens up the region to U.S. goods and services. It also lowers obstacles to investment in the area and strengthens protections for intellectual property.

Arias, who won the 1987 Nobel Peace Prize for working to end Central America's civil wars while serving as president from 1986-90, also has vowed to improve the country's infrastructure -- especially

the thousands of pothole-filled roads -- and invest more in education and housing.

This mountainous country has a thriving ecotourism industry and relatively high-paying jobs but a 20 percent poverty rate.

Solis, a 51-year-old economist, says the free-trade pact should be renegotiated because it would exacerbate poverty and hurt small-scale farmers. He also proposes subsidies for farmers and small businesses.

"What that trade pact does to our farmers is criminal," he said earlier in the day. "If I become president, I will change it in at least seven areas, otherwise there won't be a trade accord with the United States."

Solis lost the presidential election four years ago and served as minister of planning during Arias' first administration. He broke away from the National Liberation Party and in 2001 created Citizens' Action, a party that he says "puts people before foreign corporations."

Solis has the support of leftists, but he stops short of declaring an ideological position and instead says his party is an oppositional force to the two parties that have ruled Costa Rica for almost 50 years.

The country's current president is Abel Pacheco of the Christian Social Union party. Costa Rican law does not permit immediate re-election, but the Constitutional Court ruled in 2003 that former presidents could run again after leaving office and sitting out at least one four-year term -- allowing Arias to run.

Costa Ricans traditionally have treated presidential elections as a national holiday, and the country has had the region's highest voter turnout. It is common to see people wearing party colors and driving in caravans waving flags the night before the election.

But in the streets of San Jose, the country's capital, few houses displayed posters of the candidates ahead of Sunday's vote and only a handful of cars carried party flags.

In the capital, the longest line was at a park where clowns guided hundreds of children to tiny polls for a make-believe election.

"The people are tired of so many unfulfilled campaign promises," said Luis Carranza, a 41-year-old photo shop employee. "I will vote because it's my responsibility, but I doubt anything will change."

Costa Ricans were also choosing all 57 members of congress, two vice presidents and dozens of city councilors.

Argentina wipes off IMF debt

Buenos Aires: Argentina cancelled its entire \$9.5 billion debt to the International Monetary Fund on Tuesday, effectively cutting free from the Washington-based lender after years of bitter clashes.

"This is the start of a new phase," a smiling economy minister Felisa Miceli told reporters after the transaction was completed.

Argentine President Nestor Kirchner announced on December 15 the government would use nearly a third of its foreign reserves to wipe off the remaining IMF debt, two days after Brazil announced it would pay its \$15.5 billion debt with the IMF ahead of time.

Argentine leaders say the early payback gives the government more freedom to carry out economic policies that have not always met with the fund's approval.

"This allows Argentina to improve its economic, financial and fiscal situation and has a strong political and symbolic value ... Argentina is recovering autonomy in its economic decisions," said Miceli. An IMF spokesman declined to comment on the payment, a logistical feat that Central Bank governor Martin Redrado described as the "the central bank's most important and complex transaction in its 70-year history."

The payment involved



Argentina's economy minister Felisa Miceli (left) and chairman of Central Bank Martin Redrado

funds transfers to 16 different central banks worldwide, he said. Argentina's reserves totalled \$18.5 billion after the payment, down from \$28.05 billion on Tuesday, Redrado said.

The Argentine Treasury will give the central bank 10-year bonds to compensate for the drop in reserves.

Miceli did not rule out the possibility of using the reserves again in the future to repay Argentina's remaining \$16-billion debt to other multilateral lenders including the World Bank and the Inter-American Development Bank.

At the time of Kirchner's surprise announcement in December, Argentina owed \$9.8 billion to the IMF and has made some payments in the interim to leave the final figure at \$9.5 billion. Kirchner, who took office in May 2003, has slammed the IMF for funding what he calls the failed free-market policies of his predecessors. Reuters

Bolivian President-elect vows to join Chavez struggle

We form the axis of good, says Venezuelan leader

CARACAS: Bolivia's President-elect Evo Morales on Tuesday pledged to join the "anti-imperialist struggle," as he was welcomed to Venezuela by fellow leftist President Hugo Chavez, who lashed out at the United States.

The two leaders were set to hold talks and sign several agreements during Mr. Morales' eight-hour stopover in Caracas, which followed a similar summit with Cuban President Fidel Castro last week.

After his Venezuela trip, Mr. Morales (46) is scheduled to embark on a tour of Europe, Africa and Asia. "These are new times, we are in a new era, it is a new millennium for the people, and Bolivia joins this anti-neoliberal and anti-imperialist struggle," Mr. Morales told journalists.

He expressed satisfaction over "the Latin American integration process in which Cuba and Venezuela participate." Mr. Chavez, for his part, scoffed at Washington's concern over the close ties being cultivated between Bolivia, Cuba and Venezuela.

"Washington and its allies, that is the axis of evil; we form the axis of good," the outspoken former colonel said.

Mr. Chavez welcomed the Bolivian leader at a brief airport ceremony, and the two then headed to Caracas, for talks the Venezuelan leader said would touch on the key issue of energy.

Mr. Chavez's Government has benefited from sky-high oil prices and exports and Mr. Morales has said he wants to increase state controls over Bolivia's large natural gas industry.

The two were scheduled to sign several economic, trade and political agreements, officials said. Mr. Morales' initial diplomatic forays are unlikely to be



SHOULDER TO SHOULDER: Bolivian President-elect Evo Morales (left) receives a replica of South American independent fighter Simon Bolivar's sword from Venezuelan President Hugo Chavez in Caracas on Tuesday. - PHOTO: REUTERS

greeted with much enthusiasm in Washington which has long opposed Mr. Castro's government and tangled regularly with Mr. Chavez since he came to power.

However, the Bolivian President-elect met with U.S. Ambassador to his country, David Greenlee, on Monday and discussed U.S.-Bolivian relations, the fight against narcotics and

democracy. The meeting between Mr. Greenlee and Mr. Morales, who has criticised U.S. drug policy, took place "in the framework of high cordiality and respect", according to a statement from Mr. Morales' Movement Toward Socialism party.

Mr. Morales is due to visit to Spain, France, Belgium, South Africa, China and Brazil after he departs Venezuela. - AFP

THE HINDU

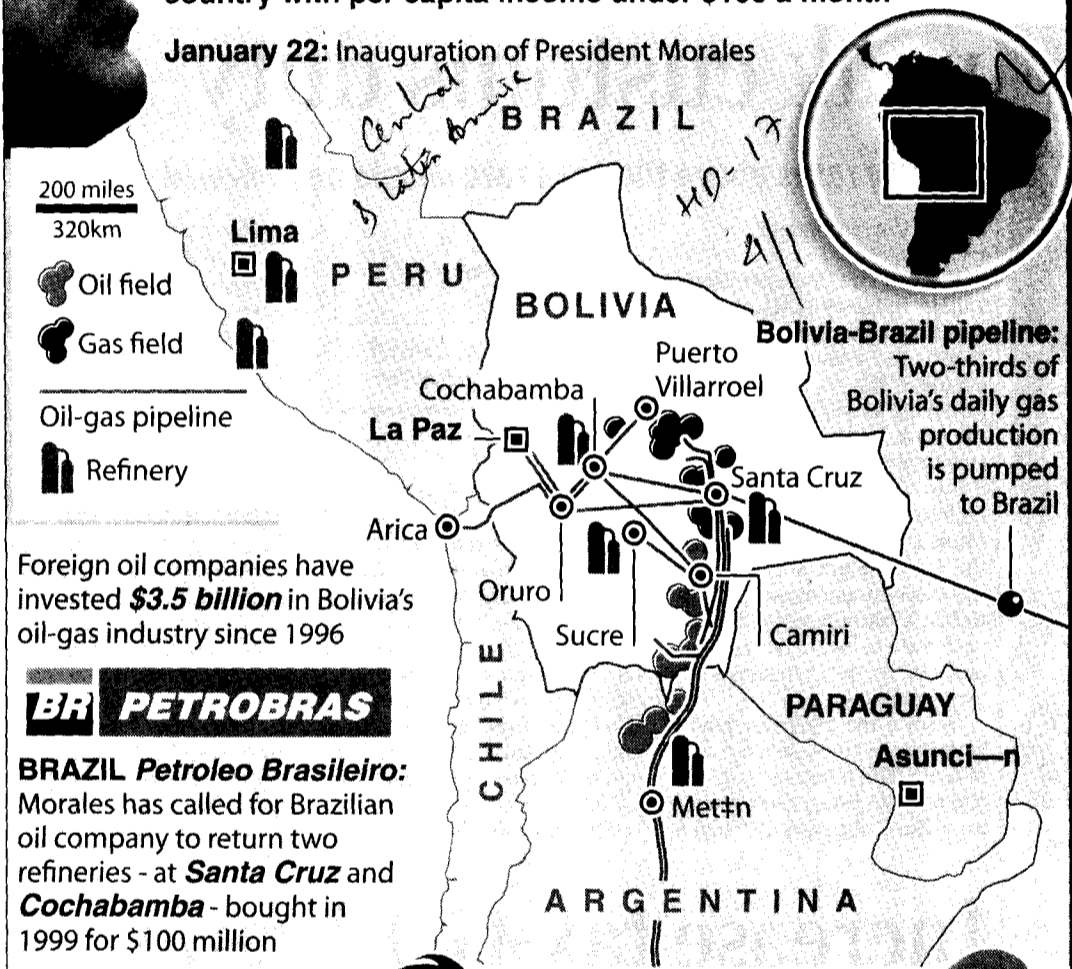
JAN 2000

Gas reserves key to Bolivia's future



President-elect Evo Morales has vowed to nationalize Bolivia's petroleum industry and negotiate better contracts with foreign companies involved in exploration and production. Although Bolivia has proven and potential natural gas reserves of over 53,000 billion cubic feet, it remains South America's poorest country with per capita income under \$100 a month

January 22: Inauguration of President Morales



200 miles
320km

Oil field
Gas field

Oil-gas pipeline
Refinery

Bolivia-Brazil pipeline:
Two-thirds of Bolivia's daily gas production is pumped to Brazil

Foreign oil companies have invested **\$3.5 billion** in Bolivia's oil-gas industry since 1996



BRAZIL *Petroleo Brasileiro:* Morales has called for Brazilian oil company to return two refineries - at **Santa Cruz** and **Cochabamba** - bought in 1999 for \$100 million



BRITAIN BG GROUP

BRITAIN BG Group: Bolivia accounts for 11 percent of company's oil and gas reserves. BG Group is a partner in two large gas fields and has 7.6 percent stake in Bolivia-Brazil pipeline



FRANCE Total: Operates two gas fields - possibly largest in **Southern Cone** of South America - which it discovered in 1999. U.S. giant **Exxon Mobil** has 34-percent stake in one field



SPAIN-ARGENTINA Repsol: Bolivian oil- and gas-rights represent a third of company's total reserves. Repsol began exporting gas to Argentina in 2004

Picture: Associated Press

Source: International Petroleum Encyclopedia

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THE FT 13

04 JAN 2006