Reassessing the Pink Tide

Lessons from Brazil and Venezuela

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ISBN 978-981-15-8673-6 ISBN 978-981-15-8674-3 (eBook)
https://doi.org/10.1007/978-981-15-8674-3

Cover illustration: Maram_shutterstock.com

This Palgrave Macmillan imprint is published by the registered company Springer Nature Singapore Pte Ltd.
The registered company address is: 152 Beach Road, #21-01/04 Gateway East, Singapore 189721, Singapore

To my parents, for their tireless commitment to the left movement.
—Sirohi, Rahul A.
To my parents, for always setting an example worth emulating
—Bhupatiraju, Samyukta

Contents

CHAPTER 1

Introduction

The spectacular resurgence of left movements across Latin America in the early 2000s baffled even the most seasoned students of Latin America. In a region where traditional leftist movements had been all but destroyed by brutally repressive authoritarian regimes and where governments of all hues and colours had unquestioningly adopted thoroughgoing structural adjustment reforms aimed at reintegrating Latin American economies into the neoliberal world economy, this "laboratory of neoliberal experiments"[1] was the last place anyone would have expected to witness large-scale political success of anti-systemic movements. But starting from Hugo Chávez's electoral victory in 1998 to the resounding victory of the Bolivian indigenous leader Evo Morales in 2006, a sequence of leftist governments with explicitly anti-neoliberal programs rose to power in various regions of Latin America. If the initial scale of this pink tide wave was not surprising enough the fact that these governments survived, and in fact prospered, in the face of stiff political opposition and the threat of

[1] Sader (2009).

This chapter is a modified version of our previously published article titled "Is the Pink Tide Ebbing? Achievements and Limitations of the Latin American Left", published in 2017 in the *Economic and Political Weekly, 52*(6). The article is available at: https://www.epw.in/journal/2017/6/special-articles/%E2%80%98pink-tide%E2%80%99-ebbing.html.

R. A. Sirohi and S. Bhupatiraju, *Reassessing the Pink Tide*,
https://doi.org/10.1007/978-981-15-8674-3_1

imperialist interventions from their North American neighbour was even more noteworthy.

All these achievements notwithstanding, since 2012 the leftist regimes have started to unravel. In country after country the delayed impact of the global financial crisis and the steep decline in commodity prices world over, increased economic pressures on these fledgling experiments. The problems began in Argentina when growth slowed down and mobilizations from the right picked up. The Kirchner government eventually lost support and was defeated in the 2012 elections only to be replaced by a blatantly pro-business regime. In Brazil, after a decade of robust growth, recessionary clouds gathered over the economy and brought it to a virtual halt. In countries like Venezuela economic chaos was of a much larger magnitude. Inflation rates skyrocketed, production of oil ground to a halt and with all of this, poverty rates increased dramatically (Economic Commission for Latin America and the Caribbean 2014). To make things worse, this period coincided with massive elite mobilizations which were successful in uniting the splintered opposition. The untimely death of Hugo Chávez opened up new opportunities for the resurgence of pro-neoliberal forces and in Brazil, Dilma Rousseff's government found itself squeezed between a powerful financial sector on the one hand and dwindling growth rates on the other. Having completely isolated her, the opposition then drummed up sufficient support to impeach Rousseff on completely flimsy grounds.

It is in this context that this book seeks to evaluate the broad changes that have been occurring within Latin America over the pink tide decade and seeks to understand the limitations and contradictions within these projects. The book focusses on the cases of Brazil and Venezuela.

Contextualizing the Left Turn in Latin America

For most of the nineteenth century, Latin American economies though nominally sovereign, remained within the orbit of influence of British imperial rule. This was not surprising as Latin American economies were important markets for Western manufactures, and perhaps more importantly, they were important sources of primary goods like cotton, sugar, rubber and coffee. As exporters of primary commodities Latin American nations were successful in capturing global markets and these international linkages were crucial for incipient economic growth, but the reliance on primary commodity exports also meant that these economies were

extremely dependent on American and European markets and remained vulnerable to exogenous price volatilities (Kohli 2004). Apart from giving foreign investors untrammelled control over economic decisions, the deepening pattern of economic dependency also strengthened the political clout of the agro-exporters, much to the detriment of industrial classes. As a result, industrialization remained muted and the sort of structural change that advanced capitalist nations were undergoing, completely bypassed Latin America (Bagchi 1972, 1982).

In this context the global commodity slump of the 1930s proved to be a game changer (Franko 2007). In the face of falling demand from major export markets, Latin American economies began to face severe balance of payments problems. As primary commodity prices fell and foreign finance dried up, Latin American economies were forced to experiment with protectionist policies. In addition to external changes, this period also coincided with the growth of economic nationalism in the region. There was growing resentment against the export oriented pattern of development and by the early decades of the twentieth century several voices had begun to openly criticize the excessive dependence on foreign trade, which they argued, had restricted Latin American economies to being producers of raw materials and had allowed foreign capital to gain a foothold in domestic economy to the detriment of local capitalists (O'Toole 2014; Ocampo 2006; Burns 1968). Moreover, faced with dwindling international prices it was felt that the only way these economies could hope to develop themselves was by espousing an autocentric development strategy based on state interventionism, protectionism and across-the-board industrialization. This provided the backdrop to the adoption of the import substitution industrialization policies (ISI) across the continent.

In terms of economic performance, the developmentalist policy-stance proved to be successful on several dimensions. For instance, between 1950 and 1980 GDP growth rates averaged 5.5% (Ocampo 2006). During the same period the growth rates of the manufacturing sector were around 6% (Ffrench-Davis et al. 1994). As an indicator of the extent of import substitution we may note that "For Latin America as a whole, the share of imported capital goods in total capital formation fell from 28 per cent in 1950 to 15 per cent in 1973" (Ffrench-Davis et al. 1994: 192). Therefore, what was striking about the rapid rate of growth in the region was that it was the industrial sector that played an important role in the process. Manufacturing became the leading "…engine of growth,

reaching a peak share of 26% of GDP in 1973, seven percentage points more than in 1945, a feature shared by all countries" (Ocampo 2006: 68). As can be expected much of this growth was fuelled by high rates of investment which grew at an average rate of 7.4% per year in 1951-80 for the region taken as a whole (Ffrench-Davis et al. 1994).

Underlying all these achievements were some glaring flaws which had started to become apparent by the 1970s. Despite all the rhetoric, most countries avoided radical changes in the economy's income and asset distribution structure and thus the size of the home market remained very narrow and inequalities remained high. Added to this, the capital intensive nature of industrialization meant that industrial growth far outstripped the rates of labour absorption (Baer 1972; Prebisch 1978; Tokman 1982). As a result, large sections of the society were effectively excluded from formal sector jobs and since most social security benefits were linked to formal sector jobs, only a few could enjoy the welfare benefits that the state provided. On the whole therefore the developmentalist project became locked into a self-defeating cycle of inequality, informality and limited industrialization. The inability to address income concentration was reflective of a larger malaise in the institutional structure of Latin American economies. Unlike in Asia where anti-colonial movements successfully pushed states and native bourgeoisie to seek greater autonomy from foreign capital, in Latin America the entire institutional structure retained a *dependent* character which severely restricted the state's reach and power (Kohli 2009). The dependent nature of economic development meant that not only were politically contentious reforms avoided but the Latin American variant of ISI also came to be heavily dependent on foreign capital. By the 1970s this dependence increasingly took the form of debt.

Initially because foreign capital was easily accessible and interest rates were low, the unsustainability of debt did not seem to concern policymakers.[2] Eventually however this entire process of funding growth via foreign finance ran into problems when the United States hiked its interest rates in 1979 causing a sudden increase in interest payments. Between 1979 and 1984 interest payments on debt jumped by over 300% (Chodor 2014). To make things worse, as these economies started to stumble massive capital flight added fuel to the fire. In Venezuela capital

[2] One high ranking Latin American policy maker confidently declared, "debts are not paid, debts are rolled" (Quoted in Galano III 1994: 330).

flows worth 131.5% of total external debt flew out of the economy in the five-year period from 1979 to 1984 alone, while in Argentina and Mexico the numbers were 76.9 and 73.3%, respectively (Franko 2007). The explosion of external debt and sudden capital flight pushed these over-indebted economies into a grave economic crisis as GDP growth fell, industrial development faltered and inflation skyrocketed (reached four digit figures in Peru, Nicaragua, Brazil and Argentina). This formed the backdrop to the adoption of neoliberal policies.

Faced with this crisis of daunting proportions, defaulting countries turned to the IMF and the World Bank for assistance. As a part of loan conditionalities set forth by the multilateral institutions, defaulting economies were forced to adopt neoliberal policies in return for loans. It may be noted that the manner in which structural adjustment was imposed differed from one country to another. In countries like Chile, liberalization had already begun in the 1970s under Pinochet's military dictatorship. For others, like Brazil, liberalization was relatively late in the sense that it followed the debt crisis of 1982. Whether imposed by the IMF or by military rulers, what was common to all these regions was that structural adjustments were essentially deflationary in nature. The logic behind this was that immediate problems facing Latin American economies stemmed from a mismatch between expenditure relative to resources. Since debt was a reflection of "too much" expenditure, it would follow—or so it was argued—that income deflation could provide a corrective to this situation by squeezing domestic demand and bringing it in line with available resources (Franko 2007). In the short term this structural adjustment would also release sufficient funds for repaying debt to all those financial institutions that faced massive exposure due to sovereign default. At a broader level, neoliberals argued for deeper reforms in the economy. In their opinion the economic crisis of the region was not a one-off incident but rather it was a reflection of the malaise of statist development models. The "irrational" and market "distorting" policies associated with ISI were simply unsustainable. What was required was a shift towards a more market-oriented growth strategy (Edwards 1995).

Two important aspects of neoliberal adjustment may be noted. First, from the very beginning there was a stress on reducing the role of the state in the social sector. Adjusting economies witnessed massive cuts in government expenditure especially on social spending and also witnessed wholesale privatization of state-owned enterprises. According

to Franko (2007: 170) "Seventy seven percent of all privatizations in developing countries in 1998 took place in Latin America; in 1999 the region accounted for more than half of such privatizations". The entire burden of neoliberal adjustments therefore fell on the poorest classes. In the name of rationalizing costs and removing "distortions", minimum wages were slashed dramatically, with countries like Mexico and Brazil witnessing major reversals in the 1980s and 1990s.[3] The liberalization of trade and the introduction of labour market flexibility caused a huge increase in the ranks of unemployed and forced a number of people into the informal sector. In Brazil informality increased by 10% between 1990 and 2000 while in Argentina urban informality alone increased by 10% between 1992 and 2003 (Bosch et al. 2007). Similar trends were visible in Bolivia, Ecuador and Venezuela as well (Jutting and de Laiglesia 2009).

The second salient feature of the entire process relates to the political environment within which reforms took place. In early liberalizers like Chile, unaccountable military dictatorships were instrumental in imposing liberalization policies but in many late liberalizers the transition towards neoliberalism occurred under democratic regimes where governments were subject to electoral pressures. The expansion of "associational spaces" that occurred in the wake of this wave of democratization had brought about an unprecedented politicization of the working classes and there were explosions of popular anti-neoliberal movements all across Latin America (Silva 2009; Chodor 2014; Grugel and Riggirozzi 2012). Therefore, what was striking about the introduction of austerity policies was that despite the restoration of democracy and the massive groundswell opposition to neoliberalism, the political class remained staunchly wedded to imposing the austerity agenda. Major economic initiatives were insulated from popular pressures and were instead pushed through executive decrees causing severe disenchantment with established parties (Silva 2009; Chodor 2014). The institutionalization of equality in the political sphere and the continuous exclusion in the economic sphere created major tensions within the neoliberal model.

[3] See CEPAL Database.

The Evolution of Latin American Left in the Twentieth Century

1998 saw the victory of Chávez in Venezuela, and that started off a train of left regimes across the region. To understand these left experiments that began in the early 2000s, to appreciate their initiatives, their failures and their achievements, they must be seen in the context of a long cycle of popular mobilizations that date back to the early twentieth century (and perhaps even earlier). It is therefore necessary to reflect on the longer roots of popular mobilization in the region.

The emergence of the left in Latin America during the twentieth century has to be seen first and foremost in the context of the region's relationship with the United States. In the early nineteenth century European powers had become embroiled in a bitter rivalry for Latin American markets. The main aim of the United States, whose industrialization was in full swing by this time, was to prevent its own backyard from being infiltrated by European powers and to retain the region for itself. As early as 1811 the United States' "no transfer principle" made clear its hostility towards "any transfer of European territory in the Western Hemisphere to another Old World state" (Langley and Schoonover 1995: 17). In 1823 the Monroe Doctrine designated as national security threats, any attempt by Latin Americans to forge relationships with European powers or any attempt by them to establish non-American political systems in the region. To put this in context, we may note that Latin America during this time was proving to be absolutely essential for American development. By the middle of the nineteenth century for example, several private players including the Vanderbilt family made their fortunes through investments in railways, mines and various public utilities in Central America. A steady supply of cheap raw materials, food and other natural resources fed American industries and in times of economic crisis it was Latin American markets that provided a safe haven for American investors to cling onto (Langley and Schoonover 1995). By the beginning of the twentieth century it controlled large swathes of the Latin American economy, absorbed a large share of Latin American exports and provided a huge quantity of the region's imports. As a source of capital, United States had begun to eclipse Britain as the largest investor in the region and American companies had come to acquire large stakes in various public utilities, in mining and in oil. Thus in Brazil, Americans accounted for almost 50% of all foreign direct investments in 1950 and in

Mexico the figure stood at 60% by 1940 (Hewlett 1975; Twomey 2001). American banks increased their operations in the region and several Central American and Caribbean countries became tied to American debt. With this deepening economic link, also came greater desire to exert control over the region militarily (Grandin 2006). As American economic interests grew and as its companies penetrated every nook and corner of the continent, the United States increasingly started to view Latin America as its own backyard and it increasingly sought to control the region's affairs. From this point on, United States' relationship with Latin America came to be based on the basic idea that any and all decisions made by states in the region had to be in accordance with American economic and political interests, failing which United States could and would interfere in the domestic affairs of said nations to preserve its dominance in the region. The aim of American foreign policy well before the Cold War began, became focussed on the creation of a network of pliable states in the region that would do America's bidding. By the early twentieth century the Americans used their self-designated position of Latin America's watchman to militarily intervene in Cuba, Mexico, Nicaragua, Granada and Dominican Republic on several occasions.

The extroverted nature of Latin American development and its dependent ties with United States created a very lopsided growth process in which American investors and their agro-exporter collaborators reaped all the gains while workers and peasants in Latin America suffered through chronic unemployment, low wages and cyclical shortages of food and basic commodities. As a result of this, by the end of the nineteenth century itself Latin America was teeming with labour movements and worker's organizations in the form of trade unions, mutual aid societies etc. that began springing up in many urban centres of Cuba, Chile, Mexico, Argentina and Brazil.[4] By the end of the First World War growing unemployment and rising costs of living ignited a continent wide burst of labour unrest. In the summer of 1917, 45,000 workers participated in work stoppages in Sao Paulo and soon after, strikes spread to Rio de Janeiro as well. "Even larger mobilizations took place in Argentina between 1917 and 1921. In each of those years more than 100,000 workers participated in strikes in the city of Buenos Aires alone. During 1919, the peak year, 308,967 workers carried out 367 strikes there" (Hall

[4] See the discussion in Collier and Collier (2002), Hall and Spalding (1986) and Pérez (2006).

and Spalding 1986: 357). In Chile too the same cycle was repeated. After a burst of militant labour activities from 1903 to 1907, Chile once again experienced increase strike activities in 1917–1919. In 1919 labour activism reached a peak as major Chilean cities were brought to a standstill (Collier and Collier 2002). In Cuba too working class organizations developed at great pace during this period. Like in other parts of the region, strike activity picked up in 1917 and reached its heights in 1919. "Between January and February 1919, there was a strike somewhere in Cuba almost daily" (Pérez 2006: 182). In 1920 workers organized themselves into a political party, the Partido Socialista Radical and by 1925, 82 Cuban trade unions united themselves under a single nation-wide federation, the Confederación Nacional Obrera de Cuba (Pérez 2006). Over all, this period of urban unrest provided to be crucial in radicalizing the urban working class. And although this phase of militancy died out soon after, this early upsurge saw the spread of communist ideals in the labour movement as communist parties made considerable gains within emerging trade unions.[5] Unionization itself increased in strength, collective bargaining became widespread and under increasing pressures from the working class, the state too came to recognize the need to regulate working conditions.

If urban Latin America was on fire, in the countryside the situation was as volatile if not more. Vast amounts of land needed for setting up large-scale agricultural projects and for establishing profitable mining units had led to massive dispossession of the peasantry. The indigenous population was the worst affected as governments passed laws to privatize communal lands and used its might to ensure that the most fertile areas were brought under the control of large land owners and foreign investors. When peasants resisted, they were met by brutal repression. In Mexico the conditions in the countryside precipitated a decade long peasant revolt against Porfirio Díaz's dictatorship between 1910 and 1920. In what was perhaps the first major indication of the insurrectionary mood that had caught a hold of Latin American masses, peasants and urban workers in Mexico armed themselves and fought government forces, at one point even taking control of the capital city. By the end of the protracted confrontation, anywhere between one to two million people lost their lives (Minns 2006). Similarly, in Nicaragua, in 1926, a strike by workers

[5] The Communist Parties of Brazil and Chile for example were established in 1922 and the Argentine Communist Party was established in 1920.

of the United Fruit Company would snowball into a full-fledged uprising against Emiliano Chamorro's regime that had come to power through a coup in 1924 (NACLA 1976). Drawing on disaffected peasants and workers, Augusto Cesar Sandino, would head a decade long guerrilla insurgency in the region. The movement would demand land reforms and greater national sovereignty. Threatened by its radical stance, the US army would wage what would become "its first anti-guerrilla war in Latin America" (NACLA 1976: 5). The war would continue for almost a decade eventually and the uprising would be defeated but only after an unceremonious assassination of Sandino during a formal peace negotiation in 1934. At around the same time as this phase of Nicaraguan unrest was coming to an end, a similar story would repeat in El Salvador in 1932, when the country would witness agricultural workers and peasants marching onto the streets demanding wage increases and greater political rights. The protestors, organized by the Communists, would occupy town halls, attack National Guard units and even invade coffee estates. But unlike in Mexico and Nicaragua, the peasant rebellion here would be swiftly defeated, with the massacre of thousands of mostly indigenous peasants, making it "one of the largest acts of state-sponsored repression in the twentieth century in the Western Hemisphere" (Almeida 2008: 46).

Scenes like this would play out across Latin America and it would be these enormous mobilizations that would force dominant classes to accede to far reaching political and economic reforms. By the end of the Second World War several Latin American countries like Venezuela that were under authoritarian rule transitioned towards a more liberal political framework. In countries that already had some semblance of democratic governance, political liberties and civil rights were further deepened. "Thus, almost all the countries of the region moved in the direction of political liberalisation and partial democratisation. No Latin American country moved in the opposite direction" (Bethell and Roxborough 1988: 170). Indeed, it was these pressures from below that inspired the region-wide adoption of developmentalism that we discussed in the previous section. By the end of the Second World War, several large Latin American countries began to implement expansive demand management programs including activist industrial policies, land reforms in some cases, sweeping welfare programs, and so on to placate popular movements (Grandin 2006). The lynchpin of these developmentalist experiments was the promise that the state in alliance with the domestic bourgeoisie would

recapture national sovereignty and would wield this power to once and for all deliver the masses from their misery and back-breaking poverty. Developmentalism was in this sense, a political bargain that dominant classes struck with the masses which promised them deliverance from hunger and inequality in return for them acquiescing to maintain social peace.

As ambitious as these experiments were and for all the ruptures that they entailed from Latin America's past, developmentalism from the very beginning was built on shaky grounds. For one thing, the early success of these projects occurred at a peculiar global conjuncture marked by economic crisis in the advanced economic world and the outbreak of intense inter-imperialist rivalries both of which weakened imperialist grip on Latin America[6]; a conjuncture, however, that could not hold on forever and was therefore bound to pass. So although the combined blows-of the War and the Great Depression—were undoubtedly important because they opened up a window for nationalist forces to emerge in Latin America, given the temporary nature of these global correlation of forces, in the long run the sustainability of these projects depended on the extent to which domestic elites were willing to face up to imperialist powers and carve out an independent sphere of action for themselves. Indeed, the central assumption that undergirded the industrial policies of Brazil, Mexico, Argentina and the other Latin American nations was that the domestic industrial bourgeoisie would live up to this task and become the harbinger of economic modernity to the region. But this optimism was misplaced. Late development in regions like Latin America entailed a very peculiar situation in which the development of capitalism unfolded in a context where the power of the agricultural oligarchy was largely intact and where imperialism had a firm grip over their economies. Unlike its European counterparts in the seventeenth and eighteenth centuries who smashed the power of feudalism, Latin American capital was too hesitant to allow the peasantry to take on the agricultural oligarchs because of the fear that such an assault may rebound into an all-out attack on all forms of private property (Frank 1974, 1979; Baran 1957). Neither was it

[6] During the inter-War years, the United States acquiesced to Cuban appeals to repeal the Plat Amendment that had given it extensive powers to intervene in Cuban political affairs. Further in return for Cuban co-operation during the Second World War, United States provided soft loans, preferential access to US markets amongst other incentives (Pérez 2006). Similarly, in Brazil, the threat of German competition was used by Getulio Vargas to push North Americans to provide generous help to their fledgling industries (Wirth 1970).

intent on taking on imperialism in any major way since it perceived that an alliance with foreign capital would actually be beneficial to its own interests. What the capitalists wanted was to derive greater concessions from imperialism and thus to find a suitable accommodation within the existing parameters rather than take on the mantle of an ambitious national reconstruction (Mariátegui 1929; Guevara 1960, 1965). Thus the kind of reforms required to unleash economic energies in the economy and to usher capitalist development of the classical kind, the Latin American bourgeoisie was unwilling to support by virtue of its "late-late" development. In practice therefore, most of the gains won by the working class and the peasantry turned out to be only transitory and by the 1950s and it became increasingly clear that the "national" bourgeoisie was intent on reneging on its end of the developmentalist bargain. With time it become more and more obvious that the dominant classes especially the domestic industrial bourgeoisie, were never really averse to collaboration with foreign capital but what they wanted was for this collaboration to be done on advantageous terms. They wanted freedom enough to grab larger shares of imperialist rents that accrued from the super exploitation of Latin American masses, but what they were not ready to give into were the kinds of freedoms that the masses aspired for. Thus in the decades that followed the end of the Second World War, industrialization did take firm root, but not without massive doses of foreign investments, external debt and foreign doses of technology. And thus as Latin American economies grew so did their ties to global capital (Franko 2007; Baer and Sirohi 2013). All the while this unfolded, economic and political marginalization of the workers and the peasantry only worsened. In the midst of Cold War politics, country after country in Latin America experienced the return of brutal authoritarian regimes which cracked down on peasantry and labour movements. The deafening arrival of these conservative turns was sounded in Guatemala in 1954 when a democratically elected reformist president Jacobo Arbenz was deposed by the Guatemalan oligarchy with the help of the North Americans. Cycles such as these would continue across the continent undermining reformist impulses at every step, so that by the end of the Cold-War era, in terms of the distribution of economic resources, the developmentalist experiments would have very little to boast about. Land inequalities would remain stubbornly high especially in Central America and very few Latin American countries would actually end up implementing meaningful land reforms. In some cases, where such reforms would be implemented, they would eventually be reversed in the 1970s and 1980s, most notably as in the case of Chile (Kay 2001).

It was these multiple failures to enact even the most basic reforms that ultimately radicalized the masses and pushed them further to the left. In Cuba where the contradictions of peripheral capitalism took their most concentrated form, guerrilla forces led by Fidel Castro toppled the corrupt and repressive regime of Fulgencio Batista in 1959.[7] The Cuban revolution took observers by surprise not because of the toppling of the regime itself—this was a common occurrence in Cuba ever since it gained its formal independence from Spain in 1898—but because of the pace with which reformist measures taken by Fidel turned into a revolutionary fire. Ever since its colonial days, Cuba had been heavily reliant on export of primary commodities and politically, even though it obtained its independence from Spain, it remained nothing more than a protectorate of the United States. The latter intervened extensively in Cuban political affairs throughout the first half of the twentieth century and backed its political domination with economic one as it invaded the Cuban economy with its capital. Local planters were more than happy to acquiesce to the state of affairs and even the domestic bourgeoisie that had started to emerge during the First World War, did not seek to transform Cuba's status in any meaningful manner. By the eve of the 1959 revolution, the economy was in a mess with the brunt of the effects being borne by the workers and peasants. It was in this kind of context in 1956, that Fidel and his associates began organizing an armed uprising in the countryside. Despite early failures, by 1958 the guerrilla movement developed a large mass base amongst rural and urban poor who rallied towards the revolutionaries in their thousands. As other anti-Batista forces joined the fray, the resistance acquired a mass character and Fidel encouraged this by appealing for broader unity within the anti-Batista forces.[8] The Sierra Maestra Manifesto (July 12, 1957), for example, only called for free elections, better governance, emphasized the need for improving education and health attainments of Cubans, industrialization and job creation.[9] It had no mention of any major socialist demand which could have driven a wedge between the resistance forces. On 1 January 1959, the Batista regime

[7] For this description of the Cuban experience I draw extensively on Pérez (2006).

[8] See Faber (2019) for this point.

[9] Available at: http://www.latinamericanstudies.org/cuban-rebels/manifesto.htm [Viewed 14/10/20].

was finally overthrown and in its place there appeared a broad coalition consisting of liberals, representatives of traditional political parties on the one hand and revolutionary elements led by Fidel on the other. But in what appeared to be almost a Cuban version of "dual power", the moderates and liberals grew increasingly distant from Fidel and his armed guerrillas, who in turn sought refuge with the masses. By mid-1959, with these elements largely sidelined, it was Fidel with the assistance of the Communist party that came to the helm of affairs on the island. At first, all that Fidel sought to do was fulfil basic economic demands like increase wages, pass rent ceiling laws, enact land reforms, etc. that the masses had been demanding for a number of years. These reforms although barely anti-capitalist by themselves, polarized the country as propertied classes revolted with the United States and foreign capital in tow. Sabotage, armed violence and even armed invasions by American mercenaries became the order of the day. And as this opposition hardened, the fledgling leftist regime increasingly retreated into its mass base for support, which in turn pushed the regime further to the left than anyone thought it would go. "The radicalization of the revolution quickly assumed an internal logic of its own. As fidelista policies lost favor among liberals and moderates, it became necessary to find new political allies.… This is precisely what the radicalization of revolutionary programs and policies accomplished: the incorporation and mobilization of vast sectors of the population, including the poor, dispossessed, and unemployed. But it was also true that the mobilization of this population to defend the revolution added new pressures within the revolution. The broader the social base of the revolution, the greater the demand for radical change. It was a process that thrived on its own determination to survive, and that once started could not be reversed easily" (Pérez 2006: 250–251). By 1961, the Cuban regime declared itself to be socialist and formally aligned itself with the Soviet bloc.

The revolution sent shock waves across the United States and Latin America because of the sheer symbolic effect it had. A country barely 150 kilometres off the shores of the most powerful capitalist power in the world, had successfully overturned imperialist rule and had fought all kinds of odds to inaugurate the first victorious socialist revolution in Latin America. North Americans, who had seemed just so invincible until then, were shown up by a people that they had always considered inferior to them; a people that were never thought capable of governing themselves let alone establishing a socialist order. But more than the embarrassment

of it all, the Cuban example indicated that the path towards the kind of freedom that Latin Americans had yearned for since the nineteenth century ran through socialism (Sader 2011). As Che Guevara (1965) put it, "The struggle against imperialism, for liberation from colonial or neocolonial shackles, which is being carried out by means of political weapons, arms, or a combination of the two, is not separate from the struggle against backwardness and poverty. Both are stages on the same road leading toward the creation of a new society of justice and plenty". The effect of this was not lost on the North Americans and definitely not on Latin American workers and peasants. In the immediate aftermath of the Cuban revolution armed guerrilla uprisings sprung up all across Latin America (Brands 2010). Brazil, Chile, Guatemala and Peru witnessed a massive wave of rural unrest as peasants invaded land, burnt crops and even took up arms to press forward their demands for land reforms. In each of these cases it was the Cuban experience that became a central reference point for radical movements (Brands 2010).

The Americans were rattled by what had happened in Cuba and were certain that the rest of Latin America would follow suit unless prevented by timely action from their side. Thus beginning with Kennedy's government, United States began to pour millions of dollars into counter-insurgency operations in Latin America to prevent another Cuba from taking place in the region (Grandin 2006). It provided training and equipment to anti-communist governments, planned coups, organized military invasions and used the CIA to assassinate political opponents. It is also worth noting that the Cuban revolution came on the eve of major shifts in the global economy. For two decades after the War, Western economies flourished, recording high growth rates and near full employment levels. But by the mid-1960s this phase of capitalism was drawing to an end. As recessions and inflation became the order of the day, a major restructuring of capitalism came to be placed on the cards. Neoliberalism as this process came to be called, entailed a wholesale attack on labour rights, an unbridled financialization of the economic sphere and a deeper incorporation of the Global South into international trade and finance networks. Latin America was the first of the regions in the Global South to receive the neoliberal treatment, but before this large-scale restructuring could be rolled out, it was necessary for civil society to be cleansed of subversive elements (Klein 2007). Purging communism, then, would not only serve political ends of the Cold War but also lay ground for economic ones.