The Sad Death of the Latin American Left

Venezuela's Hugo Chavez and Brazil's Luiz Inacio da Silva dreamed of a new world order. Their successors watched it fall to pieces.

BY CHRISTOPHER SABATINI   DECEMBER 10, 2015

In Latin America, economic crisis, corruption, and, now, political upheaval, have brought an end to the foreign policy adventurism of two nations that once seemed poised to lead a new era: Brazil and Venezuela. Both of their economies are in a tailspin. Brazilian President Dilma Rousseff faces impeachment proceedings over her alleged lack of oversight of the budget process. And with the resounding defeat of Venezuelan President Nicolás Maduro's governing party in the Dec. 6 legislative elections, these countries’ once-proud ambitions of only a decade ago now seem delusional.

In the early years of the 21st century, Venezuela and Brazil sought to shake off centuries of U.S. dominance. Venezuela's Hugo Chávez and Brazil's Luiz Inácio “Lula” da Silva stood at the vanguard of a younger generation of South American heads of state. To the considerable anxiety of officials in Washington, they seemed to herald a new, turbulent phase for the region’s relations with the United States.

Chávez and his self-proclaimed Bolivarian Revolution — named for his hero Simón Bolívar, Venezuela’s independence leader — bought allies through oil giveaways and wooed rogue regimes such as Mahmoud Ahmadinejad’s Iran. Brazil’s pragmatic foreign policy, by contrast, centered on reforming the existing world order; it also sought to check U.S. power across the hemisphere and, more broadly, democratize multilateral institutions such as the United Nations and the International Monetary Fund (IMF), with Brazil as the lead beneficiary.

These outsized dreams were fueled by the outsized personalities of Lula and Chávez. But they were also enabled by an economic boom that couldn’t last — and, indeed, hasn’t. Their hand-picked, charisma-challenged successors have been forced to trim their ambitions amid a collapse in the price of global commodities. Rousseff — the dry, technocratic former chairman of Brazil’s state-run oil company Petrobras and former guerrilla leader — has struggled to recover from China’s reduced hunger for Brazilian iron ore and agricultural products, just as Nicolás Maduro has had no answer for the steep drop in the price of oil.
In the end, despite their divergent strategies, both Venezuela and Brazil have wound up in the same humbled place, their earlier international dreams in tatters.

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From the outset, Chávez attempted to reignite Bolívar’s vision of a grand alliance of Andean countries, dubbed “Gran Colombia,” that would comprise Venezuela, Colombia, and several other nations. Never one for subtlety, he christened his creation the Bolivarian Alliance for the Peoples of Our America (ALBA), and pledged that it would establish a common currency, coordinate military policy, and establish a new regional bank called Banco del Sur to help fund development without the conditions typically imposed by the IMF and World Bank.

At the same time, with oil prices surging to $100 a barrel, Chávez became both the champion of the extreme anti-globalization left and the bête noir of the U.S. right. Seemingly respectable economists like Mark Weisbrot and members of the Hollywood glitterati, like Oliver Stone, Michael Moore, and Sean Penn, embraced his populist petro-patronage, under which the government established subsidized food banks and pumped up state employment as a viable economic and political alternative to the United States and the economic orthodoxy of Washington Consensus reforms of the 1990s.

The left’s embrace of Chávez was, in part, a reflection of its mutual disregard for the George W. Bush administration and, in part, a genuine-but-misguided belief that Chávez’s self-proclaimed Bolivarian revolution was sustainable. This pro-Chavista solidarity required that one ignore his silence on progressive issues like the environment and LGBT rights, and the very real economic and institutional damage he was doing to his country by making it even more dependent on oil exports, inflating its currency, politicizing the military, and packing the judicial system with partisan allies.

Meanwhile, Chávez’s Bolivarian ambitions infuriated American conservatives. He leveraged his prestige and the commodity windfall to become the clown-prince of the global summit circuit, railing against free trade and anointing then-President George W. Bush the devil. Bush officials, in turn, attempted to thwart the hemispheric anti-American bully (as well as Cuba, Caracas’ staunch ally), and openly fretted over the grand ideological and militaristic designs of ALBA, whose enthusiastic ranks included a new crop of fringe leftist leaders in Bolivia, Ecuador, Nicaragua, Cuba, and, for a time, El Salvador and Honduras.
Economically speaking, this was no all-star lineup. In 2011, its combined GDP equaled 14 percent of Latin America and the Caribbean’s And Chávez’s economic vision did little to improve their lot. Caribbean countries and El Salvador and Nicaragua grew to depend on the Venezuelan oil given to them at low interest loans, and made little effort to cultivate more stable sources of oil or income. In Venezuela, the country’s deepening reliance on oil retarded other sectors of the economy to the point that today, oil accounts for 95 percent of its export earnings. At the same time, as it raided the state oil company’s coffers, it neglected to invest in new technology and exploration, shrinking production from 3 million barrels per day in 1998 to around an estimated 2.2–2.5 million today.

To be sure, Chavismo’s damage is real, and deeply felt. But the government of Chávez and Maduro and the Bolivarian project have been marked more by incompetence, corruption, and criminality, than by ideological coherence. Today, the Venezuelan economy is the worst-performing in the world, with a GDP expected to contract by around 10 percent. Its people suffer from massive shortages of basic goods like corn meal and toilet paper, inflation rates that are expected to reach 200 percent this year, and the second-highest murder rate in the world.

Venezuela’s regional friends, who once relied heavily on its vast petroleum reserves, are changing course. Bolivian President Evo Morales, once one of Chávez’s best friends, turned down Venezuela’s petroleum largesse in 2014. The 17 members of Petro-Caribe, the bloc of nations that receive subsidized oil from Venezuela, have begun searching for alternatives, such as renewable sources of energy and international investment to develop natural gas. Even Cuba, which receives some 100,000 barrels of Venezuelan oil per day, is looking for new petro-partners. Since the start of the Venezuelan lifeline to the decrepit Castro regime, Cuba has resold half of its take on international markets. But with oil now at $40 a barrel, Havana has found that being a Venezuelan client state is not worth as much as it once was — a recognition that contributed in part to the regime’s rapprochement with its age-old nemesis, the United States.

Brazil’s past decade-plus of foreign policy activism, in contrast, was more pragmatic, centrist, and reflected the country’s longstanding desire to win respect and a seat at the table of world powers.
When Lula’s Partido dos Trabalhadores (PT) party won Brazil’s 2002 election, those dreams took on a decidedly partisan turn. To be sure, Lula, unlike Chávez, rushed to assure financial markets that he was no radical, despite his lefty reputation as a former labor leader. Nevertheless, while his methods and rhetoric were less inflammatory than those of his Venezuelan neighbor, Lula’s foreign policy also sought to siphon global power from the developed north. Starting in 2003, Brazil positioned itself as the broker of the global south’s economic and diplomatic ambitions, but often with an eye to checking U.S. influence in the hemisphere.

Brazil's newfound assertiveness was especially clear in the arena of international trade. It began at the Free Trade Area of the Americas (FTAA) negotiations in 2003 in Miami, which aimed to establish a region-wide free trade agreement. Brazil demanded its right to maintain a national development policy that would give it greater power to select and shelter economic sectors to develop the country’s manufacturing base. Its unyielding position, along with the support of a number of other governments, effectively scuttled the FTAA, much to the chagrin of Washington, which wanted a more traditional free trade arrangement along the lines of the North American Free Trade Agreement (NAFTA) between Mexico, Canada, and the United States. A similarly staunch position — this time, to protect Brazil’s agricultural exports — helped scuttle the World Trade Organization’s Doha round of trade talks at Cancun earlier that year. In both instances, the message was clear: Brazil was going to be a champion of the south’s economic demands on the global stage.

But Brazil could never quite translate its ascendancy in trade policy to broader diplomatic influence. In 2010, Brazil and Turkey tried to head off U.N. sanctions on Iran over its nuclear program by engaging in last-minute negotiations with Tehran. But Brazilian officials failed to convince the members of the U.N. Security Council to sign on. Similarly, during its time as a non-permanent member of the Security Council, Brazil abstained on critical votes regarding Syria and Libya. The refusal to give an up or down vote was not seen kindly by many of the diplomats at the U.N. As one ambassador said to me: “World powers don’t abstain. They have the courage to vote yes or no.”

These attempts by Brazil to impose its will on geopolitical diplomacy failed. And its moment may have passed.
Today, Brazil is consumed by domestic trouble. After its economy grew by an average annual rate of 4.6 percent between 2005 and 2008 and by 3.9 percent in 2011 following the global recession, it is expected to contract by close to 3 percent this year, the country’s greatest economic slide since the Great Depression. At the same time, the revelation of a massive corruption scam involving the semi-private, state-owned oil company Petrobras has implicated members of both the ruling PT as well as the Brazilian Social Democratic Party (PSDB), the democratic-socialist opposition party. More importantly, the scandal has stained many of Brazil’s private-sector icons, from Petrobras to the group of infrastructure companies involved in paying bribes to gain access to more than $23 billion in contracts from the company, such as Odebrecht and Andrade Gutierrez. Some of those kickbacks found their way to political parties including the PT, allegedly to finance Roussef’s election campaign.

At the same time, Brazil’s past foreign policy forays have yielded little. Its much-ballyhooed “responsibility while protecting” protocol, which committed countries to commit to protecting civilian lives when they intervened, remains stalled at the U.N., after receiving only tepid support from the Western members of the Security Council. And its chances of winning a much-sought-after seat on an expanded Security Council are also diminished. In a recent discussion with Japanese diplomats, they told me they doubt that Brazil, with its political and economic woes, is ready to be a permanent member.

While not marked by the ideological zealotry and incompetence of its neighbor, Brazil’s dreams of leading a coalition that would redefine the global order have also been curtailed, at least for now. Its downfall was mistaking its situation from a few years ago — an economic boom amid a period of declining moral and economic influence of the United States — for its future destiny. That fallacy overlooked both the underlying economic strengths of the United States and its own fragile economy.

It will be some time before Brazil recaptures worldwide enthusiasm and support for its global ambitions, seemingly best-captured when it was awarded the 2014 FIFA World Cup — though with the FIFA corruption scandal still unfolding, even that accomplishment is now tainted.
That’s a shame. Many of the issues Brazil advanced — the democratization of multilateral organizations and greater visibility for the global south’s trade demands, including the reduction of agricultural subsidies in the north — were legitimate. The question is whether, given its political and economic turmoil, Brazil can regain its global footing and credibility to effectively advocate for those issues without antagonizing Washington, as it too reflexively did during the heady days of the early aughts.

As for Venezuela’s Chavista government, its global ambitions were always too ideological, revolutionary, and vitriolic to be practicably achievable. High oil prices both permitted the adventurism and allowed a lack of discipline that ultimately killed them. Chávez and Maduro indulged rampant corruption, and raided the central bank and state oil company to fund their political projects. They also politicized the judicial system and military, and, according to many reports, abetted narcotics trafficking from neighboring Colombia across Venezuelan airspace. In November, U.S. officials arrested two nephews of the Venezuelan first lady for allegedly planning to smuggle cocaine to the United States.

For Venezuela, the Dec. 6 opposition legislative victories represented a popular rejection not just of the severe economic failings of the government, but also its transnational dreams. President Maduro will find it increasingly hard to defend oil giveaway programs to other countries when stores can’t even keep basic goods on their shelves. But the opposition still faces challenges as it tries to focus attention on the government’s misdeeds. Its supermajority in the National Assembly gives it little direct power over foreign affairs, and the government’s oil giveaways still guarantee it international support in the Organization of American States and the United Nations. Giving away oil to avoid international criticism is a far cry from the government’s original outsized ambitions, but given the political shifts in Venezuela today, Maduro will take as much support as he can possibly get.

For Brazil, the clash of low public support, a careening economy, an expanding corruption scandal, and political upheaval will only hamstring Rousseff and the PT, preventing them from addressing the fundamental political and economic challenges the country faces. And as the political uncertainty continues, the economy will continue to flail as investors head for the door. At risk is the long-term legacy of the PT, not just in advancing a moderate leftist agenda in the hemisphere, but also trying to create a voice and agenda for the global south. It will likely find that it needs the United States much more than it thought it did, back in the days when it railed against it in trade talks and in U.N. votes.