Latin American Resource Populism in the Early 21st Century

by Marten Brienen

**INTRODUCTION**

In recent years, a wave of populism has come over much of the world. In the United States, Donald J. Trump’s populist message reverberated among voters sufficiently to see him ascend to the presidency. In Europe, a clearly populist campaign led by Nigel Farage resulted in the looming exit of Great Britain from the European Union. Elsewhere on the continent, Marine Le Pen may not have won the presidential election, but her participation in the runoff was a clear victory for her anti-European and anti-immigrant nationalist platform. Likewise, while many observers were positively gleeful to note that Geert Wilders had not won the Dutch parliamentary elections, as many had feared he might do, but those observers failed to note that his party grew into the second largest in the country, while the traditionally powerful socialists were utterly destroyed.¹

Latin America seems out of step with the world, as it appears to be currently emerging from a cycle of populist rule commonly referred to as the Pink Tide, which began with the inauguration of Venezuela’s Hugo Chávez in 1999.² While observers have been declaring the end of the Pink Tide for a few years now, the reality is that the movement is not quite dead yet: Nicolás Maduro remains in power, as does Evo Morales – who appears not quite ready to throw in the towel.³ While Rafael Correa has stepped aside in perfectly democratic fashion, his successor, Lenín Moreno, is very much a believer in what has been termed “twenty-first century socialism.”⁴

In this article, I will focus on the more outspoken of the members of the Pink Tide, and suggest that within the resurgence of the left in Latin America there is a distinct subset of populists who have married resource nationalism to populism to produce something altogether separate from the

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Populism is hardly a new phenomenon, and this is especially true in Latin America, which has gone through waves of populist upheaval since the crystallization of more-or-less stable political systems in the late nineteenth century. Indeed, most Latin American countries have gone through cycles, alternating between populists – such as Lázaro Cárdenas in Mexico (1934-1940), Germán Busch in Bolivia (1937-1939), and Juan and Evita Perón in Argentina (1946-1955)—military dictatorships, and technocratic regimes. Indeed, the past forty years were marked by a transition from military rule in the 1970s, to technocratic regimes in the 1980s and 1990s, and ultimately to leftist regimes at the start of the twenty-first century. 

In wealthy countries, populism tends to be a movement of the (extreme) right in which nationalism, anti-foreign sentiment, and law and order tend to be at the top of the agenda. This very much characterizes the rhetoric we have heard from modern Western populists such as Donald Trump, Geert Wilders, Nigel Farage, and Marine Le Pen. Latin American populism, while it shares many of these characteristics, tends to emerge from the left of the political spectrum and tends to be very singularly focused on foreign economic interests. In the modern political climate, the Latin American populist narrative denounces such ills as neocolonialism, neoliberalism, imperialism, and a variety of other offenses committed against Latin Americans primarily by what Evo Morales likes to call “the Empire” – the United States of America. 

In effect, Latin American populism shares many traits with populism elsewhere, but given the very real differences between economic realities as they have existed in countries like Venezuela and Bolivia on the one hand, and countries such as the United States and France on the other, it is not altogether very difficult to understand why Latin American populism would be more likely to emerge from the left. Populism, after all, can be understood as a phenomenon in which charismatic leaders – that is to say, leaders with “perceived special personal qualities” who present themselves as political outsiders—appeal to the specific grievances of popular masses, generally by invoking national dignity (in an often rather xenophobic manner), the absence of justice for the common citizen, and a promise to either create or restore economic greatness. In rich countries, this tends to hinge on a narrative in which foreigners supposedly abuse the welfare state at the expense taxpayers and in which governments overregulate and overtax...
businesses in order to provide handouts to (often foreign) freeloaders. In poor countries such as Bolivia, Ecuador, and Venezuela, the argument is decidedly different: here, the problem is presented not as foreign individuals who displace workers and abuse the welfare state, but rather as foreign corporate interests that plunder and loot the country’s natural resources.

Popular grievances are widespread and rooted in the basic failings of the state in large portions of the region. Political systems are – correctly – perceived as riddled with corruption and not meeting the needs of the people. This is a difficult point to argue, given that corruption does run rampant throughout the region, and that services are generally both limited to urban areas and of low quality. Citizen security in the region is the lowest of any region: Latin America has the highest murder rates in the world and scores abysmally poorly when it comes to ability and willingness of law enforcement to solve even serious violent crime. Justice is widely regarded as wholly absent, and indeed the judicial systems in the region are deeply flawed and rife with corruption and scandal. Consequently, vigilantism in the region is widespread, as citizens do not believe that they can count on law enforcement and the courts to deliver justice – in this, they are unfortunately not mistaken.

Moreover, the labyrinthine bureaucratic systems that have emerged make it virtually impossible to function in the formal economy without legal aid and deep pockets. In much of the region, the state effectively functions as an obstacle to the normal functioning of society: access to basic services requires payment and endless paperwork that serves no purpose other than to force citizens to visit yet more offices to make yet more payments, each individual visit constituting another opportunity for officials to extract a bribe in addition to a payment.

Then, of course, there is the problem of crushing poverty and inequality. Latin America is not only the most dangerous region in the world for its citizens, but also the most unequal in terms of economic disparities. The wealthy are able to navigate the lack of basic services by creating their own infrastructure within heavily guarded compounds, where private police forces patrol to ward off threats from the outside. They are insulated from the problems faced by the impoverished who surround their opulent compounds. The impunity that abounds serves their business interests, as tremendous wealth can be generated simply by ignoring environmental and other regulations that go largely unenforced. In this part of the world, the phrase “do you know who you are talking to?” is one that is wielded to great effect to ward off the consequences of unethical and illegal behavior by those who have money and connections. Enough so that the poor police officer
who fails to observe the tradition of impunity on the part of the powerful will soon find herself looking for new employ.\textsuperscript{20}

Amid all this, the inhabitants of the region have long been told that their misery is an anomaly. While the problems they face are real and the poverty they live in is deep and generational, the environments they inhabit are described as laden with unimaginable wealth. From the vast plantations of sugar cane and soybeans and the mines that produce everything from gold and emeralds to lithium and copper to the vast deposits of natural gas and oil that lie beneath the ground, the popular narrative has long been that Latin American poverty simply should not be and can only be explained as the result of nefarious schemes carried out by perfidious exploiters and their collaborators. In Bolivia, this narrative has often taken the form of the image of the “beggar on a throne of gold,” to illustrate the absurdity of terrible poverty amid vast natural treasure.\textsuperscript{21}

While the blame for poverty and lack of economic opportunity is squarely placed on the shoulders of outsiders – whether Spanish colonialists, British industrialists, or U.S. imperialists – the political establishment is understood to be complicit in the looting of the continent, allowing it to be stripped bare of its resources to feed industrial engines in far off places in return for its share. After all, political parties on both the left and right have not only failed to stop this outrageous pillaging, but are consistently embroiled in corruption scandals that demonstrate that powerful politicians, regardless of the ideology they espouse, benefit from the exploitation of natural resources at the expense of the poor. It is no surprise that in a region where scandals dominate the news with frightening regularity, that people should have very little faith in the political establishment and its desire to serve the national interest. The corrupt nature of politics is widely regarded as an unalterable fact of life.

The difficulty in countering this narrative is that an uncomfortable amount of it is not, technically speaking, incorrect. Latin American natural resources were indeed hauled off by colonial powers for their own benefit. The Spanish Crown did indeed purposefully prevent the emergence of manufacturing in its colonies. Moreover, the role of the United States in Latin America – and especially so in Central America – has not exactly been that of a friendly neighbor. Such a neighbor would not have been involved in the overthrow of democratically elected presidents to serve the needs of, say, a company like United Fruit.\textsuperscript{22} It also would not instruct military regimes on how to more effectively torture its political prisoners.\textsuperscript{23} For all of the nonsensical accusations leveled against the United States by the Latin American left, it is undeniable that the United States has indeed meddled
in the domestic affairs of Latin American countries and has indeed been supportive of regimes that blithely trampled human rights. This unfortunate reality makes it very difficult for the United States to credibly present itself as a champion of justice, equality, and democracy. It is not altogether surprising that inhabitants of countries that have been at the receiving end of U.S. intervention are susceptible to conspiracy theories involving the United States, thus making for fertile ground for those who wish to explain away systemic problems, corruption, and mismanagement simply by pointing towards the North and proclaiming that the invisible hand of the Central Intelligence Agency is at work to undermine progress and independence.24

In effect, an argument can be made that the persistent weakness of political and economic institutions in large parts of the region along with racism have created an environment that is conducive to populist appeal: populists address very real grievances with regard to impunity, corruption, racism, poverty, and inequality and offer solutions that fit a well-practiced narrative of exploitation. In the context of political systems that inspire little confidence among the electorate and a perceived threat of foreign enemies, it is not difficult to understand the lure of the ‘savior.’ A charismatic individual and political outsider who successfully presents himself as incorruptible, fearless, willing to stand up to foreign exploiters, and presenting a vision for economic and social justice. Indeed, the practice of political patronage that marks Latin American history further predisposes the region to precisely such highly personalistic leadership:25 political parties are not to be trusted, but faith can be placed in particular individuals who will resist the forces that work against the people. This phenomenon also serves to insulate these charismatic leaders from the scandals that invariably beset the individuals surrounding the leader himself.26

Moreover, given that there is a widespread belief that the reason for poverty in the region is a very simple one, namely exploitation by foreign interests, populists are able to easily capitalize on this belief with simple solutions. The common narrative, especially in resource-rich countries such as Ecuador, Bolivia, and Venezuela, is one in which the ongoing plunder of natural resources by neocolonial and imperialist interests can be halted only by a morally empowered individual, free of corruption and invested in the wellbeing of the patria, who can stand up to these foreign powers and their collaborators. What is needed, the argument invariably goes, is the nationalization of these subsoil resources so that the state can guarantee that the benefits will flow to the people rather than overseas. In effect, what we see appearing in cycles on the Latin American political stage in those countries especially dependent on exports of natural resources is what I would describe
as resource populism; effectively, a form of resource nationalism combined with classic Latin American populism à la Juan Perón. A populism that is singularly focused on state ownership and control over natural resources and that promises that this will allow the state to right historical wrongs and bring prosperity to the nation as a whole.

The Return of Resource Populism

The Pink Tide is often understood as a wave of electoral victories for left-of-center politicians throughout Latin America (and the Caribbean), and while it is true that many observers have added to this the understanding that this movement is populist in nature, the reality is that both of these descriptions fall short of the complexity of the Pink Tide and its members. While it is true that the rhetoric employed by members of the Pink Tide would place them firmly on the left, the actual policies implemented very rarely went much further than the implementation of a number of conditional cash transfers to alleviate poverty, and to great effect. However, such policies were also adopted by leaders outside of the Pink Tide. Moreover, some self-proclaimed socialists turned out to be very pragmatic leaders engaging in fairly staid economic policy – this is true, for example, of Evo Morales of Bolivia. Although the movement has been described as populist, many members of the Pink Tide did not engage in classic Latin American populism: president Lula da Silva of Brazil, for example, was a pragmatic leftist who happened also to be very popular, which is not quite the same thing as a being a populist. His successor, Dilma Rousseff, was similarly pragmatic but, lacking the charisma of her predecessor, was never particularly popular.

The re-emergence of leftist politics in the region can be traced back to the economic policies implemented during the 1980s and 1990s – often described as the neoliberal era – during which Latin American states emerging from the era of military rule that had marked the 1970s were forced to deal with the financial ruin left behind by spendthrift military juntas, who had left many national economies with spiraling inflation and crushing debt burdens. Often with guidance from the International Monetary Fund and the World Bank, nascent democracies had little choice but to shrink the state apparatus, reduce or eliminate subsidies, open up markets, and privatize the many failing state owned enterprises. Known as structural adjustment or shock therapy, these economic reforms were intended to stabilize currencies, bring the crippling debt under control, curtail spending, and inspire enough confidence to attract foreign investment. The inevitable result of these austerity measures was spiking unemployment and poverty rates in those
countries most affected.

The economic reforms of the mid-1980s and 1990s proved to be excruciating for the tens of thousands of government workers who were laid off, the families who depended on subsidized basic necessities, workers of textile factories previously protected by high tariffs, and so on. While these economic adjustments were intended to produce better outcomes in the long term, improvement was too long by far in coming for the millions who suffered as a result, leaving the political and economic environment exceptionally favorable for a return of leftist populism by the late 1990s. Poverty levels remained very high, as did unemployment numbers – although improvements had begun to arrive. The widespread suffering was very much regarded as the result of economic impositions by Northern institutions – such as the IMF – and the spate of privatizations were especially regarded as despoilment of national assets to benefit foreign investors. Likewise, the process of privatization of state owned enterprises was deeply unpopular, since to many citizens it had the simple appearance of political elites selling off the national patrimony to foreign interests in what many regarded as repeat despoliation of the continent.

As national economies began to recover from structural adjustment towards the end of the twentieth century, the uneven distribution of the benefits created widespread popular discontent: it was the poorest who had suffered the consequences of shock therapy, but it was the establishment along with foreign investors who ended up reaping the benefits of renewed economic growth, especially as the price of commodities began to rise: oil and natural gas prices steadily rose, while increased consumption by an emerging China drove up the prices for both agricultural and mineral exports. Disenchantment with technocratic regimes that had no ready answers for the problem of poverty grew rapidly, while voices on the left successfully addressed the grievances of large segments of the population.

Beginning with the election of Hugo Chávez – on what was then still a rather modest leftist platform – the Pink Tide slowly swept Latin America over the following decade, with the elections of Brazil’s Inácio Lula da Silva and Argentina’s Néstor Kirchner in 2003, Bolivia’s Evo Morales in 2005, Chile’s Michelle Bachelet in 2006, Nicaragua’s Daniel Ortega, Ecuador’s Rafael Correa, and Argentina’s Cristina Fernández de Kirchner in 2007, Paraguay’s Fernando Lugo in 2008, Uruguay’s José Mujica in 2010, and Peru’s Ollanta Humala in 2011.

As I stated previously, membership in the so-called Pink Tide is not in and of itself particularly predictive of policy preferences. There are enormous differences between the approaches chosen by these leaders, many
of them following a course of steady pragmatism and steering clear of the
anti-imperialist rhetoric that has characterized the most visible members
of the cohort. Within the Pink Tide, there are really only a few charismatic
leaders who qualify as classic Latin American resource populists, employing
fierce anti-imperialist rhetoric and engaging in economic policies rooted in
resource nationalism. The most visible of these have been, without a doubt,
Hugo Chávez and his successor, Nicolás Maduro, Evo Morales, Rafael
Correa, and arguably Cristina Fernández de Kirchner. With the exception
of Fernández de Kirchner, all of these leaders had come from humble
beginnings and counted as true political outsiders. All of them regarded
the United States and the global capitalist system as the largest obstacle to
economic development. All of them regarded the Bretton Woods system
as instruments of domination by Europe and the United States, with both
Fernández de Kirchner and Correa declaring their country’s international
debt as effectively illegitimate. Moreover, they were heavily focused on
state intervention in the economy and the (re-)nationalization of natural
resources to be administered by state owned enterprises: Bolivia nationalized
hydrocarbons and reincorporated its state oil company (Yacimientos
Petrolíferos Fiscales Bolivianos or YPFB) in 2006; Venezuela began a spate
of nationalizations of oil reserves in 2007, continuing on to take control of
further oil projects between 2008 and 2010; Ecuador recreated Petroecuador
in 2010 and forced renegotiations of contracts with foreign oil companies
under threat of expropriation in 2012; Argentina (re-)nationalized its state
oil company, Yacimientos Petrolíferos Fiscales (YPF), in 2012.

The Bolivian case is especially telling, given that the rise of Evo
Morales – a former coca farmer – was made possible precisely by the discovery
of vast deposits of natural gas – made possible itself by the privatization of
the state oil company YPFB – and the subsequent debate about how to
monetize this newfound resource. The government’s 2001 proposal to export
the natural gas to Chile for liquefaction, and then to California, which was
experiencing shortages at the time, resulted in widespread protests often
referred to as the “Gas Wars” (2003-2005) in which the very notion that
Bolivian natural gas would power the economic engines of the United States
was considered such an affront that popular protests effectively brought
down two governments – that of Gonzalo Sánchez de Lozada in 2003 and of
his successor, Carlos Mesa Gisbert, in 2005 – in rapid succession, allowing
Evo Morales to present himself as the public face of outrage, calling for the
renationalization of hydrocarbons and vociferously arguing that the only
hope for economic development lay with state control over natural resources
such as the country’s natural gas.
The results of these interventions have been mixed, depending on the extent to which these four resource populists decided to intervene in their national economies. Correa and Morales focused mainly on their oil and natural gas exports as a means of generating revenue for the state, allowing them to institute a series of subsidies and other conditional cash transfers that significantly reduced the number of people living in poverty. It should be noted, of course, that such interventions were also undertaken elsewhere in the region, and that the reductions in poverty achieved by Morales and Correa were largely in line with the region as a whole. The high price of oil throughout the first decade of the century allowed them to spend magnanimously, undertake a number of significant infrastructure projects, and to post impressive GDP growth numbers.

Chávez – along with his successor, Nicolás Maduro – and Fernández de Kirchner, on the other hand, were much more interventionist. Windfall profits from oil allowed Chávez to spread his magnanimity across the border and into other countries around Latin America and the Caribbean, thus creating a number of client states highly dependent on subsidized Venezuelan oil. Chávez pursued an all-encompassing vision of social justice that included a national healthcare system, housing subsidies, and a series of currency manipulations and price controls to make up for the inflationary cycle that had come into motion fairly early on. These price controls proved fatal to Venezuelan economic development: as merchants could not charge the true cost of imported items, they were forced not only to sell at a loss, but became unable to import many basic necessities due to lack of currency with which to pay for them. The response was to simply accuse them of economic warfare against the Venezuelan people and to subsequently nationalize grocery chains, breweries, and any other economic entity that became unable to import goods. Farms and ranches faced the same problem: forced to sell produce at regulated prices, they could not procure enough revenue to buy fertilizer, feed, and other basic necessities. Here, too, the response was to expropriate them and concentrate the means of production into the hands of the military, resulting in additional shortages caused by corruption. So dire has the situation become, that basic necessities of life are no longer available in Venezuela, which can at this time be said to be suffering a widespread famine: three-quarters of the population lost an average of 19 lbs. over the course of 2016 due to simple lack of food. The advances in reduction of poverty at the beginning the Chávez era have been completely undone by the massive mismanagement and corruption. While not as extreme as Chávez-Maduro, the Fernández de Kirchner administration was also significantly more inclined than Morales and Correa to intervene in
the national economy, primarily through currency controls that made it especially difficult to obtain U.S. dollars and steep tariffs to protect domestic industry from competition.⁴³

THE AFTERMATH

The end of the commodities boom has effectively laid bare the shortcomings of the policies pursued by the resource populists. A spate of nationalizations has created state owned entities rife with corruption. In addition, many of the benefits bestowed on the populations – generally in the form of rather minimal direct transfers – have indeed reduced poverty rates throughout the region, but not by creating new economic opportunities. The underlying assumption by which resource populists live has remained unaltered, and future hopes are pinned very heavily on the discovery and exploitation of more hydrocarbons and minerals, rather than the type of economic diversification that generates employment opportunities. Exploitation of subsoil resources, after all, is by its very nature an economic enclave, producing very little in the form of economic growth or opportunity, the primary beneficiary being the state itself as it consumes the revenues from various forms of taxation on these resources.⁴⁴

That is to say that for all of the anti-imperialist rhetoric that flowed from the mouths of the most prominent leaders of the Pink Tide – Hugo Chávez, Evo Morales, Nicolás Maduro, and Rafael Correa above all others – what they produced in the end has been a simple rinse-and-repeat of economic projects undertaken on a number of occasions already by the populists who preceded them throughout the twentieth century: nationalization of natural resources, nationalization of key industries, price controls, and protectionism. All this along with heavy doses of revolutionary symbolism and suppression of dissenting voices. Many of the popular measures taken are mere symbolism: what does it matter what the minimum wage is in a country where the vast majority of economic activity takes place in the informal sector? The basic structure of these economies, however, has been left exactly as it was: the Bolivarian revolution and its twenty-first century socialism may have redistributed some wealth, but has done nothing to alter the economic fundamentals or to address the continuing problem of complete dependence on commodities exports, nor indeed to tackle the problem of the informal markets.

The basic list of grievances that brought these leaders to power remains unaddressed: citizen security is significantly worse, while impunity flourishes as never before. Trust in the political parties remains nearly non-

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existent. Meanwhile, the expansion of the state and the resurrection of highly corruptible state owned enterprises has done nothing but to create new opportunities for political elites to enrich themselves over the backs of the poor. The penchant of resource populists towards nationalization of economically viable foreign enterprises has in turn created conditions in which it is frankly unwise for foreign investors to send their money into these markets. There is danger in turning a profit: doing so is interpreted as exploitation and opens one up to the risk of expropriation. This is the legacy of resource populism: the economic diversification needed to bring about sustainable economic growth is actively hindered by the exceptionally hostile climate for foreign investment – no better evidence for this exists than the continued inability of the Bolivian state to attract investors for the exploitation of the largest deposits of lithium on the planet.  

NOTES

11 Chile, Uruguay, and Costa Rica being the most important outliers.
15 UNODC, Global Study, 18.
19 A phrase made infamous by Roberto DaMatta in his “Você sabe com quem está falando?” Carnavais, malandros e heróis 3 (1979).
24 Hugo Chávez, Nicolás Maduro, and Evo Morales do like to level accusations against the United States at every turn: EFE, “EE.UU. fomentó narcotráfico en Colombia.”
34 Roberto Chacón de Albuquerque, “The Disappropriation of Foreign Companies Involved in the Exploration, Exploitation, and Commercialization of Hydrocarbons in


40 Colburn, “The Left That Never Was.”


