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CENTRE FOR RESEARCH ON LATIN AMERICA AND THE CARIBBEAN

LATIN AMERICA AND THE CARIBBEAN AFTER SEPTEMBER 11: POVERTY, CRISIS, AND INSECURITY

A workshop held Friday, February 8, 2002
at York University

Report prepared by
Aileen Cowan

CERLAC
York University

CERLAC Colloquia Paper

March 2003

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Abstract:

The Centre for Research on Latin America and the Caribbean (CERLAC) organized this one-day workshop to discuss the implications of the events of September 11th and the ensuing 'war on terrorism' for Latin America and the Caribbean. Set within the context of International Development Week at York University, the workshop centred upon the keynote address of Alejandro Bendaña, a noted Nicaraguan intellectual and social activist, and sought to generate debate on the regional impact of September 11th.

Table of Contents

Introduction

"Everything has changed," proclaimed the mainstream media after the horrific events of September 11. But from the vantage point of the peoples of Latin America and the Caribbean, many things remain the same: persistent poverty, striking social and economic disparities, speculative capital and financial crises, environmental degradation, growing human insecurity, and expanding conflict zones. Some things do seem to have changed, though. The "war on terrorism" (following the "war on drugs") provides further opportunity for the strengthening of authoritarian forces and the aggressive pursuit of U.S. interests in the region, while regional economies are "liberalized" and integrated to better respond to the needs of transnational capital.

In the interest of generating informed discussion of these pressing issues, York's Centre for Research on Latin America and the Caribbean (CERLAC) held a one-day conference entitled "Latin America and the Caribbean After September 11: Poverty, Crisis, and Insecurity" on February 8, 2002. The event was timed to take place in the context of International Development Week at York University, and sought to promote critical dialogue regarding the implications of 'the war against terrorism' for Latin America and the Caribbean.

The morning session of the workshop centered upon the keynote address of Alejandro Bendaña, noted Nicaraguan intellectual and social activist and formerly Secretary-General of the Nicaraguan Foreign Ministry during the era of Sandinista government. Bendaña highlighted the significance of 'terrorist' rhetoric in supporting intensified militarization throughout the region, the role of the US in promoting this process, and the threat posed to left-wing actors attempting to promote progressive change in the post-September 11th political environment. Despite these risks, Bendaña focused proclaimed the vital need to create and maintain spaces for resistance and the generation of alternatives to the American-dominated neoliberal world order.

Viviana Patroni, Director of CERLAC and Professor in the Division of Social Science at York, responded to Bendaña's presentation by exploring these issues in relation to the crisis in Argentina. In his response, Gregory Albo, Professor of Political Science at York, further discussed the intensification of US imperialism post-September 11th.

The afternoon session featured a panel discussion including presentations by Kathy Price of KAIROS (Canadian Ecumenical Justice Initiatives); Ricardo Grinspun, CERLAC Fellow and Professor of Economics at York; and Carlos Larrea of FLACSO, Ecuador, visiting fellow at Harvard University. Price addressed the intensification of militarization and the related climate of fear in Colombia post-September 11th. Grinspun focused upon the exclusionary, violent character of the global economy, and its ideological underpinnings within the context of intensified global militarization. Larrea provided a comprehensive overview of the situation in Ecuador, drawing attention to the most pressing challenges facing Latin America today, namely, vast unemployment, widespread poverty, and growing inequality.

Keynote Address

Alejandro Bendaña

Centre for International Studies, Nicaragua

"Faces of Resistance in Latin America"

Latin America is the region with the most unequal of distribution of income in the world. It is also, by far, the region with the highest level of urban violence in the world. These facts are correlated – though their connection may be interpreted differently according to the bias of the observer.

Too often, the 'blame the victim' attitude prevails. This is a self-serving, smug attitude: "Well, that's them." Blame the poor for being unkempt and unfed; blame women for being raped and being subject to violence; blame the unemployed for not having a job. And then go and thank God that you're not one of them.

More and more, in development theory and analysis, it is presumed that the core problem is that regimes in the South are hopelessly corrupt. If development failed, it is due to hopeless corruption. This is based, in turn, on the premise that society itself is at fault, not that governments fomented corruption and inequality. Look at the foreign policy of

"good governance:" we don't know how to govern ourselves; it needs to be done for us. These ideas lie behind Ottawa's and CIDA's ideas of "capacity building," which easily blend into the concept of social engineering.

Since September 11, there is even less patience with our 'uncivilization' in the South. Somehow, it seems, we got ourselves into this mess by ourselves. It seems there is no history to explain our situation; there has been no external involvement in the region that might be relevant to understanding the present. There is no legacy of imperialism. There is just corruption, and somehow there are no corrupt forces impacting from outside. There is no global logic to the game. There is no international setting out of which the conflicts, the poverty, the crises are emerging.

The bottom line remains the same: "Get off welfare; become efficient; be competitive; pull your own weight; and – especially - stick to the rules." Not the rules of the Universal Declaration of Human Rights, but the rules of the IMF, the WTO, of NATO and the UN Security Council. Stick to those rules – and, as of September 11, we begin to hear an add-on: "or else…"

Guess who makes the rules? And guess who enforces them?

So, the problem is very simple. In Latin America, most of us do not recognize our faces in this game. We don't recognize ourselves. There is no positive envisioning.

Let's look today at some of the diverse faces of Latin America. Maybe in that process we will begin to discover ourselves. In the light of September 11, this is absolutely essential.

Do you remember the faces? The Zapatista struggle - that is a face of Latin America. The face of a peasant organized in the Landless Movement in Brazil. The aging faces of the Mothers of the Plaza de Mayo. The faces of the indigenous movement in Ecuador. These are faces of resistance.

Resistance is different from protest – protest is a component of resistance, but resistance is not limited to it. Resistance is an ongoing process. It begins with protest, then it envisions, reflects. As Paulo Freire says: "real reflection leads to action that is not only protest, but is also a construction of alternatives." There is no real resistance without alternatives, just as there won't be alternatives without resistance. You cannot separate the two. You might have active protest, including 'terrorism,' but terrorism goes against the very core of the resistance that we're talking about – a resistance for the protection and the enhancement of life.

Steven Biko said: "A people without a positive history is like a vehicle without an engine." In looking at our history we must not simply see 500 years of occupation, but 500 years of resistance. It is on this grounding that we can begin to recapture our own discourse, while rejecting and delegitimating the hegemonic framework.

Only the names have changed. "Christ" and "the Sword" have been replaced by the "Market" and "the Bomb." The "White Man's Burden" has become "the need to root out terrorism." All of this confuses us because we have been robbed of our own terms; the terms have been disembowelled of any political meaning and then they've been thrown back at us.

Poverty? Or are we speaking of impoverishment? Poverty as a fact? Or impoverishment as a process? Are we really poor? Or has it been that our countries have been sacked, and continue to be sacked?

There's a world of difference between poverty and impoverishment. "Poverty alleviation:" walk into the World Bank today they say they are committed to a world without poverty. But it is not the "eradication of poverty" that they seek – it is the management, the administration of poverty.

"Debt relief" would not have to be talked about if what was stolen was returned. Why not "debt cancellation"? Or how about simply recognizing that the debt is illegitimate? I'm talking about the massive amounts of debt imposed over for the last 500 years, or even in the last 5 years! This debt may be legal but it's neither legitimate nor inevitable. We don't care if our own governments have given it a blessing. It's still wrong. And it still has to be resisted.

There is talk of 'citizen insecurity' in the wake of Sept 11. Does this signify the pursuit of an enhanced security regime? Since Sept 11, 'enhanced

security' has meant the death of 3 mayors in Brazil, the disappearance of 18 labour leaders in Paraguay, much greater influence by the paramilitaries in Colombia… is that the way to combat citizen insecurity?

"Good governance" is a wonderful term they've invented to tell us how we should run, not only our economies, but also our societies. "Free market democracies" – accent on 'market,' not on 'free' nor on 'democracy.'

"Sovereignty" – remember that one? Bolivar, Ché, and others believed in that one. "Self-determination"- the capacity for a community to decide what they do with their own resources, resources which always belonged to them. But both concepts have been sacrificed, under IMF rules, to a process of legalized corruption, of legalized extraction, of legalized denationalization, otherwise known as privatization.

"Global binding economic norms" - or is there room for economic alternatives? We've got to be clear, because if you take that first set of vocabulary, there's a whole lot of baggage that goes with it. Because even the Bank talks about participation.

In my country of Nicaragua, more people have died in ten years of structural adjustment post-1990, than did during the Contra War. Common denominators here are structural adjustment, privatization along with liberalization, etc.

This gets worse after September 11, because the notion of resistance suddenly becomes "Talibanesque." Fortunately, it's going to be hard to convince the American media that the rebellion in Argentina against the debt and against bad government is somehow related to the events in Afghanistan.

But the jump has already been made from Afghanistan to Latin America. It's called Plan Colombia. It was there before, but what we see is a vast acceleration of the militarization of a political response to a collapsing economic model - and a greater leniency toward the excesses of military response. In Colombia, the path taken in the next few months is going to be either the path of a negotiated settlement with some opening for the deepening of democratic governance, or it's going to be the path of authoritarian solutions supported by external intervention. In a continental sense, the USA is supporting the latter, especially after September 11 and especially in a regional context.

The two most fundamental issues for Latin America at present are Plan Colombia and the Free Trade Agreement of the Americas (FTAA). If FTAA is signed next year in Buenos Aires, then the achievements of resistance are going to set thrown back at least 20 years. Why? Because resistance, and efforts to create alternatives, presuppose the existence, and indeed the use of, political state governmental spaces. The assumption still is that if we are going to create alternative power relations, we do need some sort of national government. The national sovereign framework is threatened in the FTAA because power, as in NAFTA, would be shifted upwards under the proposed agreement.

The notion that a democratic government can exercise its power in the public interest is absolutely vital. Governments, until recently, could regulate but that power has been largely taken away. Corporations are now governing governments. And I still don't know of a democratically elected corporation.

In the wake of September 11, you see the militarization of globalization. Alternatives? They begin but don't end with discussion. This is what was so rich about the World Social Forum - about the quantity of people coming to discuss concrete terms. The important matter is how we choose to go forward. There is a tremendous debate around strategy and tactics. I think we have advanced, because the way forward in Latin American has to be through peaceful struggle. If the US steps up its involvement in Colombia and the region, then it's something to which we must respond. It's something of which we have to vigilant, something about which to unite.

In Latin America, governments are outdoing each other in condemning the events of September 11th. In El Salvador, Nicaragua and Colombia, there is an opportunistic inclination on the part of governments to link opposition groups with the terrorist movement, particularly ex-guerilla groups who are now legally recognized political parties (FSLN and FMLN) or in the case of Colombia the FARC and the ELN.

Some weeks ago the US itself played up that line linking the FARC with the IRA, and in Nicara-

gua criticizing the Sandinista party (at that time ahead in the polls for the November 4 presidential election) for its ties to Cuba, Libya, and Iraq. What is worse is that the accusations go far beyond any specific allegations made by the US following September 11th.

Two other developments should be noted--the playing up in the world media of a "terrorist" plot to assassinate President Pastrana (the finger however is pointed at the paramilitaries) and revelations by the detained intelligence chief of Peru, Vladimir Montesinos, that he has evidence of Bin Laden ties and contacts in Peru and elsewhere. What is evident is that the entire episode, with or without US collusion, is already being used to make way for "anti-terrorist" right-wing governments and to secure some sort of reward from the US.

On the other side, there is a prevailing fear among left groups and students that the US will now invoke "international terrorism," as it did "narcotics trafficking" and "the communist threat," to push for a fiery repression of progressive and revolutionary movements. I have no doubt that Plan Colombia has been given a boost and that its critics, particularly in Congress, will be in no mood to continue resisting the push for intensified regional militarization.

Historical perspectives are provided by critics to show how the US has always used pretexts in order to entrench its hegemonic position, from the 'Cold War' to the defense of Human Rights. There is fear that the patriotism being stirred up in the US is laying the basis for a global crusade in which any country or sector unfriendly to the US can be the subject of retaliation. Citizens in Latin America, therefore, are being called upon to discuss terrorism in all its dimensions - what do we mean by this, why, and who. We need to answer the question, what is state terrorism, how has it been practiced domestically and internationally, and why. The purpose of the discussion is not to allow the US and the conservatives to unilaterally define and impose definitions of terrorism. Warnings are being issued that a "witch hunt" may be in the making and it must be stopped.

Cuba, for its part, has declared that it will not take sides in the US conflict. It warns against a new global militarization driven by the US. Although no US spokesperson has explicitly connected Cuba to the events of September 11th, it would not be outlandish to think that if the US is genuinely concerned about dealing with the perpetrators, then there is a remote chance that a secret opening could be developed in return for Cuban "collaboration". There are antecedents in the drug war. And there is the parallel to the US-sponsored UK-Iran rapprochement. However, this seems an unlikely scenario. It is more likely that Cuban-American pressure to impose new sanctions against Cuba will be intensified, reversing the limited progress that has been made so far. The events of September 11th have placed the American government in a unique position vis-à-vis public opinion, so that the administration may be able to take steps internationally that would ordinarily entail a greater political price domestically.

Analysts see dangerous implications for the process of democratization in Latin America and the Caribbean. Civil groups throughout the region, disturbed by Plan Colombia's emphasis on military means, see the military as the new preferred partner of the US, giving it greater influence vis-à-vis civilian governments who are under greater pressure than ever to cooperate with the American government.

No doubt Pentagon and Anti-Drug operations will expand, and if the idea is to finish terrorism everywhere, there will be a new qualitative level of military involvement in Colombia with a strong negative impact on human rights and civil liberties. In short, the space for negotiation in Colombia may be seriously reduced. There is no parallel with Palestine-Israel, because the US is bent on destroying the Colombian guerillas. And because the Colombian guerrillas have a strong backing or influence in the Latin American left movement, intensified polarization is to be expected. A similar situation may be in evidence with regard to the Zapatistas in Mexico, as quid pro quos develop according to which the US turns a blind eye to internal repression in return for international/migration collaboration.

It seems almost certain that peace and civil liberties/human rights constituencies in our region will lose some space, not to mention access to funding. Will the European Union, so intent on following the US lead in response to the events of September 11th, sacrifice its independent posture and support for non-military solutions in Latin America? Is our region, and the world more generally, losing space for genuine pluralism and ideological diversity? I emphasize that to criticize free market fundamentalism and neoliberalism does not mean to side with

terrorism. And the argument that the terrorists use the anti-corporate globalization movement is a cheap one.

Panel Responses

Viviana Patroni

Director of CERLAC and Social Science, York

"Social uprising & neoliberalism in Argentina"

There is a need to re-examine the content and the possible consequences that have been assigned to the wave of protests that emerged in Argentina in December 2001. My argument is that masking the deep divisions which exist in a country like Argentina does not take us a step further in what is going to be the long process of building alternatives to neoliberalism.

The reconstruction of events must start precisely by pointing at the many moments that formed the 2-day process leading to the downfall of the De la Rúa administration. The events of those days and of the weeks that followed clearly denote the various and divergent experiences of dissatisfaction that exist in Argentina, the rather broad range of demands against the government, and also the lack of a political perspective that could give them direction and unity, regardless of their momentary confluence. To reconsider the events in this light, then, seems a necessary first step in assessing the dynamics of politics in a society like Argentina, so thoroughly transformed by years of state brutality, complete disregard for the social consequences of economic restructuring, and the violence of indifference toward the suffering of the excluded.

While the massive expression of discontent was loud enough to topple two governments, it was not sufficient to scare politicians within mainstream parties out of their traditional way of solving problems. Indeed, it was the Peronist party which assigned itself the task of rescuing the country from chaos. As the first chosen successor, Luis Rodríguez Saá, faced a new wave of protests only days after assuming the Presidency and as his own party failed to provide support for his policies, he was forced out of office. The new crisis was resolved, once again, by the election of another strongman within the Peronist party, Eduardo Duhalde.

This is not surprising since those mobilized during those eventful days in December in fact had no way of responding to the problem of what should replace those traditional politicians. Thus, it was the politicians they so manifestly rejected who worked out among themselves a way out of the two succession crises in December plus the additional two interim presidential appointments. One could argue that since then, at least, the fear of mass mobilization has tempered the actions of those politicians and their parties, forcing them to redefine the limits of what is possible in politics. However, even this argument should be taken with caution, since the demands for reform continue to be very fragmented and thus they could also become the source of increasing conflict among those now mobilized for change.

This is not to suggest that the changes prompted by people's mobilization since December have not brought about important changes in Argentina. However, there is some danger in simply assuming that the mobilization of people's anger in itself can be the source of change or the beginning of a new form of politics in Argentina. For instance, it is reasonable to argue that part of middle class frustration is due to the fact that politicians mismanaged the process of change in Argentina. In this sense the critique is directed not so much at the policies themselves but rather at the fact that they were implemented in the context of widespread corruption and incompetence. Equally important, the demands expressed by the middle class do not automatically recognize the existence of a much deeper wound in society. Through most of the first few months that followed the resignation of De la Rúa, middle-class protests continued to be organized around banking restrictions. Of course, this social stratum is also upset about the fact that powerful players continue to have privileged access to the state and, therefore, the middle-class has been loud in its opposition to banks and the privatized sector. But, by and large, the concerns of the middle-class continue to revolve around a very narrow perception of what constitutes fairness in society.

One could certainly make a similar point about organizations like the CTA [Argetina's main labour union] and others representing the unemployed, by far the most visible opposition until last

December. Their attempt to find points of confluence with the *cacerolazos* [middle-class street protests] without addressing the profound differences that mark the experience of exclusion in Argentina might prove shortsighted as an approach to building alternative political responses to neoliberalism. It might also become a critical area of conflict among these organizations at a moment when their unity is more fundamental than ever. This is particularly the case if the demands of those who have received the hardest blows during 25 years of neoliberalism [i.e. the poor and working classes] are again to take a front seat in the discussion regarding what changes are urgently needed in Argentina.

It is still very early to make accurate predictions about Argentina, except for the fact that it is going to take time to develop a political force capable of presenting a real and consistent challenge to neoliberalism. In this respect, the key question is how such a political force will bridge the demands of sectors which do not necessarily coincide in their perception of reasons for their exclusion and thus the mechanisms for inclusion. In short, the problem is not so much in constructing alternatives (in plural), but rather how they will be united to generate a new project for society.

Greg Albo

Political Science, York University

"Cracks in the Facade: The U.S. and the World Economy"

It was not too long ago that U.S. economic decline held sway as the prevailing discourse across the political spectrum in North America. The American defeat in Vietnam, the economic turmoil of the 1970s, and the end of the postwar international monetary system of Bretton Woods built upon the strength of the American dollar, all seemed to indicate that the limits of American power had been reached. However, the dire warnings of U.S. economic decline were eclipsed over the course of the Clinton presidency as a 'new economy' appeared to surge ahead. The economic expansion and financial exuberance that closed out the 20th century yielded soaring accolades for the U.S. economy. There was no denying, in this view, that the American model had been re-established as the global pacesetter in the new capitalism of the 21st century. The export of the U.S. policy model to developing and transition economies through the neoliberal 'Washington consensus' became the standard for international economic support wherever the country, from Mexico to Mozambique to Russia, or whatever the issue, from capital flight to lack of industrial capacity to government debt, at hand.

The contrasting theses of decline or ascendancy of the American economy and state over the last decades also have counterposed assessments of the trajectory of world economy. While the thesis of American decline posits mounting economic rivalry and political antagonisms between contesting centres of world capitalism, the thesis of re-established American ascendancy sees the unevenness of economic interdependence providing an unchallenged capacity for unilateralism and thus a new U.S. imperial order or super-imperialism. The U.S. led 'war on terrorism', whatever the view of its injustices, is interpreted in stark contrasts: as the actions of a declining power resorting to military force to coerce directly a world it can no longer dominate economically or diplomatically; or that of an unrivalled power further consolidating its imperial hold across the globe through military mechanisms.

This analytical juxtaposition of rivalry and interdependence, however, too often confuses the effects of persistent underlying contradictions of the world capitalist economy, and the U.S. role within it, with their transformation. Indeed, economic internationalization during this phase of 'globalization' has been marked by consistent sources of rivalry and longstanding tensions among the leading capitalist powers (and despite their suppression and marginalization, a resiliency of resistance from many sectors in peripheral states), alongside growing economic interpenetration of capitalist firms and political cooperation and interdependence between capitalist states. The U.S. and neoliberalism have been at the centre of both these processes. The opposed interpretations of the trajectory of U.S. power and the current economic conjuncture need to be assessed against longer-term developments in the world economy and the specific contradictions that have formed with the slowdown in accumulation in the U.S. and the world since 2000. Discussions of the 'new imperialism' need to be located here: between the rivalry of competing zones of capitalist production and financial claims and the interdependence

created by the internationalization of capital and the geo-military empire of the U.S. Contemplation of the significance of September, therefore, entails a consideration of how the particular configuration of world power that has evolved over the last 25 years has intensified or transformed as a result. I argue, in agreement with other comments made here today, that much of what we have seen is not a transformation of that configuration but a particular intensification of certain trends that have evolved over the last number of years.

It is necessary to recall that the advanced capitalist countries are still in the midst of a long phase of slower accumulation relative to the postwar boom. Whereas the U.S. had productive capacity and technological capabilities coming out of postwar reconstruction that was unrivalled, today all three major zones of capitalist production lead in some sectors in terms of technology, productivity and market shares. The competitive context and the configuration of the world market today is vastly different from the American unilateralism that defined the Breton Woods system. In the postwar period, there has been an intensification of interstate rivalry for world market shares of commodities and money-capital, in a context of slower growth. This antagonistic development has been paralleled by the increasing interdependence of the different zones seeking outlets for commodities in each other's markets and the internationalization of credit flows and claims.

There are several economic tensions that figure into the relations of rivalry and interdependence in the world market. Long run growth trends, with the partial exception of the U.S. for the late 1990s, indicate that the slow pace of world accumulation is likely to continue. The interdependence of the world market is reinforcing the slowdown between its different zones and, in turn, adding to the competitive rivalry for outlets in slower growing markets. Structural asymmetries in current account balances, with the U.S. continuing to occupy a net debtor position and surplus accumulating in the other two key zones, mean that the U.S. dollar is unlikely to maintain its pre-eminent position in world markets. Trade arrangements are moving in opposing directions, with numerous multilateral and bilateral agreements deepening free trade, just as trade protectionism is expanding, particularly out of the U.S. The economic slowdown and neoliberalism created a significant financialization of the economy from the 1970s on. These developments have tightened the interdependencies of the world market on money by enhancing the mobility of speculative capital and sharpened rivalries as different production zones compete for financial flows and face competitive disciplines that carry the potential to amplify economic disturbances into major shocks. The critical impact of these contradictions has been particularly apparent in Latin America where, according to ECLAC, capital outflows from debt, interest and dividends continue to exceed capital inflows in the order of $7 billion a year during the last decade. The unwinding of the U.S. asset bubble threatens to impact 'negatively' world demand in the current configuration of the world market, given that both Europe and Japan have relied disproportionately on external demand to sustain growth.

It appears that rather than being a phase of fundamental transformation of corporate earnings, productivity, and accumulation, the late 1990s in the U.S. may well have been a traditional recovery along the path of restructuring already laid out by neoliberalism, albeit one with considerable speculative excesses that will now have to be worked through. This phase reinforced the uneven interdependence of the world market on the U.S. economy and American power, as the rest of the world has expected the U.S. to be the 'locomotive' of world accumulation. But this period may now be exhausted as adjustment, at some level, seems unavoidable between the three major zones of capitalism (and with the peripheral zones of the world market increasingly compelled to line up behind one or another). Adjustment will raise tensions of rivalry between the zones borne out of conditions of economic weakness.

These economic tensions illustrate the complexity of both rivalry and interdependence among the hierarchy of states within the world market. It is wrong to see the world market as only a chaotic complex of rival units on the verge of breaking down into warfare or overtly antagonistic blocs. At this political moment, the interdependence of interests of national ruling classes (even those in peripheral zones) in the existing international system far outweighs their rivalry. The response to the events of September 11 has been particularly revealing in this regard. Systematically, we have seen different ruling classes in different parts of the world identify with the interests of the Americans. There was no signifi-

cant break with how the Americans defined September 11 from anywhere in Europe, and it was amazing how neither Japan nor China registered any dissent either. This has resulted in an incredible militarization internationally and domestically, enabling the Americans to extend their geopolitical imperial project into regions of the world they had, until September 11, been unable to penetrate, particularly Central Asia.

However, it is equally wrong to speak only of the uneven interdependence produced by U.S. imperialism. This can return us to a conceptual abstraction of 'empire' that, on the one hand, gives a one-sided emphasis on the politico-military dimensions of territorial expansion reminiscent of pre-capitalist and colonial societies, and, on the other, elides the particular concentrations of power and authority in concrete places mediating the relations with other places. Japan, Germany, Canada, and even Brazil, Mexico and South Africa all constitute, in the particular modalities of their relations with others, imperialist states in the hierarchy of the world market. And the contradictions of the economic relations of the U.S. to the world economy means that both alternate agendas and efforts at greater coordination from rival imperial centres are likely to increase in the near future.

It is in this particular world economic configuration that we need to locate neoliberalism, and not reduce it to a wayward strategy of American imperialism. Many dissenters to neoliberalism have done exactly that. In the wake of September 11 and subsequent economic events, for instance, Tories such as the journalist Dalton Camp and the British philosopher John Gray concluded that the era of free markets and globalization was over and that a more ordered society was now on the agenda. Liberals like the journalist Richard Gwyn and social democratic theorists such as Anthony Giddens and Ulrich Beck drew similar conclusions to argue for government policies of better corporate governance and safeguards against the risks created by globalization. But neoliberalism is lodged in deeper structural processes of the world economy. The interdependence and internationalization of capital has solidified in each state a ruling bloc with a compelling interest in furthering market openness. Neoliberalism as a social form of power and class relations is deeply embedded in the social reproduction of national capitalisms and thus in the hierarchy of world market. The events of September 11 have resulted in an intensification of the pressures towards neoliberalism, not broken with them. As the neoliberal project is intimately connected to the American imperial project, what we see in this political moment is an intensification of American imperialism.

Panel Discussion

Kathy Price

KAIROS: Canadian Ecumenical Justice Initiatives

"Adding Fuel to the Fire in Colombia"

The organization for which I work has monitored the human rights situation in Colombia for thirteen years and I can say categorically that things have never been worse. I was in Colombia on a fact-finding trip in November and December and what I saw and heard was really alarming. It was qualitatively worse than the year before when I traveled to Colombia to film two videos: *The Hidden Story* and *Our River, Our Life*, which tells the story of the Embera Katio's experience with a Canadian-financed hydroelectric dam.

There is no doubt that the aftermath of September 11 is adding fuel to a fire that was already raging in Colombia, providing a pretext for greater US intervention and greater infusions of aid to institutions notorious for their involvement in horrendous human rights violations. It has also created a context in which those who might have questioned that aid in the United States and even Canada, are becoming more reticent, cowed into silence with McCarthy-like threats of "you're either with us or against us." I'm going to talk more about that in a moment but first let me give you some background.

Although few people in North America are aware of it – largely because the media has focused almost exclusively on violence connected to drug cartels and the so-called "narco-guerrillas" -- Colombia is in the midst of a dirty war of horrific proportions. Tens of thousands of people have been killed in political violence over the last 10 years alone. And those numbers are escalating. Trade unionists, indigenous leaders, human rights defenders, leaders of community organizations, of Afro-Colombian communities, journalists, judges and opposition politicians figure prominently among the

victims, as do the inhabitants of areas coveted for their mineral wealth or strategic value.

All of this is taking place in the midst of an internal armed conflict that began some 40 years ago. Not surprisingly, the armed conflict continues to be fuelled by hugely unequal distribution of Colombia's enormous land and mineral wealth. For example, 3 percent of land owners control 70 percent of arable land. In fact, the World Bank recently classified Colombia as having the second highest concentration of wealth in the world, while more than 60 percent of Colombians live in poverty.

Another factor is the denial of political space to peacefully work for change. Few Colombians forget the annihilation of the leftist *Union Patriotica* party, whereby more than 2500 of its members were systematically assassinated in the late 1980s and early 90s. In its zeal to eliminate any real or perceived support for the guerrillas the Colombian military's counter-insurgency strategy, heavily influenced by training at the School of the Americas, has also targeted civilians who organize in defense of human rights, social justice or in opposition to the government's neo-liberal agenda of privatizing state resources and enterprises. Under mounting criticism at the United Nations for its human rights record, the military has increasingly relied on covert forces – death squads called paramilitaries – to do the dirty work. But there is no question that the paramilitaries operate with the collusion of state security forces.

When I was in Colombia six weeks ago, highly respected human rights organizations gave me the following figures that tell us a lot about what is going on in Colombia - a reality, I might add, that you're not likely to hear about in the mainstream press. Firstly, I was told that 20 Colombians are killed *each day* in political violence. And what is important to note here is that 15 of those 20 people killed are killed in their homes, on the street or in their place of work. That is to say, only 5 of the 20 people killed are killed in combat. The second statistic worth noting comes from the latest report of the Colombian Commission of Jurists, who document that state security forces and paramilitary were responsible for 87 percent of political killings and disappearances, while guerrilla forces carried out 12 percent of those crimes. In a process often described by Colombians as "a degradation of the armed conflict", insurgent forces are responsible for a growing number of kidnappings for ransom, indiscriminate use of land mines and gas cylinder bombs, and other violations of international humanitarian law that have caused civilian deaths. Nevertheless, it bears repeating: state security forces and the paramilitary with whom they collude were responsible for 87 percent of political killings and disappearances. It should be added that impunity rates of over 97 percent for political killings and disappearances play an important role in perpetuating this violence.

Before we get to how September 11th and its aftermath affects these realities, I want to talk about Plan Colombia. Plan Colombia is a controversial aid package of 1.3 billion dollars in mostly military aid for Colombia approved in 2000 by the outgoing administration of Bill Clinton. Human rights conditions were waived. Congress approved the package, but stipulated that it was to be used only to help stop the flow of drugs to the United States. Organizations in Colombia believe the real agenda of Plan Colombia has always been about counter-insurgency, and argued that such a massive infusion of military aid to the Colombian armed forces would inevitably strengthen the paramilitary with whom they collude. Colombian organizations also questioned why aerial fumigations of coca crops largely targeted Putumayo, a region controlled by FARC rebels, ignoring areas of the country where the paramilitary control coca production. In fact, Colombian social organizations have called Plan Colombia a "plan for war".

Things have only got worse since September 11th. In the aftermath of the attacks in New York and Washington, the U.S. added the FARC and ELN insurgent movements, as well as the paramilitary *AUC – Autodefensas Unidas de Colombia* -- to its list of terrorist organizations. Three Colombian armed groups are now on the list. It appears clear there is no longer any need to justify military aid to Colombia with the argument that it's for the war on drugs, an argument that was problematic since, presumably, at some point the US would need to present credible evidence of diminished drug flows in order to justify further aid for the same ostensible purpose. Now the US has a powerful argument for greater military aid and intervention, and that is the war on terrorism. It also can count on a "favourable" climate in the US and some ally countries, where there is less likely to be dissent or questioning of any policy with the lofty goal of "eliminating the axis of evil."

On Monday [February 4, 2002], a top level US delegation -- that included the acting head of US military operations in Latin America and was led by Under Secretary of State Marc Grossman -- flew to Bogota for a three-day visit. The last time Grossman visited Colombia was a week before the September 11th attacks in New York and Washington. At that time, top US officials ruled out US backing for counterinsurgency warfare in Colombia, saying military aid would remain limited mostly to anti-drug operations. But as Colombian President Pastrana is quoted as saying: "Since September 11th, everything has changed."

And this week, US official discourse had indeed changed dramatically. A member of the US delegation stated the Bush administration is proposing to expand US military aid to help the Colombian army protect an oil pipeline from attacks by leftist rebels. The plan calls for $98 million to train and equip a Colombian army brigade to protect the Caño Limon pipeline which ferries oil to the coast for Los Angeles-based Occidental Petroleum and other companies. Helicopters and communications equipment are part of the proposed package. Colombia is the 10th biggest supplier of oil to the United States and one could well imagine the Bush administration arguing the US needs to assure a reliable flow of oil from Colombia, closer to US shores that the volatile Middle East.

"We are not saying this is counter-drug – this is different," the US delegation told reporters, according to *The New York Times*. "The proposition we are making to the government of Colombia and to our Congress is that we ought to take an additional step."

Today's [February 8, 2002] *El Tiempo* from Colombia reports that Henry Hyde, President of the US Foreign Relations Committee, has sent a letter to Secretary of State, Colin Powell, asking him to lift restrictions on US aid and allow it to be used for the counter insurgency war. The letter specifically asks that the Colombian armed forces be allowed to use two US war planes -- donated last year -- to fight the guerrilla.

The reports in *The New York Times* and *El Tiempo* are harbingers of what I was told by many people in Colombia in December. "We haven't seen half of what will happen here", they said. Having monitored a growing spiral of abuses, massacres, and atrocities committed by those whose weapon of choice, increasingly, is the chainsaw, it's hard to imagine how things could be worse than they are now. But people expect more violence to come, much more violence.

In November [2001], I attended the national indigenous congress, where each day there were announcements about new assassinations of indigenous leaders in different parts of the country. In Bogota, human rights and social organizations are anxious about threats from paramilitary leader Carlos Castaño that his forces will use their trademark methods of terror to take over the capital. Arriving at the Bogota office of a religious organization that has been deeply involved in the Colombia Calls for Justice anti-impunity campaign, I saw the paramilitary signature *AUC* ominously spray painted on the wall: a warning!

At the beginning of December, the front cover of *Cambio*, a Colombian equivalent of *Newsweek*, sported the face of the infamous paramilitary leader and the following confession: "I killed Pisarro", referring to the assassination of a former presidential candidate. The paramilitary assassin manages to be found by the media for cover spreads, yet the government is somehow unable to find him to carry out warrants for his arrest -- so much for the war on terrorism. Indeed, paramilitary forces are taking control of more and more parts of the country, forcing growing numbers of people and social organizations to abandon their homes, their work for human rights and human dignity, and to flee for their lives.

Meanwhile, terrifying new so-called "security" legislation, passed months prior to September 11th, has found greater reinforcement and a climate in which fewer dare to question it. According to the Colombian Commission of Jurists, the new legislation grants unlawful powers and prerogatives to the military, subordinates civilian authority to military authority and enables the unconstitutional restriction of rights. "If this law is fully implemented," states the Colombian Commission of Jurists, "Colombia will be ruled by anti-democratic principles, by virtue of which citizens would be obligated to collaborate in the pursuit of certain 'national objectives' defined in secret by top military commanders and rubber-

stamped by the President, as in any totalitarian state."

While I was in Colombia, I received the disturbing news that a friend – a trade unionist and grassroots organizer -- had been arrested on charges of so-called "rebellion." Two other equally dedicated organizers with a *campesino* organization had gone into hiding because of warrants for their arrest on similar charges.

In the south of Colombia, aerial fumigations started again, poisoning poor communities, destroying their food crops, killing their farm animals, causing health problems and prompting many to flee their homes. The same disastrous impacts are being felt across Colombia's southern border in Ecuador. The chemicals float through the air and wreak the same damage. And Ecuador too is being increasingly militarized. There are more checkpoints, a greater police and army presence, particularly along the border with Colombia, and more hostile treatment of the predominantly indigenous people who live there.

Not coincidentally, in the border area where militarization is most strongly felt, an oil pipeline is being built by Alberta Energy Corporation. And there are profound concerns, just as there are in southern Colombia, about the connections between Canadian oil companies and repressive security that protects their interests, security provided by both civilian and military personnel.

There's also controversy about the unconstitutional way, without proper debate, in which the Ecuadorian government leased to the US, the Manta airforce base which is being re-modelled with characteristics that suggest the runways expect to receive planes carrying troops and heavy equipment.

Those who have denounced the militarization, the resulting higher levels of violence, the US base, the health impacts of fumigations, and more generally the way in which Ecuador is being drawn into what may become a full-fledged war -- just as Honduras once was used during the Contra War -- are receiving death threats from a shadowy group called Legion Blanca. The death threats contain information which the victims claim suggests the involvement of military intelligence.

What's needed here? In recent years, a huge cross section of Colombian organizations have come together in coalitions like *Paz Colombia, the Permanent Assembly for Peace*, *Grupo Enlace* and others to press for a negotiated solution to the armed conflict and one in which representative civil society organizations have a voice. Peace is needed urgently; not more military funding or foreign intervention that will only fuel violence already spilling over into neighbouring countries. Colombian and Ecuadorian partner organizations say greater international awareness and solidarity is urgently needed to collectively press for peace.

We also need to look at the policies of our own country. Last year, my organization denounced the sale of surplus Canadian military helicopters by the Canadian Department of Defence to the US State Department, which then redirected them to the Colombian military as part of Plan Colombia. We need to close the legislative loophole that made such a transaction possible.

Beyond that, we need to oppose militarization as wrong minded. And here, we need to work hard, using every space possible to resist and reject the US war on those the Bush administration defines as terrorists. In that context, it's worth noting that Canadian parliamentarians are currently conducting Parliamentary Hearings on the human rights situation in Colombia. A delegation of parliamentarians is going to Colombia next week [February 11 – 15, 2002] and will be coming out with recommendations for Canadian policy.

You will be interested to hear what Colombia's Ambassador to Canada, Fanny Kertzman, said in her testimony to the Parliamentary Hearings. Note how the Colombian Ambassador, who appeared on September 26, opportunistically tries to divert questions about the Colombian government's responsibility for the worsening human rights crisis by depicting the government as a victim of terrorists, similar to those behind the attacks of September 11th: "Although we are talking about human rights today, we do not know any more if what is taking place in Colombia should be called a serial violation of human rights by illegal groups or sheer terrorism," said Ambassador Kertzman.

Colombia's Ambassador went on to state: "Colombia is unfortunately the world's number one

producer of cocaine. Afghanistan, the safe harbour for Osama bin Laden, is the world's top producer of opium, the raw material for heroin. They provide 70 percent of the world's opium. Colombia provides 79 percent of the world's cocaine. Drugs and terrorists, the same pattern repeated in such distant and different countries."

We need to resist simplistic descriptions of the Colombian conflict, that overlook its root causes, as well as the role of the state in practices that many respected human rights organizations refer to as "state terrorism". We need to look carefully at Canadian trade and investment practices that are exacerbating the violence and violating human rights. But most of all we need to redouble our efforts -- within the framework of an alternative agenda made all the more urgent since September 11 -- towards peace with justice, just trade relations, just investment rules, just foreign policy, just solidarity between peoples.

Carlos Larrea

FLACSO, Harvard Visiting Scholar

"Ecuador: A Case Study in Structural Crisis"

The events of September 11th and their aftermath provide an interesting context within which to consider recent changes in the socio-political situation of Latin America. One of the conclusions reached here today is that recent events have, in a number of ways, reinforced some of the long-term trends in Latin American geo-politics. Analysis of the situation in Latin America must, therefore, adopt not only a short-term vision, but also consider socioeconomic changes in the region from the medium- and long-term perspective. I'm going to contribute to this topic by way of a national example, that of my country, Ecuador, but I would like to begin first with a very rapid overview of changes that have taken place in Latin American economies during the last twenty years, beginning in the early 1980s when structural adjustment programs began.

The implementation of structural adjustment policies (SAPs) in the early 1980s coincided with the onset of some distinct and disturbing regional trends that continue to this day. In terms of export production, Latin America has performed very well. Regionally, there has been a threefold growth in export volumes. That means that almost all Latin American countries have dramatically expanded their export production. However, this incredible growth has not been accompanied by a growth in per capita income. In 1998 Latin American per capita income was almost the same as it was in 1980. Over the course of 18 years, cumulative growth in per capita income was only 3% - one of the lowest records in Latin American history. Prior to the early eighties and the introduction of structural adjustment policies, the growth rate had historically been about 3% per year. In addition, inequality is increasing. I participated in a comparative historical research project at the University of Toronto a few years ago which looked at 15 Latin American countries. Of the 15 countries we examined, only Costa Rica did not show a statistically significant difference in terms of income concentration following the implementation of SAPs. In all the remaining cases, there has been a massive increase in inequality since the onset of trade liberalization. Widespread and growing poverty is also a pressing regional concern. It depends on the country, but the most recent ECLAC [United Nations Economic Commission on Latin America and the Caribbean] estimate suggests that about 40% of the Latin American population lives below national poverty lines. There is a growing problem of unemployment - open unemployment and underemployment – that is particularly significant, for example, in the case of Argentina where it is stands at 17 or 18%. And there is also the very serious problem of environmental degradation.

Those are just a few of the most important trends evident today in Latin America. I am going to talk about a specific national experience that I think is in some way close to the Latin American average. I am going to focus on social and economic aspects of the situation, however, it is important to mention that in the case of Ecuador political conflict is also incredibly intense. While it is not as dramatic as in the case of Colombia, we have had 5 governments in the last 7 years. In addition, we have a very important indigenous movement which has been present in the country for the last 10 years and is probably one of the most powerful movements of its kind in Latin America.

In Ecuador, after a period of extremely high economic growth during the oil boom that ended in

1982, from the beginning of structural adjustment policies to the late 1990s, per capita income stagnated and then began to decline in 1999. The level of per capita income is more or less the same as it was in the late 1970s.

A key consideration for the Ecuadorian economy is its export purchasing power, that is, how much the country can buy with the earnings generated through its exports. According to the IMF and the World Bank private exports are the most important sector in generating economic growth, and SAPs are designed to increase this form of export activity. However, since 1996 the purchasing power generated by private exports in Ecuador has been steadily declining.

Ecuador has faced a number of critical challenges since 1999. First, there was the impact of "El Nino" floods, related to the greenhouse effect at the global level; second, there was a serious decline in world oil prices; and finally, there was the crippling effect of the international financial crisis. All of these factors combined to cause the collapse of 70% of privately owned banks in the country. Their collapse is a interesting example of the 'efficiency' of the private sector in Latin America.

In addition, Ecuador was the first to default on the foreign debt, although probably this event received little or no attention from the media in North America. When Argentina is defaulting it is on the first page in the NY Times, however, in the case of Ecuador it probably remained unnoticed because it is such a small country. Ecuador has also followed the Argentine experience of dollarization. The Ecuadorian case has been even more radical, however, in that it entirely eliminated the Ecuadorian national currency and replaced it with the US dollar.

Over the past three years, the social situation in Ecuador has deteriorated along with the economy. Unfortunately, in Ecuador, as in other Latin American countries, we do not have a continuous periodic record of living standards in the countryside where the situation is usually much worse than in urban areas. Given this lack of information, I'm going to concentrate on the evolution of urban poverty but we have to take into account that rural poverty, according to the minimal data we do have, is much worse.

A household is defined as poor when it is incapable of covering basic subsistence needs, including food, education, health care and so on. During the past two years, poverty has risen from around 35% of the population to almost 70%. Basically, the percentage of poor urban households doubled in a period of 2 years. The peak of the crisis was at the beginning of the year 2000 when dollarization was adopted. Even though inflation went down and some recovery took place in economic terms, this recovery did not significantly reduce the level of urban poverty that remains exceptionally high. We've had only a very small decline in the last months. Currently, about 30% of urban household in Ecuador are living in extreme poverty, which means they cannot afford to feed all members of the family.

In terms of worker earnings, wages in the formal economy declined by about 35% and are stagnating at that level. This means there has been no recovery in the purchasing power of poor families, particularly in the case of unskilled workers. When we compare different kinds of wages, for example, people working in the formal sector versus those in the informal sector, we see that the evolution in wages has been more or less the same. In all cases, formal and informal workers, skilled and unskilled workers, the crisis has meant a serious loss of purchasing power. The gap in wages is extremely high only with superior education; however, in all cases we have the same decline of about 35%.

Historically, open unemployment has never been a significant problem in Ecuador. What we had instead was a huge informal sector. However, in the midst of the crisis open unemployment rates were very close to the Argentine experience – they reached 16%; about $1/6^{th}$ of the labour force. And later on, in the last two years, they declined again to around 10%, which is still very high for Ecuador. Moreover, this decline in open unemployment is due to an increase in underemployment and higher levels of emigration rather than to any real improvement in the job market. That means that households affected by open unemployment were in some way transformed. Workers went to the informal sector or simply fled the country. There is a very important flow of migrants from Ecuador to Spain, to the US, and to Canada. There simply are not enough jobs being created in the highly productive sectors of the Ecuadorian economy to improve the living standard

of wage-earners.

There are several social groups that are most affected by the economic crisis, and particularly by the deterioration of employment. Young people between 15 and 30 years constitute the majority of the unemployed in Ecuador. Women, indigenous peoples, and blue collar, unskilled workers with less than secondary education are all particularly vulnerable segments of society. Small and medium enterprises, both urban and rural, face critical challenges to their survival in the current economic climate. Conversely, the large enterprises that have access to international credit and technology have done particularly well since the onset of the economic crisis.

Clearly, this is more than a short-term problem; it is a structural crisis of almost 30 years tenure. As a result, I think it is important to think in terms of viable structural alternatives. I agree with the observation already made in this forum that political change is exceptionally difficult in the Latin American context, however, I think its very important to try to define some alternative options. There is a very serious crisis of employment that is associated with rising poverty and growing inequality throughout Latin America. We need to find alternative ways to deal with the problem of open unemployment and underemployment in Latin American countries. At the same time, I think it is very important to address the issue of social redistribution. In the case of Ecuador, as in the case of Colombia and other Latin American countries, agrarian reform must be a key component of social change because not only will it address the problem of unemployment, it will also deal with the problem of equity. We also need to implement policies that will support small and medium enterprises in order to generate employment. Health and education must also be prioritized.

There are two elements that need to at the heart of any alternative program. First, we need a different form of internationalization, one that is not so vulnerable to capital flows or exclusively focused on trade, and secondly, we have to think in terms of a sustainable society, particularly from the environmental perspective. This is particularly evident in the case of Ecuador where the export oil industry has resulted in massive ecological damage. Although they will be exceedingly difficult to implement, it is vital that we continue to generate alternative visions to the current neoliberal order.

Ricardo Grinspun

CERLAC and Economics, York

"Mechanisms of Disintegration and Marginalization in the Global Economy"

How do we think about the global economy?

Biased concept of "efficiency:" this central concept drives our understanding of what is good and bad in economic performance. It is used to rationalize the destruction of "inefficient" economic sectors, imposing large economic and social costs on the most vulnerable people. It is biased since it is narrowly defined to disregard the distribution of benefits from economic activity, the externalization of costs and benefits, the impact on the public good, and other considerations of social welfare broadly

How do we measure the global economy?

Lack of measurement of women's work**:** national income accounting does not count most household and reproductive work nor many forms of community work because they are not performed through the market. This bias hides the economic contribution of the "public" sphere and highlights the role of the "private" sphere. It leads to "development" defined as the closing of public spaces through privatization, cuts to public services, and 'downloading' that adds to the burden on women. By making women's work invisible, this form of accounting limits their access to voice, resources, participation, and decision-making, and disallows gender-sensitive policy-making. It also supports discriminatory regulatory and legal regimes (i.e., limiting women's access to land tenure).

Lack of measurement of natural capital**:** national income accounting does not count the contribution of nature to productive activities and to economic well-being. In particular, it ignores the essential role of biodiversity in sustaining life. Industrial pollution, poisoning of air and water, ecosystem degradation, destruction of habitats, loss of biodiversity, global warming - none of these are counted as economic costs under current accounting rules. Of course, these costs are real, and someone must pay for them. Generally, those who pay are vulnerable and impoverished populations as well as future generations,

thus impacting on the sustainability of our economy and of our (and other) species.

Measuring private gains, but not socialized costs: this is one of the most encompassing principles of the global economy as currently conceived. This overall approach focuses on private gains and systematically disregards public costs. The two items above (regarding women's work and natural capital) are singular instances of this general principle. Another aspect is that the contribution of indigenous and rural peoples to economic well-being (for example, through environmental stewardship and preservation of biodiversity) goes unmeasured and undervalued. In neoclassical analysis, the existence of uncounted costs means economic outcomes are not "efficient," but this fact is conveniently forgotten.

How do we make decisions about the global economy?

Lack of participation in decision-making: this democratic deficit is expressed as a shift in decision-making away from communities, publicly chosen institutions, and democratic representatives. At the national level, exclusionary economic and political systems are the rule. Internationally, the influence of transnational corporations is growing, as is reliance on unaccountable and unrepresentative "technical" bodies. Economic policy-making becomes centralized in Washington DC, in Brussels, and under the aegis of undemocratic structures of global governance (IMF [International Monetary Fund], WB [World Bank], WTO [World Trade Organization]). Trade treaties carry the explicit intent to "lock-in" structural reforms and thus pre-empt future democratic process.

Restricting the role of public policy**:** this narrowing of policy options has been effected through structural adjustment programs, financial liberalization, and, increasingly, newer forms of external conditionality. Such conditionality is effectively re-creating the role of the state, to make it more amenable to the needs of domestic elites, debt repayment, and transnational capital. The latest stage is "trade conditionality" - the use of trade rules and institutions to set in place structural adjustment. This happens through "ratchet" mechanisms embedded in trade treaties that disallow policy reversals.

How is the economy organized and how are markets regulated?

Depredatory export orientation**:** such orientation promotes exports at any cost, disregarding the economic and ecological rationale for a balanced approach. With expanding global markets, domestic sectors that cannot compete are marginalized and large economic actors benefit the most. Privatizing gains and socializing costs is a preferred mechanism to achieve "international competitiveness" at the expense of workers and the environment. A "global factory" produces goods under sweatshop conditions for the benefit of domestic elites in the South and affluent consumers in the North. Much natural resource exploitation follows the logic of a capital-intensive, "enclave" economy, with few jobs created and severe environmental damage inflicted. Global trade requires large-scale transportation of goods and people, with concomitant impacts on global warming.

Tiered rural economy**:** the economic engines of the rural economy are export-oriented industrial agriculture, forestry, and fishing. The agribusiness model highlights large-scale commercial enterprises that are intensive in capital, chemicals, biotechnology, and intellectual property rights. This type of "development" encroaches on small farmers and other small-scale and community-based rural economic activities. It is part of a broader set of policies that conflict with the goals of alleviating rural poverty, promoting food security, expanding local markets, and diversifying rural employment. The outcomes are increased land concentration, falling rural employment, and migration to the cities that increases urban poverty. The increased application of "green" and "gene" revolution technologies exacerbates existing threats to the environment and biodiversity.

Speculative financial sector: this sector grows out of domestic and international policies that deregulate financial institutions, dismantle financial controls, and liberalize capital movements. Anti-inflationary, monetarist macro-economic policies raise real interest rates and thus increase the profitability of financial capital. All this is harmful for productivity and employment since it promotes the shift of economic resources from productive activities to parasitic and speculative finance. One outcome is macroeconomic destabilization and the intensification of the "boom and bust" character of the economy. Another is a vast concentration of volatile and politically powerful wealth that exerts increasing influence over economic policy-making.

Depressed productive sectors, failed employment policies**:** "Washington consensus" policies are harmful for the productive economy and for the quality and quantity of employment. Such is the case with monetarist policies of high real interest rates. They result in the diversion of investment from productive purposes to speculative finance. Trade liberalization without adequate protections and supports brings increased imports, hurting domestic producers and "inefficient" sectors with large employment in particular. In the rural economy, small scale farming and diversified rural employment drops as agribusiness operations take hold. Overall, domestically oriented sectors are depressed or destroyed as a result of all factors combined. Export processing zones provide at best a partial solution to the employment losses elsewhere in the economy. Policies for "flexibilization" of labour markets (including anti-trade union laws) encourage fragmentation and deskilling of the labour force. The outcome is structural unemployment, and expansion of informal and precarious employment. The quality of employment also suffers, with negative impacts on labour standards, living wages, working conditions, and occupational safety.

Exclusionary "new" economy**:** the privatization of knowledge is the guiding principle of the "knowledge-intensive" and technology economies that are organized to serve the interests of the few. A main mechanism is a biased system of intellectual property rules (particularly patents), which are held mostly by large corporations. Intellectual Property Rules (IPRs) are used as a tool for political, economic and technological control as well as for transfer of surplus from the periphery to the centre. The biotech industry is using IPRs to assume unregulated control over basic life processes with potentially severe human and environmental impacts. The growing concentration of media, "cultural", and publishing industries is impacting on cultural diversity, local identity, and indigenous knowledge. The loss of ability to defend local cultures and biodiversity contributes to marginalization and poverty. Information technology serves as a mechanism of marginalization, since a significant part of the global population is not connected - not even to a telephone, much less to computers and the internet.

A war economy**:** the arms and security industries, and the wars that create demand for them, are a core component of the global economy. It is largely a command-and-control economy driven by governments, in disregard of "laissez-faire" ideology. Regional and civil wars, military build-ups, conflict areas, the "war on drugs," the "war on terrorism" - all this destruction follows the logic of the global economy. Many conflicts, for example, are linked to control over resources. The distorted nature of this economy creates dislocation, devastation, and hunger, which drive people to escape, migrate, protest, or worse. Rather than address the causes of political and social unrest, the answer is repression and a growing security effort to restrict democratic expression and contain and control people. The "security exception" in trade agreements gains new meaning in the post-September 11 context. It provides a complete exception from trade rules for activities that protect "essential security interests" (GATT Article XXI). Government programs that support the military cannot be challenged under WTO and other trade rules (such as NAFTA), even if otherwise they would be considered "unfair trade measures." They are also exempted from cuts imposed through WB/IMF structural adjustment. This encourages governments to shift resources from civilian to military purposes. It feeds armed conflict since it favours exports of arms over other products. It also empowers the US military-industrial complex and shields the largest industrial policy program in the world: the Pentagon.

Conclusion

During the course of the conference, several critical concerns were raised regarding the significance of the events of September 11th and the subsequent "war on terrorism" for the region. Paramount among them was the view that September 11th has resulted in an intensification of the American geopolitical imperial project, centered upon an agenda of entrenched neoliberalism. As articulated by Bendana and elaborated upon by subsequent presenters, particularly Greg Albo, the events of September 11th have enabled the U.S. to expand its 'zone of influence' to include regions of the world that were previously off-limits, especially Central Asia.

A related concern was the fear that the events of September 11th and intensified militarization in Latin America have left little room for opposition. Those groups challenging the neoliberal order, under the auspices of the U.S., are increasingly vulnerable to accusations of being 'terrorists.' As described by Bendana, the 'terrorist threat' is being

used by right-wing governments throughout the region to violently exclude opposition groups and justify the militarization of Latin America under the guidance of the U.S. This reality was made particularly clear by Kathy Price's discussion of the intensification of violence and the 'climate of fear' plaguing Colombia since September.

The potential for generating substantive alternatives to the American-dominated neoliberal order, ultimately empowered by the events of September 11th, was discussed by a number of panellists. Ricardo Grinspun provided a comprehensive analysis of the current global economy, drawing attention to its exclusionary nature and dependence upon military means. In her discussion of the current crisis in Argentina, Viviana Patroni drew attention to the difficulties of building a united alternative to this neoliberal world order and highlighted the importance of recognizing the class divisions that characterize current opposition movements. Carlos Larrea outlined some of the most pressing issues facing Latin America today and emphasized the need to continue discussing alternatives despite the critical barriers to their implementation.

The conference provided a valuable forum for substantive dialogue regarding the significance of September 11th and the subsequent "war on terrorism" for Latin America. It is hoped that the crucial observances made regarding the exclusionary nature of the current global economy, the process of militarization, and regional inequalities will assist in generating progressive alternatives to neoliberalism.

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