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## TROUBLE IN LATIN AMERICA, PART TWO

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As you may remember from last week, we reported that American invective is again being hurled at a Latin American country for electing a left-leaning political leader. In this case it's Bolivia, and the leftist is Evo Morales, an indigenous Aymara Indian who represents the majority poor people of his nation. We now continue our discussion as to why these countries so often bring left-leaning persons to power.

Following the imposition of the Monroe Doctrine in 1823 the United States began a century-long exploitation of Latin American resources and penetration of Latin American markets. When weak or corrupt governments needed money, American banks and financial interests were ready with loans, albeit with high interest rates and odious conditions. When poverty-stricken governments threatened default, American marines stood by to enforce American interests, as happened on several occasions.

But it was after World War Two that economic oppression began in earnest. Remembering all too vividly the devastation of war and the awful suffering of the just-past Great Depression, forty-four countries sent representatives to a 1944 conference at Bretton Woods, a mountain resort in New Hampshire. Their goals were to enable rebuilding of war-ravaged Europe, prevent any future worldwide depression, and develop ways to attain full employment while facilitating expanded world trade. Out of the deliberations rose The International Bank for Reconstruction and Development (now known as the World Bank), with the major purpose of providing funds for post-war economic reconstruction--something private banks were reluctant to do. A few years later the International Monetary Fund (IMF) came into being with the purpose of stabilizing the international trading system by facilitating balance of payments (the way nations settle their trade balances) equilibrium.

So back to Latin America. The well-remembered oil crisis of the 1970s dramatically raised the world price of oil, flooding oil-producing countries with billions of dollars. These "petro-dollars, as they came to be called, were invested in the safest place available--the United States. As American financial institutions came to be awash in excess cash, loan officers soon found themselves under great pressure to recycle this horde by loaning it out to almost anyone who asked.

Now enter Latin America with its vast needs for money and its compliant and often corrupt dictators. Since they disallowed freedom of speech and eschewed free elections, these dictators offered something bankers love: political and social stability. Couple this with the America's Cold War phobia concerning the spread of communism, leading to a willingness to support any anti communist dictator, no matter how cruel or venial, and you can understand why Latin American need for funds and American desperation to provide them set of an orgy of borrowing and debt..

So great was the pressure on the World Bank and the financial institutions from whom it drew funds to loan out excess reserves that little attention was paid to true need, merit, or even ability to service the debt. All that mattered was getting the money out. So you might be able to guess what happened: Up to one-third of these marginal loans to some countries disappeared into foreign bank accounts, with much of the remainder squandered on useless and often environmentally destructive development schemes.

Perhaps the most misguided development attempt in Latin America was the infamous \$445 million PoloNoreste project to build a 930-mile road into the Brazilian rain forest. The stated purpose was to provide new land for the urban poor under the Robert MacNamara-inspired World Bank program to alleviate poverty through loans for health, education, and housing. What actually resulted was massive deforestation and destruction of indigenous Indian cultures. You may remember the astronaut accounts of being able to see from space massive burning of girdled trees and thousands of patches of denuded land bisected by numerous roads connecting to the main highway.

And the worst of it is that most of this financial largesse failed to reach the poor. Many World Bank development projects actually accelerated poverty as local farming cultures were inundated by massive dams, in spite of the fact that there was no place for the generated electricity to be used. Local peasants thus were moved into the cities where they were forced into sweatshops and prostitution to survive.

But what about repayment of these loans? Obviously, you can't repay loans when you have no source of income. Knowing this, the World Bank soon prescribed what became known as Structural Adjustment policies for debtor nations, aimed at forcing changes in local economic and social behavior to facilitate gaining funds for loan service. The most damaging of these policies--transferring farm production from food for the local population to economically-valuable products for export and the cutting of social services such as education and health care in order to free funds for debt service--further devastated a majority of the population in these poor countries. And even when debt cancellation was considered, it was usually tied to further implementation of more Structural Adjustment mechanisms.

So the poor of Latin America became saddled with loans taken out by long gone dictators. But American financial interests demanded repayment from the people even though they had never benefited from the loans. And their new rulers subserviently bowed to financial power by often spending more money on debt service than they did on health care and education.

Now you may have some idea as to why Latin American nations sometimes elect left-leaning leaders, and why these leaders speak harshly of U.S. policy. They react, not against the good-hearted people of America, but against greedy, rapacious businesses and institutions desiring only to enhance their power and profits at the expense of the poor and helpless, foreign or domestic.