

Latin American Studies

UNIVERSITY OF CALIFORNIA, BERKELEY

SPRING 2003

A New Path for Globalization

By Amy Lerman

n his public talk at UC Berkeley on April 3, 2003 Professor David Bonior outlined his idea for a North American Parliamentary Union (NAPU) and discussed why he believes such a body is needed.

"The North American Parliamentary Union should be a democratic structure which will enfranchise citizens, farmers, laborers, small business people and environmentalists in the NAFTA countries as well as Central America. It will broaden the players and the playing field so that our best democratic values will be incorporated into our social, economic and political decisions," said Bonior.

Describing the history of U.S. relations with its neighbors — its southern neighbors in particular — as "episodic," Bonior asserted the need for a more permanent, on-going dialogue. Such a dialogue would seek to tackle the hard issues of immigration and economic development that have historically gone largely ignored in trinational debate. He went on to draw parallels between the needs of NAFTA members and the benefits of a European Union type model, arguing that the EU model is one that should be emulated. In so doing, Bonior asserted, the fundamental flaws of NAFTA might finally be addressed.

Bonior cited President Vicente Fox of Mexico as a strong advocate for turning NAFTA into a European Union type common market model. Human development and prosperity for all would be the central tenets of the new model, rather than the unfettered free trade that is the foundation of the current NAFTA plan. Bonior pointed out that, in the EU, one third of the total

LA PATRIA ES PRIMERO

LA PATRIA PATRIA ES PRIMERO

LA PATRIA PATRI

to by AP-WPF



Photo by AP-WPP.



continued on page 10

Chair Harley Shaiken

Vice Chair Teresa Stojkov

Managing Editor
Jean Spencer

Design and Layout Geof Oppenheimer

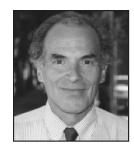
Photography
Daffodil Altan
AP-World-Wide Photo
Nancy Appelbaum
Brazilian Ministry of
Food Security
Embratur
Ángel González
Luis Carlos Monterrosa
Geof Oppenheimer
Dionicia Ramos
Olga R. Rodríguez
Nancy Scheper-Hughes

Contributing Writers

Daffodil Altan
Stephanie Ballenger
David Bonior
Ana Campoy
Raymond Constantino
René Davids
Ángel González
Gisele Henriques
Amy Lerman
Raquel MorenoPeñaranda
Olga R. Rodríquez
Sandy Tolan

The CLAS Newsletter is published three times a year by the Center for Latin American Studies at UC Berkeley.

Front cover photos: The Mexican National Congress, the U.S. Capitol Building and the Canadian Houses of Parliament.



Letter from the Chair

his issue of the Center for Latin American Studies (CLAS) Newsletter highlights an active spring 2003 semester that ranged from pubic events on contemporary U.S.–Mexico relations to research on the urban history of Rio de Janeiro. Here we feature the contributions of five CLAS visiting professors: David E. Bonior, Antonio Barros de Castro, Lorenzo Meyer, Sandy Tolan and Nancy Appelbaum.

David E. Bonior, University Professor of Labor Studies at Wayne State University, was the second ranking Democrat in the U.S. House of Representatives from 1991 to 2002. As part of the U.S.–Mexico Futures Forum, he unveiled a new policy proposal for a North American Parliamentary Union. He also taught a seminar on the role of the U.S. Congress in Central America in the 1980's and on trade in the 1990's.

Antonio Barros de Castro, a professor of economics at the Federal University of Rio de Janeiro and former director of the Development Bank in Brazil, spoke on the economic challenges for the new government in Brazil and taught a seminar on "Brazil in Transition."

Lorenzo Meyer, a professor of history at the Colegio de México, spoke on "The Consolidation of Mexico's New Regime: The Beginning" and gave a course on "The U.S. and Mexico: Conflicting Agendas — A View of the Present From a Historical Perspective."

Sandy Tolan, an independent journalist, film maker and radio producer, taught a course on the "Politics of Petroleum" jointly sponsored by CLAS and the Graduate School of Journalism and featured in this newsletter.

Finally, Nancy Appelbaum, a historian at SUNY Binghamton, gave a seminar on "Race, Region and Nation: Colombia in Comparative Latin American Context," jointly sponsored by the Department of History and the International and Area Studies program.

These talks and courses were part of a vibrant spring program whose highlights we feature in these pages.

Harley Shaiken

Inside CLAS

A New Path for Globalization	1
Signs of Democracy: Mexico's New Beginning	3
Brazil: An Economy in Transition	4
The Zero Hunger Project in Brazil	5
Demolishing Urban Hills: Establishment of a New Identity in Rio de Janeiro	6
Change Will Come With Politics, Not With Policies	8
Lucho Garzón Takes a Critical Look at the Uribe Government	9
The North American Parliamentary Union	11
The Past, Present and Future of the Venezuelan Crisis	14
SPECIAL REPORT: The Politics of Petroleum	16
Politics, Race and Historical Memory in Colombia's Coffee Region	28

Signs of Democracy: Mexico's New Beginning

By Daffodil Altan

orenzo Meyer, one of Mexico's most respected academics, spoke at UC Berkeley on March 5, 2003 on the consolidation of Mexican democracy. Meyer has made it his life's work to bring history directly to the forefront of every discussion. "In Mexico everything is charged with history, everything, every discourse, from the left to the right, everything. It is a great political weapon because history has been continually redistributed among Mexicans by the conquerors of the moment." One of the problems now, according to Meyer, is that "Fox is likeable, but he is extremely ignorant about the history of Mexico and its complexity."

It is obvious from the way Meyer leans in towards his audience that he loves to tell a story. His English is musical, dissonant and even high pitched when he hits the irony in his stories. They are stories that touch, after all, on the marrow of Mexico's history: its long and troubled road to democracy.

According to Meyer, the consolidation of democracy, symbolized by Vicente Fox's election in 2000, is not, like in the United States, the result of an inevitable historical trend, but rather an attempt to overcome a tradition of authoritarianism inherited from the Conquest.

Until 2000, "Mexican political life has been the antithesis of democracy," Meyer said. Even though democratic revolutions occurred at key points in Mexican history — the War of Independence and the Mexican Revolution, for example — they all ended in long-lasting authoritarian regimes. Today, however, Meyer believes that Mexican civil society is strong enough to support democracy, even in the midst of an economic crisis.

"You can smell it in Mexico City. There are many, many organizations — not very efficient ones," he said tongue in cheek, "but there they are; it is a civil society. There is a free press, really, really a free press. The government cannot control the press. So a civil society that isn't alive, say, in the Soviet Union, is very much

alive in Mexico, and this is an integral part of a democratic society," he said.

Still, the difficulty in overcoming a tradition of authoritarianism inherited from the Conquest and the U.S.'s historically schizophrenic treatment of Mexico threatens to override the country's promise for democracy.

"The year Fox came into power the Mexican economy just stopped because the U.S. economy started behaving peculiarly," said Meyer. "We have not grown. How do we address

An indigenous woman from Chiapas casts her vote during the 1999 election.



Brazil: An Economy in Transition

By Gisele Henriques

ver the years Brazil's economy has been praised for both its remarkable performance and its disastrous stagnation. According to Professor Barros de Castro, the volatility of this economy in transition makes it a perfect candidate for collapse. In his presentation at the Center for Latin American Studies on April 23, 2003, he surveyed Brazil's economic history and offered an interesting liaison between the past and the present, suggesting that tipping the equilibrium between economic success and disaster is one of the most important challenges for the Lula administration.

From the mid 1930's to the early 1980's Brazil followed a state-led economic approach.

The heavy hand of government in economic planning established a sense of continuity which, according to Barros de Castro, remains one of Brazil's most persistent traits. During the years of import substitution policies, Brazil experienced higher growth rates than ever before. In the 1970's, a time known as the golden decade, Brazilian industry tripled in size. This investment in industry, the result of years of import substitution industrialization, sought to prepare the Brazilian economy for growth. Nothing seemed to be holding Brazil back from becoming an economic powerhouse. However stagnation set in, and hopes for economic stability and security dwindled.

> In response to the stagnation of the 1980's, analysts recommended structural reforms and the opening of the economy. The expectation was that through reform, Brazil would find its specialization thereby tapping into the world market and growing from trade. But that elusive dream did not materialize. Instead of specializing, like Chile and Mexico, Brazilian industry kept up its previous diversified production. In addition, industry, although successful in production, was falling behind in marketing. Brazil was capable of producing quality goods cheaply, but unable to sell the goods internationally because it lacked efficient marketing capabilities. According to Barros de Castro, if marketing had been improved, Brazil's ability to produce could have powered its growth. Instead, Brazil's hopes for export-led growth diminished. Without being able to export, the economy succumbed to augmenting foreign debt, large deficits and high interest rates. The economy seemed to be coming to a halt, and Brazil became the perfect candidate for collapse.

In painting this dim picture, Barros de Castro emphasized that there were no certainties for the economy, and as a result, Brazil was both ready to grow continued on page 32

People walk by a Lula campaign poster in Oct. 2002.



The Zero Hunger Project in Brazil

By Raymond Constantino









Scenes from Guaribas and Acauan, the first two villages to benefit from Fome Zero.

liminating hunger is Brazilian President Luiz Inácio "Lula" da Silva's top priority. ■ Walter Belik, coordinator of Fome Zero (the Zero Hunger Project), spoke about the president's new program to reduce hunger and poverty that was unveiled this January. The project was developed by Lula's non-profit Instituto Cidadania and is the result of a year of input from various stakeholders including research tanks, universities, unions, grassroots organizations, public forums and specialists on food security. Resembling a plan former President Cardosa deferred in the mid 1990's due to high economic inflation, this program aims to reduce hunger among the 44 million poor Brazilians who make up approximately one fourth of the population. It is budgeted at \$4 billion.

According to World Food Summit statistics, poverty and hunger have not decreased in Brazil. Unlike the rural famine that plagues India and some African countries, Brazil's famine is not related to food shortage.

Ironically, Brazil is a major food producer and exporter. A fourth of the population suffers from hunger because the poor cannot afford to buy the food that is stocked on supermarket shelves. Contrary to popular notions, rural hunger in Brazil is decreasing while urban hunger is increasing. In fact, 50 percent of Brazil's hunger is located in small to medium size cities, and another 30 percent is located in northeastern Brazil, a region known for devastating drought. Belik explained that as the poor migrate from rural to urban areas, many relocate to minor cities that are not as economically vibrant as Rio de Janeiro or São Paulo. These smaller cities lack the jobs to support the poor.

Fome Zero addresses the hunger problem through an array of policy prescriptions at the federal, state and local level. Federal structural changes include increasing employment and food production, accelerating land reform measures, providing incentives to low-income farmers and creating scholarships

continued on page 34

Demolishing Urban Hills: Establishment of a New Identity in Rio de Janeiro

By René Davids

ntil the beginning of the seventeenth century, most Portuguese settlements in Brazil were situated on top of easily defensible hills from which access routes could be controlled. Rio was settled in 1567 on Morro do Castelo (Castle Hill) situated at the edge of the magnificent Guanabara Bay, in an area surrounded by hardwood forests and good

arable land for t h e cultivation o f sugar cane. Two other hills controlled by religious orders and a fourth topped by a fortress soon demarcated the area within which the colonial settlement developed. (fig.1)

During the late nineteenth century, Brazil became

increasingly integrated into the global economy through the export of primary commodities like coffee beans and latex and the import of manufactured goods. Mounting internal migration from the countryside to the urban centers, the abolition of slavery in 1888 and foreign immigration contributed to its rapid urbanization (Godfrey, 25).

Castelo hill

Santo Antônio hill

Imperial Palace

Praça Floriano

Gloria Bay 10

Campo de Santana

Avenida Beira-Mar

Nestled between a sensationally beautiful oceanfront and abruptly rising green hills, Rio de Janeiro today appears to merge into its

surroundings with voluptuous ease. Yet much of what seems natural has been artificially constructed. Only by filling in the original swamps, expanding the shoreline, cutting tunnels and leveling some of the hills could the city grow in such an extraordinary setting and at a rate that, at the beginning of the twentieth century, was matched by few other cities in the

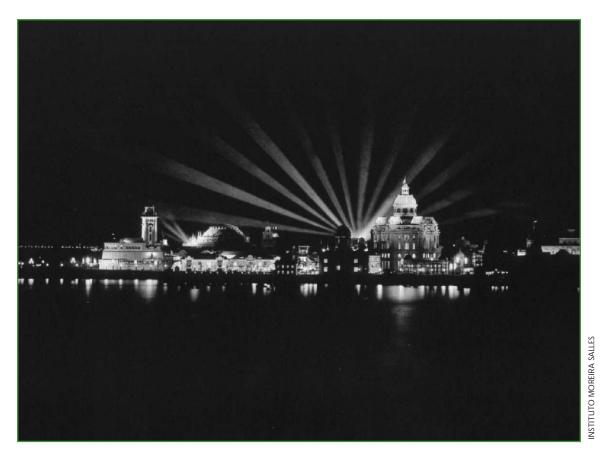
world.

Some of the land transformations such tunnels retaining walls are part of Cariocas' (the name given to Rio's citizens) everyday scene. Others such as land reclamation o r t h e demolition of urban hills have been obscured by the city's subsequent growth. These projects were part of a larger transform the landscape

or the strategy

Rio de Janeiro into the tourist, commercial and financial capital of South America. City authorities dreamed of creating a metropolis that would equal or surpass other South American capitals such as Montevideo and Buenos Aires and even European cities such as Paris and Berlin. Between 1906 and 1930, a series of urban reform initiatives were implemented to clean up the central business district, facilitate the circulation of goods by building new streets, upgrade port facilities and improve sanitation by

Plan showing the hills and coastline of central Rio de Janeiro in 1910; dotted coastline indicates the results of landfill by 1965.



Night view of the International Exhibition celebrating the centenary of Brazil's independence in 1922.

installing new water, plumbing and gas utilities (Petti, 132).

The first hill to disappear in Rio de Janeiro was the Morro das Mangueiras (Hill of the Mango Trees), razed between 1779 and 1783. As were many of the hills, the Morro das Mangueiras was adjacent to a swampy lagoon, the Boqueirão da Ajuda, used for waste disposal and notorious for its unpleasant stench. A fever epidemic that gripped most of Rio's population in the middle of the eighteenth century was blamed on the insalubrious state of the lagoon. Viceroy Luis de Vasconcelos ordered the demolition of Morro das Mangueiras, and the swamp was filled with the spoils. A new public garden, the first in the Americas, was created on the twenty hectares recovered from the lagoon.

By the end of the eighteenth century, increased maritime commerce had shifted the center of gravity from Morro do Castelo to the flat area around the port. As the hill lost its position of primacy within Rio's urban landscape, the lower strata of society gradually took over the deteriorating buildings, and the first calls for demolition of the hill were heard. Morro do Castelo was located at the edge of the Guanabara Bay, and the citizens who wanted to retain the hill argued either that it acted as a windbreak or that the buildings on the hill had

historical value. Those in favor of demolition maintained that the hill blocked cooling sea breezes from the east or that it was an eyesore, a rotten tooth that should be extracted. Other arguments for demolition stressed commercial development of the port and the elimination of buildings from an unpopular period of Brazilian history. In the article "O Morro do Castelo e Esthetica" (O Malho no. 989, August 27, 1921) (Nonato, 219) an anonymous journalist arguing in favor of demolition disagreed with those who believed that Rio's beauty lay in its exuberant topography. He countered that Buenos Aires was a beautiful city built on flatland, that in fact, the lush vegetation, not the landforms or the architecture, gave all Brazilian cities a sense of excitement. Rio, the article reminded its readers, would in any case retain the hills of Santa Theresa and Gloria, so there was no reason to fear that the city would become flat. The new flatlands left by the demolition of Morro do Castelo would allow for commercial expansion of the port and eliminate disagreeable vestiges of the colonial past.

The systematic erasure of the colonial fabric of Rio began during the prefecture of Pereira Passos, between 1903 and 1906, with large-scale demolition of the old city in the manner of Napoleon III and Baron Haussmann.

Change Will Come With Politics, Not With Policies

By Raquel Moreno-Peñaranda

aulo Paiva, Vice-President of the Inter-American Development Bank and former minister of Planning and Labor with the Cardoso administration spoke about the challenges facing President Luiz Inácio "Lula" da Silva and the new Workers' Part (PT) during a visit to the Center for Latin American Studies in January. Paiva maintained that "Changes will come with politics and not with policies." Lula's economic program, he added, is not dramatically different from Cardoso's, so the ambitious social program of the new government will only be achieved by what he referred to as "neocorporatism." As evidence of this new way of doing politics, Paiva pointed to the composition of Lula's Cabinet, which incorporates politicians from outside the PT, as well as the creation of the Economic and Social Development Forum following the model used in European countries like Spain and Portugal. The real political battlefield for Lula will be the congress, where the PT does not have the majority, and local elites still exert a strong influence. According to Paiva, Lula's previous experience as a union leader

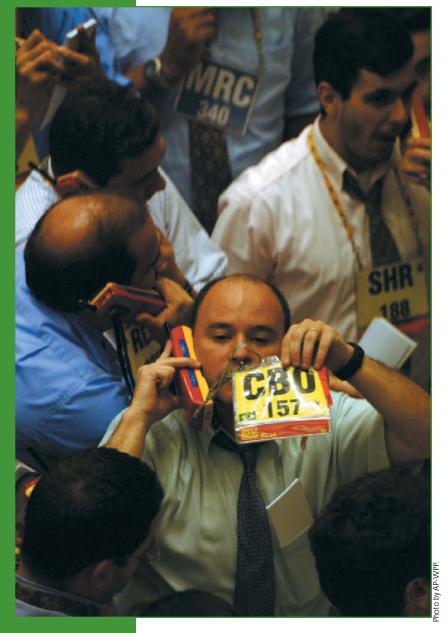
Paiva outlined four main areas in which the new government should concentrate its efforts: increasing economic growth, balancing macroeconomic stability with growing social demands, building a coalition with the national congress and maintaining the equilibrium between representative democracy and what he called the "new corporatism."

makes him the appropriate person for engaging

in this tough negotiation process.

In order to achieve sustained economic growth with stability, Lula's government has initiated contacts with the presidents of Chile and Argentina as well as with the Bush administration, the World Bank and the International Monetary Fund (IMF). The timing of Lula's state visits is symbolic of his new way of doing politics. Lula decided to visit Argentina and Chile before going to the U.S., but announced the name of the minister of finance in Washington D.C. Beyond these symbolic actions, the new government has adopted the structural reforms undertaken by the former government, maintained the previous board at the Central Bank (CB) and upheld the Monetary Responsibility Law to increase the autonomy of the CB. To illustrate the extent to which the new

Traders work on the floor of the dollar pit at the Futures and Commodities Market in São Paulo.



continued on page 36

Lucho Garzón Takes a Critical Look at the Uribe Government

prominent Colombian labor leader and leftist politician took on Revolutionary Armed Forces of Colombia (FARC), paramilitaries, U.S. drug policy, international lenders and his own president in a wide-ranging talk at UC Berkeley's Center for Latin American Studies on February 27. Speaking to a packed audience, Luis Garzón, a one-time presidential candidate and former leader of the Colombian oil workers union, spared few in examining the deteriorating political and economic situation in Colombia, which he described as a "savage farm" heading for all-out war.

Garzón's broad economic, political and military critique focused most often on Colombian president Alvaro Uribe, in particular Uribe's effort to negotiate with the right-wing paramilitary groups and incorporate them into the state. The paramilitaries, linked both to drug trafficking and human rights violations, are too divided and decentralized, Garzón argued. Further, he said, the U.S. is demanding the extradition of some members of paramilitary groups.

Garzón also took the U.S. to task for its backing of Plan Colombia, which he described as simply a military intervention — noting that the social investment portion of Plan Colombia is minimal. The U.S. emphasis on sophisticated technological assistance could inspire a backlash that the FARC, which has never been able to inspire a full popular insurrection, could capitalize on to cast their fight as a patriotic war. The U.S. intervention would, in essence, be doing the guerillas a favor.

Yet the leftist politician also argued that the FARC's tactics increasingly approximate terrorism. Though the guerillas have a real political agenda, he said, they do not understand the implications of Sept. 11. He criticized both the FARC and the government for not having demonstrated any serious intent to reach a negotiated settlement. Although he interpreted the overwhelming vote that Uribe received as a



vote for all-out war, Garzón sees no possibility that such a war will succeed in forcing the FARC to surrender. He pointed out that the FARC's stated goals, such as agrarian reform and restructuring congress, are in agreement with Uribe's program. He contended that if the government were to enact such reforms, the FARC would be neutralized.

Unfortunately the Colombian state and electorate have vacillated between simplistic poles of peace and total war, without much success. In spite of recent polls showing that Colombians favor U.S. intervention, Garzón doubts that the U.S. will ever send troops to

continued on page 38

Lucho Garzón speaks at UC Berkeley in Feb. 2003.

A New Path for Globalization

continued from the front page



Delegates from six west European nations sign treaties for the European Common Market agreement in March 1957.

> market budget is dedicated to narrowing the gap between more and less developed countries. A challenge to the neoliberal approach to trade advocated by the "school of economic injustice" is one that must finally be mounted, said Bonior. "We have failed miserably to understand that you can't do NAFTA on the cheap and expect it to succeed."

> Bonior warned against the possibility he foresaw in the current trend towards free market globalization. The future, he suggested, could be a world in which all of the human rights that have been hard won in America in the last century are lost. Unemployment benefits, child labor laws, minimum wage and the eight hour day are standards that are taken for granted in the contemporary American work force, but all were fought for by those who were convinced that the benefits of free trade did not demand foregoing the rights of workers. Today, Bonior asserted, we are faced once again with that same struggle to balance the desires of capital with the rights of labor but on a global scale.

Under NAPU, Bonior's proposal for a new institutional governing structure, the

foundations would be in place for a productive and on-going dialogue around these vital questions of justice and prosperity. Though Bonior's conception of NAPU is still in its formative stages, he offered that NAPU representatives would be either appointed or elected and could be organized by national identity or in partisan coalitions. NAPU could come together for an annual meeting, as the EU governing body currently does or could meet more often. Eventually, he suggested, there might even be a call for a permanent sitting NAPU.

The problem that such a proposition will surely face, however, will be the concern over threats to national sovereignty that will arise in the domestic politics of all three NAFTA countries. Like the EU, Bonior countered, NAPU will simply have to start small and then develop into a stronger body. Initially, NAPU might be limited to serving as an advisory board. Eventually, a trinational constitution could be drafted and NAPU could be vested with budgetary powers. At that point, it could truly begin to deal effectively with such cross-national issues as

domestic trade infrastructure and development inequality.

Bonior closed with a call for leadership and determination in looking towards a new trajectory for globalization. We already have NAFTA, he said, and "we can't put the toothpaste back in the tube," but we can work towards the establishment of a new system that better serves the needs of all.

Amy Lerman is a doctoral student in the Department of Political Science at UC Berkeley.

The North American Parliamentary Union

By David E. Bonior

Excerpts from a talk given at UC Berkeley on April 3, 2003

he Center for Latin American Studies has successfully found a way to bring public policy figures and academics together to create relationships and dialogue which not only serve the interests of this great institution but of our respective countries.

It was just a little over four years ago, right here at Berkeley, that leaders from the Hemisphere met for a conference entitled "Alternatives for the Americas, A Dialogue."

The sessions were excellent — the exchanges stimulating and provocative. But the significance reached far beyond what we could have imagined at the time. Just consider what the future held for those participants.

Congresswoman Nancy Pelosi is now the Democratic Leader in the U.S. House of Representatives. Governor Vicente Fox is the President of Mexico, the first non-PRI candidate to be so elected in 71 years. The dynamic duo of Jorge Castañeda and Adolfo Aguilar Zinser, both of whom I know have spent a good deal of time on this campus, have been running the foreign policy of Mexico as its Foreign Minister and its Ambassador to the United Nations, although Castaneda has recently resigned. And, I might add, the then-Democratic Whip in the U.S. House of Representatives

would become a visiting professor at UC Berkeley which is a high honor and rather amazing development for a working class boy from the East side of Detroit.

Beyond pulling together these and other important leaders, what the conference did for me was to open my eyes to other perspectives — especially in U.S.–Mexico relations. Then-Senator Zinser was not only forceful, but eloquent and passionate in changing my mind about the annual drug certification process between our countries. He convinced me of how humiliating and degrading it was to his country.

He pointed out that the United States was at least one half of the problem. It was and is our demand which drives this evil market.

I left that weekend convinced that the United States needed to suspend our punitive policy. We should rather engage in a partnership of trust — openly and maturely. I'm pleased to say that we did change our policy. Based upon mutual respect, the new policy shows more promise of working. Hopefully it will serve as a model that we will be able to build upon for other important issues.

Secondly, at this same conference, I was pleasantly surprised to hear Vicente Fox advocate turning the North American Free Trade Agreement (or NAFTA) into a European-type Common Market that has as its central dynamic, in his own words, continued on next page

North American Parliamentary Union



David and Judy Bonior (right) walk across the UC Berkeley campus with Harley Shaiken (left).

> "human development and prosperity for all." To my delight Fox went on to suggest that, "market forces will never, in undeveloped countries, be the guiding positive force we need." This was coming from the presidential candidate of the conservative party, the PAN, in Mexico.

> To be quite honest, I was expecting something along the lines of the unassailable forces of the invisible hand. You could have knocked me over with a feather when I heard this broader vision — a formulation which was, and is, sorely missing from our presidential leadership here at home. Fox concluded with the observation that the European Common Market countries had dedicated one third of their total Market budget — \$35 billion in U.S. dollars a year — to narrowing the gap between the less developed and prosperous European countries. As a consequence of this remediation, the commanding force, Fox noted, "comes from intelligence, from human action, and not from the market."

> Well, it was positively uplifting to hear Fox challenge the neo-liberal approach to trade. On our side of the Atlantic, we have largely failed to consider the broadest meaning of "common" but have instead preferred to focus on the word "market."

This myopia has blinded us to the centrality of community. We have failed miserably to understand that you can't do NAFTA on the cheap and expect it to work.

Listening to Vicente Fox, I thought to myself that we certainly could establish rapport with someone who shares such a broad and progressive view of our linked futures.

In subsequent years, other meetings I have attended sponsored by the Center for Latin American Studies have also been interesting and useful to me in my role as a Member of Congress. Last fall, an important breakthrough occurred when, for the first time, the Futures Forum was held outside of the United States, in Cuernavaca, Mexico.

My topic: The North American Parliamentary Union: What is it? Why do we need it? The proposed North American Parliamentary Union (NAPU) will be a democratic structure to enfranchise all citizens — farmers, laborers, small businesses, environmentalists, consumer advocates and others in the NAFTA countries as well as Central America. It will broaden the players and expand the playing field so that the best democratic values will be incorporated into our social, economic and political decisions. We live in a global world

where key decisions are made by a self-selected group of elites, often in non-transparent circumstances. NAPU is an attempt to create a structure where there is wider participation in the decision-making and where those voices will actually be heard and heeded....

Let me pose three questions. First: Is such an entity feasible or are those of us interested in a regional parliamentary body just whistling in the dark? Secondly: How would it work? And thirdly: What needs to be done to shepherd this idea to reality?

So is it feasible? I believe that it is. But let me add a caveat. Sept.11, 2001, the recent debate at the U.N. about war in Iraq and the war itself, have exacerbated tensions between the United States, Mexico and Canada.

The U.S. government abruptly dropped President Fox's top priority of immigration reform when our attention was diverted after Sept. 11. I would submit that we could have embraced Fox's concerns and made a compelling case for the increased need to work more cooperatively at our borders by tracking in a more humane, organized and economically efficient way who is coming and going. Instead we abandoned a key ally, exhibiting once again our cavalier attitude towards our southern neighbors.

In Mexico, a remarkably high percentage of the population has relatives living in the United States — probably at least one in five. President Fox acknowledged the power of the 25 million Mexicans in this country by actually campaigning here in the U.S. during his successful run for president.

In the United States, 13 states, 80 cities, 600 police departments and many businesses now formally accept a Mexican government card in lieu of a Social Security number as sufficient identification for job applications, drivers licenses and bank accounts.

And, in this country, U.S. citizens register very high approval ratings of Canada and Mexico, 90 percent and 70 percent respectively.

So yes, once we settle back into a

more normal neighborly relationship with each other, I think the underpinnings for laying the groundwork for a Union of Parliamentarians will be present.

Secondly: How would it work? It could take on a variety of forms. Its members could be appointed or elected. Once gathered, members of the parliament could organize themselves by nations, or they could choose to organize by ideology as they have done in the European Parliament. They could meet infrequently, say once a year for a short session as the binational confabs do between the U.S. and Mexico and the U.S. and Canada. Or they could choose to sit more permanently as the European Parliament or the relatively new Central American Parliament.

The parliament's powers could be limited to an advisory role to the respective national governments, or it could develop a constitution with a budget authority to tackle issues such as the infrastructure problems along the borders.

In terms of scope, NAPU could be confined to the NAFTA countries, or it could include our brothers and sisters in the isthmus.

Despite Secretary Rumsfeld's snide references to "Old Europe," I see much to be learned from how the European Parliament was born and how it has matured over the past 45 years.

I foresee initially an appointed membership coming proportionately from the NAFTA countries. Membership would be selected either from the existing national legislatures, from former members of those bodies or from appointments made by the parliamentary leaders in Mexico City, Washington D.C. and Ottawa. At some not too distant future, invitations could then be extended to the Central American countries and perhaps eventually to the people of the Caribbean and the rest of Latin America.

The question of sovereignty will necessarily pose enormous hurdles. However, the same was true in Europe. Just as Europe moved from an appointed model in 1958 to a popularly elected membership in 1979, we must believe that the same patterns could follow in this case.

continued on page 30

The Past, Present and Future of the Venezuelan Crisis

By Olga R. Rodríguez

ver since the coup attempt against Venezuelan President Hugo Chávez in April of 2002, the political and social crisis in Venezuela has intensified. Poverty and unemployment have increased and Venezuelans are in the midst of the worst economic crisis the country has ever experienced. The division between those who support the Chávez administration and those who are against it has deepened, and Petróleos de Venezuela (PDVSA), the national oil company, has become the battleground. In December, anti-Chávez PDVSA employees sent the country into a downward spiral when they called for a strike of the oil company that lasted more than two months. Venezuela now finds itself in what seems an unsolvable predicament.

The opposition claims that the crisis is the result of a corrupt and incapable government that was democratically elected but which has militarized almost every aspect of public administration. Chávez' government, they say, antagonized a large portion of Venezuelan society and has become an increasingly authoritarian regime that threatens to undermine the country's democratic history. For Chávez supporters, the deep divide is a product of persistent state deterioration that started more than 20 years ago. The crisis, they say, has been magnified by the middle and upper classes' belief that their privileged position is being threatened by Chávez' reorganization of PDVSA, historically controlled by the elite, and his inclusion of the poor in the political system.

On April 16th, 2003, the fierce debate occurring in Venezuela was represented in a panel at UC Berkeley moderated by Professor Ramón Grosfoguel. Heinz Sonntag, retired professor of sociology at the Universidad Central de Venezuela in Caracas and Edgardo Lander, professor of social sciences, also of the Universidad Central, presented opposing views of Venezuela's crisis.

After 1958 when Venezuela's last dictator. Marcos Pérez Jiménez, was ousted, Venezuela experienced two decades of democratic stability. Lander said. Continuous economic growth fueled by oil income was translated into improved standards of living. During Carlos Andrés Pérez' administration (1973-78), massive industrialization projects were undertaken and an accelerated modernization plan was put into place. "The nationalization of the oil industry and the iron and ore mines [in 1976] was supposed to be a second independence and the way to La Gran Venezuela," Lander said. "The cultural inclusion of racial and social democracy became part of the Venezuelan imagination. There was a general expectation about the future, but this began to change."

After the 1970's, per capita income began a long-term decline. The state structure became more inefficient and corrupt. Traditional political parties became less like mass organizations and more like exclusive groups for the elite. According to Lander, the most important change that occurred was the extraordinary cultural and political disconnect that developed between the upper and middle classes and the marginalized sectors of society.

The discontent of the popular classes surfaced in 1989, during Carlos Andres Pérez' second administration. Facing heavy debt, Pérez announced price hikes on gasoline and public transportation, among other things, as part of an austerity plan mandated by the International Monetary Fund. People took to the streets in protest; looting and rioting ensued. After two days of unrest, the military was called out, and at least 400 people were killed. The events awakened Venezuelan society and began the chain of events that ultimately led to the election of Hugo Chávez in 1998.

"Hugo Rafael Chávez based his campaign, like those leaders preceding him, on the promise to solve all of society's existing



problems from poverty, unemployment, the lack of adequate health care and deficient educational services to the shortcomings, failures and corruption of the socio-economic order and the political system," said Sonntag. "As his overall instrument he invoked a new constitution for a 'really participatory and protagonist democracy.'"

Chávez won the 1998 election in a landslide, and his popularity quickly rose. He also received wide support when his new constitution was ratified in 1999. However, Chávez' lack of political experience resulted in a confrontational style which has been characteristic of his discourse. Chávez' inflammatory style has served to rally his supporters, but it has also provided ammunition to his opponents. The mass media, dominated by the opposition, has frequently used Chávez' own rhetoric against him. "The way in which these criticisms were received brought the first disappointments with the regime. Instead of giving coherent explanations or accepting responsibility for their wrongdoings, Chávez and his followers attacked the media, committing the additional error of personalizing these attacks by focusing on certain journalists and media owners," declared

Sonntag, who was sharply critical of Chávez throughout his talk.

Lander countered that the media has contributed to the polarization by playing a major role in the creation of a distorted image of the government as a tyrannical, authoritarian, Castro-Communist project that is menacing to property and liberty. According to Lander, the media has also promoted the vision of a mob that could at any moment assault the neighborhoods and ransack the houses of the elite.

Chávez' confrontational style, Lander argued, is a weakness of his administration. However, the biggest roadblock his government has encountered is the anti-political, anti-state discourse of those who were connected to PDVSA. This discourse, Lander added, defined the state as corrupt and inefficient, and it seemed logical that the oil company, seen as a great modern efficient enterprise, should try to detach itself as much as possible from this backward state.

"The oil enterprise, Petróleos de Venezuela, was supposed to be a national enterprise, and national oil policy was supposed to be defined by the government through its continued on page 37 Members of the opposition march to the National Congress building in Caracas in Feb. 2002.

The Politics of Petroleum

By Sandy Tolan

ore oil comes to the U.S. from Latin America than from any other part of the world. That simple, startling fact helped launch a two-semester, 12-reporter, five-country reporting project co-sponsored by the Center for Latin American Studies and the Graduate School of Journalism at UC Berkeley. The reporters of the "Politics and Petroleum" class prepared for months by reading books on oil history, industry journals, human rights reports, environmental assessments and political analysis. They queried the many oil, policy and social analysts who came weekly to brief the class. And they divided into country teams to prepare "petro-political" assessments of key Latin American oil and gas producing nations. The idea was to examine the on-the-ground effects of oil and gas production in the region that exports more oil to the U.S. than the entire Middle East. In March and April, reporters traveled to Mexico, Venezuela, Ecuador, and Peru; one reporter made an earlier trip to Brazil.

At the heart of the work was a single question: How is it that countries with such substantial petroleum wealth find themselves in the throes of such political, economic, social and environmental troubles? In other words, why has petroleum, far from being a panacea, more often proven to be what the late Venezuelan oil minister and co-founder of OPEC, Juan Pablo Perez Alfonzo, called "the Devil's excrement"?

Olga Rodriguez tackles this question in her assessment of the last three decades of oil development in Venezuela, which with Mexico has long been a top-four exporter to the U.S. (The other two are Canada and Saudi Arabia.) In her companion article, Ana Campoy describes how oil has helped fuel the divisions between *chavistas* and the political opposition in Caracas. In Mexico, oil has not yet become quite the divisive force that it is in Venezuela. But reporters Daffodil Altan and Angel Gonzalez consider the country's grand dilemma: As Mexico's known reserves begin to reach their peak, some say

the country needs billions in foreign investment to find more oil, lest it become a net petroleum importer. Yet Mexico's very identity is tied to its nationalization in 1938 of its oil resources — an identity so sacred, it is enshrined in the Mexican constitution.

Other work will focus on Julian Foley's sojourn following a barrel of oil from the Venezuelan desert to a gas pump in Arizona; Yahaira Castro's story about indigenous resistance to oil development in Ecuador; Claudine LoMonaco and Andres Cediel's pieces about environmental contamination and health risks in the refinery town of Esmeraldas, Ecuador; Jason Felch and Chris Raphael's inquiry into a new natural gas project in the heart of the Peruvian Amazon; and Juliana Barbassa's search for viable alternatives to petroleum in Brazil. These articles will also be published in the Tucson Citizen and on the Gannett News Service Wire, as well as for other newspapers. Other versions will be aired on National Public Radio

Sandy Tolan, an independent documentary film maker, has done extensive reporting for National Public Radio, the New York Times Magazine and many other publications. He taught at the Center for Latin American Studies and the Graduate School of Journalism during 2002-03.



Sandy Tolan at the Center for Latin American Studies, spring 2003.

Venezuela: Paradox of Plenty

By Olga R. Rodríguez

erched atop El Avila, a 6,700-foot peak that rises to the north of Caracas, the Hotel Humboldt is a symbol of Venezuelan oil wealth and of the country's dream of grandeur that came with it. With its manicured gardens, an indoor swimming pool, an ice rink — a rarity in a tropical nation in 1957 when it opened — and an ostentatious ballroom whose marble floor rose and slowly rotated, the Humboldt was the hottest spot of a country building its dreams on oil. It played host to the Venezuelan elite and Latin American leaders in the times of Dominican dictator Rafael Trujillo, Argentina's Juan Peron and a young Fidel Castro. Today, the Humboldt is framed by gardens wilted from neglect. Paint peels off its walls, and sun-worn furniture sits neatly arranged in abandoned rooms.

If a 35 cent barrel of oil could create an opulent vision like the Humboldt, it was a speck compared to the dreams created when prices rose to \$11.65 a barrel (\$23.92 in today's prices) in 1973. Venezuelans planners were intoxicated with fantasies of achieving instant modernity, and they passed this vision of progress on to the people. These were the days of illusion, when everything seemed possible. But the dream of entering the first world did not materialize.

"It was at that time that Venezuela was screwed," said Teodoro Petkoff, publisher of the daily newspaper Tal Cual. As Minister of Planning during the 1990's, Petkoff had to contend with the effects of the binge.

"The way the oil windfall of those years was administered was irrational and the economy got so bloated that the whole country suffered indigestion. It's common sense," Petkoff said. "If you eat soup and a steak every day, and suddenly you're eating three bowls of soup and three steaks, well, obviously you'll spend the next three days sitting on the toilet."

While some saw the rapid increase in oil prices of the 70's as a recipe for economic and political disaster, in Venezuela and in other oil producing nations, the oil boom created the illusion that their entrance to the first world was near. In Mexico, the nationalization of the oil industry in 1938 brought hopes of progress, but as oil prices fluctuated wildly the domestic economy faltered and corruption ran

rampant. In Ecuador, oil revenue increased the government's budget, but it also brought environmental devastation that spanned the entire country.

Since the post-war wave of nationalization and decolonization, oil has held the promise of development. In petrostates across the third world, the dream of joining the rich nations with the help of the natural wealth underground was deflated by corruption, poor state planning and overhyped expectations.

"The petrostate mentality creates the illusion of prosperity and dependence on petroleum, which leads to extreme centralization of political power and to incoherent public bureaucracies," writes Stanford University professor Terry Karl in her book titled *The Paradox of Plenty*.

Women sit in front of a PDVSA sign in Caracas.

continued on next page



hoto by Olga Rodríguez.

Nowhere is this more the case than in Venezuela. While there have been limited successes, in this South American country, as in country after country, the dream has been squandered — often through autocratic rulers who use oil wealth to centralize power.

"Part of the problem with the Venezuelan mentality is that they confuse the existence of a resource with wealth," said Roberto Bottome, an economist and editor of Venezuela.

Venezuelans are in the midst of the worst economic crisis the country has ever experienced, in large part the result of the bloated development projects of the 1970's that came from the oil bonanza. Like a curse, oil has divided the country, and President Hugo Chávez, like his predecessors, is trying to consolidate his power by keeping a tight grip on the oil industry.

But oil is not almighty. At the Humboldt, the marble floors are gone and many windows punched out. Only the grand ballroom is open. This is where rich Venezuelans willing to take the 30-minute cable car ride, the only way to access the hotel, come to burn away extra calories in an aerobics class. Even though failed projects from 30 years ago abound, Venezuelans still remember the 70's as a decade of dreams come true — the years the country moved forward in a way they thought would never end.

The 1970's: The Oil High

Carlos Andrés Pérez became president at the end of 1973, just as the Arab oil embargo sent petroleum prices soaring. With a populist campaign that promised to help the country overcome underdevelopment, Pérez won in a landslide. His administration suddenly found itself with a budget four times bigger than that of his predecessor.

Pérez and his ministers embarked on a poorly thought out, massive development project. They called it La Gran Venezuela (The Great Venezuela), a plan that included the nationalization and accelerated expansion of the petrochemical, aluminum and steel industries.

Oblivious to the bloated government development plans, ordinary Venezuelans felt they we were finally getting their share of the country's natural wealth. All the government spending was creating huge amounts of consumption. It was a time of rapid growth, and people felt good.

For Olis Sanchez de Tronchoni, a 55-year-

old high school teacher, La Gran Venezuela was a reality. Sanchez moved to Caracas from Táchira, an agricultural and commercial state that borders Colombia, to work and go to university. She finished her degree in education, and when she married, she and her husband bought an apartment and a car.

"Those were times when whoever wanted could take an opportunity and make it work," said Sanchez, who lives in a middle class neighborhood where apartment buildings come with a swimming pool and a recreation area. All the people who wanted to study could do it. You could buy an apartment; you could have a decent life."

A decent life for Sanchez, her husband and three children, meant trips to Disneyworld in Florida, long sojourns in Spain, private school for their children and an apartment with marble floors, decorated with paintings of country life and elegantly framed mirrors. The couple was also able to buy a second home an hour away from Caracas, in the state of Aragua, one of richest agricultural states in the country.

Sanchez achieved what many middle class families in Latin America only dream of with her reasonably well-paid job as a high school teacher and her husband's booming importing business.

"He would import everything," remembered Sanchez, her bleach blond hair styled in a bob. "He imported Spanish ham, Portuguese olives. Italian ceramics were a hot item, too. People would buy anything that came from abroad. People in the middle class would take pride because they would only drink imported whiskey and water."

In La Vega, one of many shantytowns that have sprang up on the hills surrounding Caracas, 44-year-old Daniel Baez also hoped the oil bonanza of the times would reach him. Baez, a lanky man looking older than his years, began working at the age of eight. He ran errands for neighbors. He sold boiled eggs to men in bars. As a young man, he worked in construction and at a bicycle repair shop. Today, he delivers messages by motorcycle.

During the 1970's, Baez remembers, some of the oil wealth began to trickle down. "You could quit your job and go across the street and find a new one," Baez, who lives in a two-room house made of cardboard, plywood and a few bricks, said.

"I finished elementary school at the age of 18," said Baez. "I didn't have the economic means to go to school so I had to work, and I would go to school at night. But making a living was easy, and life wasn't expensive so I thought I didn't need to continue."

Baez also thought the oil wealth would never end. But by the time he wanted to open his own business in the early 1980's, the economy was stalling, and life became more expensive.

"At one point, I was able to work and help my mother out, and I would have money left to buy me a shirt or pants," Baez said. "In the 80's, I understood my life was going to be about working and trying to make ends meet."

Pérez' plans to industrialize the country had failed. The steel venture ran huge losses after Pérez gave orders for the industry to be expanded fourfold without having the skilled people to run such a large plant. The company was privatized in the 1990's. Pérez's tractor factory, which took almost \$40 million to build, tanked when oil prices plunged, and the project couldn't be completed. And all along, Pérez' government continued to borrow to fuel everwilder dreams: as the 70's closed, the country's foreign debt had increased from \$748 million in 1973 to more than \$12 billion by the time Pérez left office in 1979.

By the end of the 1970's the myth that Venezuela was a wealthy nation came to a shuddering halt. As global oil prices declined, so did the dreams of progress held by the majority of Venezuelans.

The 1980's: The Side Effects Are Felt

Pérez' successors were confronted with a declining, oil-dependent economy and an escalating foreign debt. The overheated economy, which had quadrupled in the 1970's, suddenly was cash poor, but huge expectations had been created. The crash in oil prices forced the Venezuelan government to even more foreign borrowing in order to continue the myth of progress. By 1989 the country's foreign debt had risen to \$38 billion.

"The amount of money that came into the government was so huge that it became absolutely corrupt," Bottome said. "Corrupt in the sense of inefficient, as well as people who stole or lived off it improperly. And from then on, instead of being a country where we're growing, we've been a country that's been going downhill. How many countries in the world have seen their standard of living go down 40 percent in 25 years? It's ghastly!"

For Ana María Hernández, once a schoolteacher and now a full-time street vendor, the 1980's was the time her dreams vanished. A single mother at the time, Hernández had no other choice but to quit university and find full-time work. Now, she spends



nid- Ana María

ated Hernández sells

her hats at Parque

Central.

10 hours a day at Parque Central, a massive development project that flourished in the mid-1970's, and today is a collection of dilapidated buildings. Here, Hernández sells the hats she and her sister-in-law knit.

"I could no longer leave my child alone," Hernández, a vociferous woman with a vibrant smile, said. "I was working as a teacher in the mornings, going to school at night and selling the hats on the weekend. It was too much, and I had to decide for the best life I could give to my child. I figured my dreams could wait."

Yet for all the disillusionment Venezuelans began to feel, when Carlos Andrés Pérez resurfaced as a presidential candidate in 1989, they re-elected him. Nostalgic for the good times of the 1970's, they put their hopes in a man who reminded them of the sense that once again everything was possible.

"No one succeeded in blaming him for the problems of the 80's," Bottome said. "Carlos began to run, saying 'remember the wonderful times we had when I was president?" And he got re-elected on the continued on next page

illusion that we're rich, and he's going to make us all rich again."

But Pérez inherited the mess that had resulted from his failed development plans and the heavy borrowing of his predecessors. Venezuela, with more oil than any other nation in the Western hemisphere, was worse than broke. The country was paid a visit by the International Monetary Fund.

While Pérez was running a populist and welfare-state campaign that promised abundance, he was also in negotiations with the IMF for a very strict adjustment policy.

By 1989, when Pérez' second administration started, 15 percent of the workforce was unemployed. The standard of living had plummeted. Shortages — for bread, toilet paper, milk — were everywhere. The country, with billions of barrels of oil wealth, suddenly found itself a debtor nation.

Pérez, who months earlier had promised a return to La Gran Venezuela, announced price hikes on gasoline and public transportation, among other things, as part of the austerity plan mandated by the IMF. When a steep rise in bus fares went into effect at the end of the month, just before payday, the lower classes were pushed to the breaking point, and the streets of Caracas and other urban areas exploded.

People took to the street in protest, and soon started looting supermarkets and appliance stores. National television showed people dragging huge television sets, refrigerators and anything they could get their hands on. Hundreds of soldiers from the interior and unfamiliar with the city were sent in. Firefights broke out; eyewitnesses reported soldiers shooting indiscriminately into the shantytowns. Hundreds of people were killed.

The riots, known as "El Caracazo," were the first sign of the deep frustration of the poor who felt they had been marginalized long enough.

"This was the wake up call that something was terribly wrong with the way the country had been run," Samuel Moncada, director of the school of history at Universidad Central in Caracas, said. "This marked the beginning of a profound crisis of leadership, and it brought to light the deep discontent people felt for the political system."

The 1990's: Venezuela Goes Through Withdrawal

By the time Hugo Chávez, an unknown low-rank army officer, sprang into the country's political scene in 1992, the oil dream had crashed. The middle class found that trips abroad were no

longer possible, and for the poor it was harder and harder to even find work.

"I always thought I would be able to buy a house in the flatlands, that was my dream," said Baez, whose makeshift two-room home, which he shares with his wife and three stepchildren, rests at the highest point of the hill and is only accessible by a crumbling, muddy stairway. "Now all I want is to have a house closer to the street."

Venezuelans had awakened to a deep economic and political crisis. Even with an increase in oil revenue, nearly three in four Venezuelans lived in poverty.

Chávez, who took part in two failed coups against the second Pérez administration, ran as a candidate in the democratic election in 1998, promising to end corruption and improve the lives of the poor. Chávez, who comes from a modest family, ran as a populist. Overwhelmingly elected president, he was seen Venezuelans' hope for a fresh beginning.

"He is the first president to ever come to La Vega," Baez said. "He has already been here four times; no other politician has ever come close to this place."

But four years after his administration took office, half of the labor force makes a living in the informal economy, selling everything from pirate CD's to perfumes and clothes, and poverty has worsen. Most of the urban poor live in shantytowns called barrios, which ring the nation's major cities, without running water, or sewage systems.

Chávez' confrontational style and pro-Castro stand have also pushed away many who once thought of him as the solution.

For middle class people like Sanchez, who lived a life of comfort during the boom years, Chávez is a dictator in the making whose economic policies have put her family on the brink of joining the lower classes. Now an ardent member of the opposition, Sanchez wants Chávez out.

"I thought Chávez would be the answer to our problems," Sanchez said while she rearranged the Venezuelan flag that hangs from her window. "In his campaign he spoke of solving poverty, unemployment, and we believed him. We thought he would be different."

Like most Venezuelans, Sanchez' dreams were put on hold, and with her husband unemployed, she had to come out of retirement and support the family. With her \$125 per week job, she is her home's sole provider.

"Before we had presidents who squandered

the oil wealth and stole from us. But this man is also dividing families. He is breaking down Venezuela's society, and he started by making our youth lose hope," said Sanchez, her voice sounding urgent. Two of her three children have gone abroad in the last four months looking for work.

For Hernández, who sells her hats outside government offices and prefers to stay out of politics, the country's political polarization has only deepened her financial problems. She still remembers the times when she would sell up to 10 hats a day; now she is lucky if she sells that amount in a week.

"I'm not for the opposition or for the government," she said. "I have no time for politics. I prefer to live in reality and avoid the lies of both sides. What I see is what I believe, and I can see we're are in a bad situation and only hard work will get us out."

When Chávez became president he had the support of Venezuelans from all strands of society. But when he decided to reorganize Petróleos de Venezuela (PDVSA), the state's oil company, he touched a nerve.

"PDVSA was the most elitist part of Venezuelan society," said Edgardo Lander, professor of sociology at the Universidad Central de Venezuela in Caracas. "Culturally it was the most distant from the lower classes. When Chávez decided to take a closer look, those who were part of the company felt their position of privilege was being threatened."

The middle and upper classes, mobilized by high-ranking PDVSA employees, turned against President Chávez. In April of last year they attempted a coup against his government. Later they would help send the country in a downward spiral when they called a strike of the oil company.

Ever since the coup attempt against Chávez, the political and social crisis in Venezuela has intensified, and the division between those who support the Chávez administration and those against has deepened.

For those in the opposition, Sanchez included, Chávez is an opportunist that has taken advantage of their hopes for change and has used his rhetoric to divide the country. Even worse, his economic policies have impoverished many in the middle class.

"Chávez' government is the most corrupt we have ever seen," she said. "He had done nothing to improve the country in four years. We have no money saved. We live day by day, yet he tells the popular classes that we are 'oligarchs' that we have taken what belongs to them."

Conclusion

For Venezuelans, oil is still the solution. Urged by president Chávez, the poor organized forums to learn how to defend what they say is rightfully theirs. At a recent assembly, leaders of different popular organizations, many wearing the red berets that are representative of Chávez' Bolivarian Revolution, came to meet with PDVSA executives and present their ideas on how to run the company.

"The typical Venezuelan will say, 'this country is rich, this country has got oil, this country is very rich. This country is the richest country in the world!" explained Bottome. "Eighty-two percent of all Venezuelans think that this is the richest country in the world, and it's the government's job is to distribute that wealth to all of us."

Yet for millions of others in this grand petrostate, it is becoming increasingly clear that oil is part of the problem: In Venezuela, the per capita income is lower than it was in 1960.

"Easy money distorts anybody," Bottome said. "The fact that it costs \$3 to produce a barrel of oil that you can sell for \$30 creates all kinds of distortions."

Educating Venezuelans about the myths created by oil is the mission of Un Sueño Para Venezuela (A Dream for Venezuela), a campaign that brings to light the evils oil has brought to the country. The campaign, which is being distributed in books and will soon have TV and radio commercials, attempts to get Venezuelans to think of solutions for their country that don't depend on oil.

"Ten years from now, 20 years from now, you will see, oil will bring us ruin," said Juan Pérez Alfonso back in 1976. "Oil," said this Venezuelan co-founder of OPEC, "is the excrement of the devil."

Even if there are more and more people who have come to agree with the prophesy of Pérez Alfonso, some never learn.

Now a group of entrepreneurs has invested \$90 million on the reconstruction of the Hotel Humboldt. The hotel "will again become the biggest attraction in the capital," said consortium president Luis Delgado. "It will have all the amenities of a five-star hotel in the 21st century and the charm and original design of the '50's."

Olga R. Rodríguez is a student in the Graduate School of Journalism at UC Berkeley.

The Mexican Oil Dilemma

By Daffodil Altan and Angel González



La Quina, the former leader of Mexico's oil union, pays his respects to the late Lázaro Cárdenas during the anniversary of the expropriation of Mexican oil.

"Patria, el niño Dios te escrituró un establo/ y los veneros del petróleo, el Diablo."

"Oh country, the child Jesus left you a stable/ and the Devil left you springs of petroleum." López Velarde (1888-1921)

uadalupe Alvarado Soto wants her chickens back. In 1938, after Mexico banished foreign oil companies and nationalized its petroleum reserves, the young orphan did her part.

"I went and I sold my chickens at the market to help pay for the machines that we would need to drill for oil," she said. "I was 13 at the time, but even then I understood the significance of our oil and our need to defend it."

Standing outside the tomb of Lázaro Cárdenas — the president who led the bold move to nationalize Mexico's oil — during the 65th anniversary commemoration, Soto's small frame hunched inward, and her eyes grew big with tears.

"I come to his tomb, and I say to him, "Look, Lázaro, look at what they're doing to our country," she said.

Behind her the giant Monument of the Revolution, which houses Cárdenas and other Mexican heroes, stood in the midst of Mexico City's incessant traffic. Handfuls of retired oil workers scuttled about, unnoticed by herds of taxis and blaring horns.

"Like we say here, Mexico is an oil power without any money," said Soto.

Once upon a time, oil was the biggest pot of gold a country could strike. With oil, countries could rest assured of their enviable position within an emerging global energy market.

For Mexico, which has borne the weight of U.S. influence throughout its turbulent history, the discovery of oil and natural gas and the decision to nationalize their exploitation in 1938 fostered hope that the country could finally assert itself as an economically independent nation. Its oil and gas would provide not only a ticket to easy wealth but also energy security for its growing industry.

Today, however, the world's fifth largest oil producer is at risk of becoming a net energy importer. Its proven reserves are running out, and the country brings in more than \$12 billion in refined products, like gasoline and natural gas, from the United States. Additionally, a long history of collusion between the state oil company, Petroleos Mexicanos (PEMEX) and the government has led to corruption and mismanagement in the industry.

For Soto and many of her compatriots, who have witnessed the promise of Mexican oil wealth become nothing more than a tangled state monopoly, the Mexican government and PEMEX have failed to deliver.

Everyone, from taxi drivers to state senators to the CEO of PEMEX agrees that Mexico's energy regime needs change. The dilemma facing politicians, PEMEX officials and citizens alike is how to reform and modernize the company without violating Article 27 of the Mexican constitution, which strictly forbids foreign companies from investing needed capital and reaping any wealth from Mexican oil.

When the Cantarell oil field was discovered in 1974 off the coast of Campeche in the Gulf of Mexico, things never looked better for Mexico. In a

time of booming oil prices and dwindling reserves, PEMEX found one of the largest deposits in the world — one that produces more than half of Mexico's oil at more than 2 million barrels a day.

Today Cantarell is reaching its peak and is expected to start a slow decline next year — and with that the decline of the country's known oil reserves.

"We have 18 years left of proven oil reserves, at most 25 or 30," said political analyst Georgina Sanchez. "But 25 or 30 years is not much to launch alternative technologies or financial mechanisms to replace oil."

A long muddled history of corruption and mismanagement, many Mexicans believe, is also slowing down reform.

"Ask anyone in Mexico and they will tell you that PEMEX to them means corruption," said renowned Mexican author and poet Homero Aridjis, who also served as Ambassador to Mexico in Holland. "PEMEX has no face. I was extremely morally conflicted in Holland as a diplomat, having to watch the way PEMEX behaved. It was like having a very powerful mafia right next to the government. And one that was always working with the government."

But PEMEX officials see the story differently. Within the thick iron gates of the 50-story PEMEX skyscraper in Mexico City, where more than 20,000 people come to work everyday under the vigilant watch of a massive bronze statue of Lázaro Cárdenas, it's hard to imagine that Latin America's biggest corporation might lack the resources to protect its lifeline.

Indeed, since Vicente Fox appointed Raúl Muñoz Leos, a businessman with an impressive corporate track record, as CEO in 2000, PEMEX has embarked on an ambitious exploration plan. Many within the Fox administration hope it will shift PEMEX out of its old corrupt system and into corporate gear.

"We've historically lagged behind in exploration, but we're working to fill that gap," said Miguel Angel Maciel, Chief Engineer within PEMEX's Exploration and Production Division.

"Our exploration budget has increased fivefold since last year; the replacement rate of our reserves reached 46 percent last year, and we expect to reach a 102 percent replacement rate by 2006," he said referring to the level at which the quantity of newly discovered oil is added to continually dwindling reserves.

But exploring is expensive, and under the current tax regime, PEMEX has to hand over 80 percent of its revenue to the government, leaving little money aside for the financing of new discoveries.

"They need to increase exploration, but there is no money," said oil analyst David Shields, who has been following PEMEX for thirty years.

In a different country, privatizing parts of the state oil industry or the sale of concessions to private oil companies would be an alternative for raising capital, but the heavy bust of Lázaro Cárdenas in the corridor is a reminder that in Mexico, this is not an option. The constitution maintains that hydrocarbon production and exploration are the exclusive responsibility of the state.

"We don't envision the dismantling of the state monopoly or the allowance of any oil concessions," said Maciel.

However, the presence of foreign oil companies waiting for the doors to privatization to open up is unmistakable. For their help, the Mexican government has come up with a short-term solution, called deferred impact projects, where private



This woman, who knew Lázaro Cárdenas as a child, comes every year to celebrate the expropriation of Mexico's oil.

continued on next page



Empty oil barrels litter a field.

companies finance major oil projects which the government purchases after they're finished. This formula keeps PEMEX debt off the books for a few years and keeps with the constitution by refusing concessions to any company.

Although some factions within Mexico (especially the National Action Party) would like to modernize the industry by breaking up the PEMEX monopoly and opening doors to foreign investment, officials within PEMEX insist that oil will remain as Mexican as tamales for years to come.

Yet while PEMEX insists that oil will remain steadfastly Mexican, Ciudad del Carmen, an oil boomtown on the edge of the Mexican Gulf has become strikingly international.

Neatly paved sidewalks are brimming with Burger Kings, Holiday Inns, and scores of foreign oil contractors. Canadian, Argentine and Venezuelan workers fill the seafood restaurants. They fly in from the rigs offshore, checking into three star hotels to ditch their orange Schlumberger jumpers.

Meanwhile, at the bustling airport just outside town, José Luis Zepeda, the manager of Pegaso Air Transport, is doing booming business transporting foreign engineers and technicians from Ciudad del Carmen to the platforms of Cantarell. "Most of our oil business is with PEMEX, but we move people from Schlumberger, Halliburton, all the companies," he said.

Mexico never really shook off the presence of foreign companies. More than 40 private companies operate on 60 percent of oil fields. PEMEX depends on them for everything from off-shore drilling technology to environmental clean-up techniques.

PEMEX plans to attract direct foreign investment in natural gas exploration, with plans for controversial contracts known as Multiple Service Contracts (MSC) which would allow private companies to take over the management of whole exploration and drilling in natural gas operations for a single fixed fee. TotalFina ELF, Gaz de France, British Petroleum, Exxon Mobile — all have shiny offices in the capital, and according to Maciel, they are ready to put their foot in the MSC door — waiting, perhaps, for the day when they can extract oil as well as gas.

"Of course, opening the fields up further will bring more business," said Zepeda, as one of his yellow helicopters stuffed with oil workers took off from the sun-baked tarmac heading out to the heavy platforms which stand like iron islands, pulling thick crude oil from deep below.

The Mexican government expects to attract more than \$8 billion in direct investment from Multiple Service Contracts in the next five years. PEMEX hopes that the first contracts for natural gas exploration will be signed in August. Although PEMEX is very careful about saying that the contracts are limited to natural gas development, there is no legal reason why they cannot be extended to oil eventually. After all, both are hydrocarbons.

But this is also why the future of the MSC's is still uncertain — anything that might open the door to foreign contact with oil generates political controversy.

"The contracts are perfectly constitutional," says Rafael Aguilera, PEMEX's legal representative in charge of MSC's. "Private contractors are paid a fixed fee in cash, they don't sell the oil. Those who oppose the MSC's either do not really understand it or do so because they have an electoral agenda."

Far from the oil-stained workers of Cantarell, the political fight over PEMEX's dilemma rages within the offices of the Mexican parliament, a modern high rise in the aristocratic Paseo de la Reforma, the heart of Mexico City.

Perhaps the single greatest obstacle to the MSC alternative is the battle that has erupted between the Institutional Revolutionary Party (PRI), which considers itself a defender of the legacy of Cárdenas and the interests of the Mexican people and the National Action Party (PAN), which sees the MSC's as one of the few viable ways for PEMEX to work its way out of its predicament.

The political fight over the wealth ensconced in Mexican soil is a long and sordid one. Although the two primary parties embroiled in the debate agree that Mexico should have exclusive rights to the reserves stored in Mexican soil, the question of which direction to push PEMEX becomes heated when talk of service contracts and tax reform hits the floor.

Those opposed to the MSC's believe the answer to PEMEX's money troubles and thus, a solution to Mexico's dilemma in exploring for more oil offshore, lies in tax reform within the state and

the company. "There is no other company in the world that is taxed as much as PEMEX. If that were to change, then the company would have the necessary resources to invest in itself," said PRI leader Rafael Segovia.

Although most agree that PEMEX's tax burden is excessive, without a comprehensive and controversial tax reform, the only alternative is to seek other alternatives. And since the Fox government stepped into power, the taboo buzzword that is ventured and then crushed in the parliamentary acrimony of political debate is: privatization.

Yet despite the vibrant nationalistic undercurrent that informs all political talk of Mexican oil since it was nationalized in 1938, PEMEX has had a long relationship with foreign companies. It is a relationship that will likely expand as the solution to PEMEX's financial dilemma if current CEO, Raul Munoz Leos' plans for reform are successful.

"What is happening today is not new," said Mexican historian Lorenzo Meyer, referring to the need for foreign investment after oil was nationalized in 1938. Then, however, PEMEX sought investment from small companies who would not compete for political power with the state, he said.

"Today the fight is big and ideological," he said. "PEMEX could be efficient, from the perspective of the market. We don't need to have physical control of the oil; we can control it through taxes, regulations, not with this massive bureaucracy that has become a monopoly. All we have now is a perpetual stalemate."

The story of Mexican oil is the story of Mexico, said Homero Aridjis. "Oil has historically been considered a source of wealth, but it has been the source of conflict for Mexico."

Daffodil Altan and Angel González are students in the Graduate School of Journalism at UC Berkeley.

Venezuelan Oil: For the Masses or the Meritocracy?

By Ana Campoy

aracas, once a prosperous city, is now converted into a battleground for two opposing groups. In the poor and working class neighborhoods on the west side of town stand the supporters of President Hugo Chávez. The east, with its gated communities and upscale malls, is taken by his opponents. At the center of their fight are 78 billion barrels of oil, the reason why this Caribbean capital is lined with concrete and glass skyscrapers instead of palm trees, and why Venezuelans are under the impression that they are rich beyond measure.

The viscous liquid has recently become the ideological rallying point, and the material weapon, for two factions of society polarized by Chávez's incendiary political speeches and a growing economic crisis. In early December, upper and middle management of Petróleos de Venezuela (PDVSA), the state oil company, launched their biggest attack, a two-month oil strike that paralyzed the economy, but failed in its objective to oust the president. It did, however, catapult civil society, both *chavistas* and the opposition, into the streets to fight over a resource that they had long taken for granted.

"Oil was always like God. He exists but no one has seen him," says Teodoro Petkoff, former minister of planning, ex-guerrilla and current director of Tal Cual, an opposition newspaper in Caracas. "Oil before the strike not only didn't mean anything, but I'd be surprised if 100,000 of the 23 million Venezuelans had seen oil and knew what color it was."

It has since clearly taken two distinct hues that underscore the differences between a white middle class attuned to the global capitalist system and a mulatto underclass that blames "the rich" for its misfortunes. "One part of the country thinks that the gentlemen from PDVSA are shining knights, Quixotes, in the fight against Castro- communism," explains Petkoff. "The common Venezuelan in the barrios thinks that these knights of PDVSA are an emanation of the oligarchy who intend to take over the company and privatize it, because they feel that now oil really belongs to them."

Leonidas Alejos takes that mantra seriously. His family's house is perched on one of the many hills cluttered with slums that oversee the city. "They said the oil belonged to everyone, but I've never received any benefits," says Alejos, an unemployed security guard wearing a mesh tank top and flipflops. He has had to procure electricity and water for his family by illegally hooking up his small concrete house to the city's systems and is forced to water the bare yard to keep dust from blowing into the two rooms separated by makeshift curtains.

"No one has ever come up here. In 40 years of democracy, these poor neighborhoods have only grown larger," he says, his wiry arm pointing at the houses clinging to the hills.

Since he became president, Chávez has built an escape route for this pent-up frustration and disappointment, says Edgardo Lander, a sociology professor at Venezuelan Central University. "This is the most important thing that has happened in Venezuela, a sort of cultural revolution, a voice that is made present through a leader with which the people identify and trust."

This voice can now be heard through Bolivarian circles, grassroots community organizations named after the national hero Simón Bolívar. Upon Chávez's suggestion they sprouted all over Venezuela, including the slum La Vega, where its members gather in crowded living rooms and rooftops crisscrossed with clotheslines. "We are now looking at what can come out of PDVSA because oil is ours. They have to give out resources," says Pedro Luis Morales, a member of a Bolivarian circle. He wants PDVSA to pay for project ideas that come out of his circle's evening meetings, such as a plant to recycle trash and a technical school to train his neighbors to work in PDVSA. "At last the phrase to sow the oil is going to come true," he says referring to slogans previous governments used.

Old-line PDVSA loyalists are horrified at the remake of their beloved corporation. The oil industry had been run by an English-speaking, Ph.D.-holding, globe-trotting Venezuelan elite, for the best part of last century until the strike. This management class lived through the price control era of OPEC in the early sixties, the nationalization in 1975 and the *apertura*, when PDVSA opened up to

private investment again and control over the public company slowly slid out of the hands of its main shareholder, the state.

This independence made PDVSA prosper, say former employees and some economic analysts. "You don't have to be a genius to know that if government is in business, it's not going to work. The one glorious exception was the oil itself, which was nationalized in a way that insured that it would be run as a private corporation, supposedly forever. But the forever collapsed when Chávez became president," says Robert Bottome, an economist and director of the business newsletter Veneconomia.

The business sector blames the president for interfering with the management of the company. "The sensation is that people that weren't invited to their dance barged in dressed improperly, without taking a shower, pinching the ladies," says Lander.

The meritocracy principle, as former PDVSA employees refer to the system of ascending positions through merit, had insulated the company from these kinds of people, or kept them in the lower ranks through an elaborate evaluating system that involved more than 50 levels.

"There's a chain that ranks you according to your yearly performance, but also your potential, the wish you have of developing yourself, your way of relating with others," says Mirian Delgado, a former finance executive, who wears a charm bracelet to fend off Chávez's bad vibes. "If someone speaks incorrectly I obviously cannot take this person to meet with the executive board; this person doesn't have the manners that the job requires."

Back at PDVSA, those who stayed — mainly lower rank workers and retired employees that have come back — are settling into their new positions. Production levels have increased to 90 or 60 percent of pre-strike levels, depending on who you ask. Gasoline is flowing from the pumps and Venezuelan oil is being shipped to the U.S., its main commercial client.

The strike allowed new management to implement changes former top PDVSA management had strongly resisted for the past decade. Chief among these was the readjustment of the oil income that went to the state, which had shrunk from 65 cents per dollar in 1993 to 45 cents last year. Previous governments, argues Bernard Mommer, an aide to the new president of PDVSA, committed a "serious failure of regulating," and the company became more powerful than the ministry that dictated its policy.

With PDVSA now firmly under Chávez's control, Venezuela's new oil policy — respecting

OPEC quotas, selling oil to Cuba at discount prices and "redistributing" the country's oil wealth — has propelled the former executives from the woodpaneled chambers of PDVSA's penthouse, to the chaotic streets of Caracas. Chávez, who likes to call his opponents *escualidos*, the squalid ones, has awakened an almost religious fervor among many of the level-headed executives who only recently strolled PDVSA'S hallways.

At a fundraiser on a Sunday afternoon they sang the newly composed PDVSA hymn together. "We're going to raise our arms to sing with all these brave people that are here," shouted an organizer from the podium. A recording of inspirational piano music started playing, and people sang the memorized words: "This is a song of love, liberty and peace; if we fight together we will triumph." A father waved his baby girl above his head like a lighter at a concert. Others flapped their flags enthusiastically. Then hundreds of yellow, blue and red balloons — the colors of the Venezuelan flag — were released into the pale blue sky of Caracas.

Some eighty miles west, under a highway overpass, other patriotic Venezuelans have been stirred out of their complacency by oil. Maebelis Areche, 18, quit her job as a receptionist at a local company to "defend" a gasoline filling station after the strike. "We have kept a vigil for three months, 24 hours a day because we believe in this, and we don't want anything to slip in."

After the strike, President Chávez called for people to come out to defend their oil; they did, and now Areche lives under the roaring traffic of a highway, in a makeshift tent of red fabric and sticks. "We know that this doesn't end here; we know that this revolution is permanent," says Areche, wearing a red bandana over her head and camouflage pants.

Its impact on the oil industry will also be permanent. Beneath all this fighting over whom the oil belongs to lies a great paradox: the fighting itself is driving much of the oil into foreign hands. With less people, PDVSA will rely more on outside companies to do its job, says Bottome. "The great irony in all of this is that they're going to denationalize the oil industry," he adds.

This, however, does not delight Bottome, ordinarily a staunch defender of privatization. "Venezuela's pride of owning a first world corporation ... well, that's gone."

Ana Campoy is a student in the Graduate School of Journalism at UC Berkeley.

Politics, Race and Historical Memory in Colombia's Coffee Region

By Stephanie Ballenger

n 1991, a revised Colombian constitution set forth a new racial and cultural agenda by defining the Colombian nation as multicultural. The place of "difference" in defining the boundaries and character of Colombia as a nation had previously been articulated in a language that subsumed racial, cultural and regional difference in the unifying language of nationalism and national identity, a language that was often employed to justify exclusion and oppression. This disavowal of racial difference in the name of a unified national identity produced a society that upholds racial hierarchies while denying their existence. Professor Nancy Appelbaum traced this configuration of race, region and nation as it took shape in Colombia's coffee producing region throughout the nineteenth and twentieth centuries.

On March 19, 2003, Professor Appelbaum, a historian at SUNY/Binghampton and a visiting professor at CLAS, spoke about the place of racial ideology and regional identity in shaping modern Colombian political culture. Her presentation drew from her research experiences in the town of Riosucio in western Colombia, which was founded during Latin America's wars of independence in the early decades of the nineteenth century. By exploring the ways that the town's inhabitants voiced their political claims in racial terms, Appelbaum showed how different versions of the town's founding moment have been used to assert "contending political projects." Each version employed a particular racial logic that reflected the historical moment in which it was articulated.

Professor Appelbaum has taken up one of Latin American history's most persistent and confusing problems: the variety of ways in which race and racial ideologies have been an integral element in Latin American political culture. Though focused specifically on Colombia, her research has implications for the region as a whole and provides a new model for thinking

about how changing racial ideologies have been expressed in Latin American societies and how ideas about race have resonated in economic and political life.

Most earlier histories of Colombia have focused on the highly partisan nature of the contest for state power in the nineteenth-century. As conservatives and liberals battled for control of the newly emerging state during the period following formal independence from Spain, their inability to resolve their differences resulted in decades of civil wars whose legacy of violence still resonates in the present. Colombia was left with a relatively weak centralized state which has been unable to resolve tensions generated by a powerful leftist guerrilla movement, right-wing paramilitaries, *narcotraficantes* (drug traffickers) and a tradition of local and regional autonomy. Previous analyses of Colombia's political trajectory have not been able to fully grapple with the role that racial and regional identities have played in shaping its national political culture and its development of a unified national identity. Professor Appelbaum confronts this volatile subject, focusing on the ways in which racial and spatial identities were worked out over time in Riosucio and revealing the centrality of race and regional identity in the project of constructing the Colombian nation-state.

Appelbaum identified three key moments when larger structural changes affected the way in which inhabitants of Riosucio defined their town as indigenous, white or mestizo. Indigenous communities under pressure to privatize their landholdings in the midnineteenth century articulated their claims by asserting that the founding of the town reflected its indigenous nature. Half a century later, as the coffee economy expanded, tensions between Riosucio and the neighboring town of Manizares were expressed in ways that reflected the town's "whiteness," emphasizing the Spanish origins of Riosucio's founding families and

Inhabitant of the Colombian coffee region, 1913.

Town of Riosucio in the Colombian coffee region, 1994. equating whiteness with thrift and industry. In the mid-twentieth century, local intellectuals insisted on a mixed-race, or mestizo heritage, in which stories about the town's founding reflected a racial ideology that subsumed all racial differences in the category of mestizo as a way of creating national as well as racial unity.

Appelbaum analyzed the complex racial and spatial dynamics of each successive historical moment in order to reveal how racial identity was mobilized to make political claims. Her analysis also reflected how local power struggles were being articulated within a broader national and global ideological context in which ideas about race, progress and modernity were shifting.

In response to questions from the audience about the current situation of indigenous people within Colombia's national territory, she was careful to point out that notions of ethnic authenticity or racial unity are no less complex now than they were during the forced relocations and the resultant reconfigurations of identity that occurred in the colonial era. To be indigenous was not a biological designation, but one that denoted one's membership in "a local landholding community ... ethnic indigenous identity was rooted in specific local spaces." Indigenous politics today involves incorporating local families and landowners into a community as a way of expanding its land and power base, regardless of phenotype. The complex calculus of culture and biology that formerly determined one's racial status is being eroded. A new way of being indigenous is being formulated: one which stresses communal rights and obligations in an attempt to conserve political autonomy and ensure community survival through successful integration into the world market.

Some Latin American scholars suggest that their colleagues in the United States project their own ideas and anxieties about race into a Latin American setting where race lacks the psycho-social dimensions it has in the U.S. However, through her deft and thoughtful analysis, Appelbaum exposes how struggles for power at the local, regional and national level were articulated in terms that integrated racial and regional identities. An understanding of Colombia's post-independence political trajectory will remain elusive without a more careful consideration of these factors.

Stephanie Ballenger is a graduate student in the Department of History at UC Berkeley.





North American Parliamentary Union

continued from page 13

Initially, I see the parliament's reach as quite limited, perhaps serving solely in an advisory role. But hopefully, as its place among the governments becomes institutionalized, both its power and budget would be enhanced. And, as its evolutionary growth continues, finally it would achieve the authority to write laws, which would necessitate consideration from the member governments.

Here is where we reach the crux of the matter. Requiring the member governments to address both majority and minority viewpoints would finally force the discussion of issues which are currently more often than not avoided, neglected or shelved. For example, NAFTA desperately needs a budget to confront the infrastructure problems at the borders — immigration, security, pollution, health. In fact, there is a plethora of NAFTA-related problems which need to be addressed, the most fundamental of which is full rights for all parties.

I envision the parliament recommending strategies to work together in the economic arena to challenge and compete with other regional entities. But most of all I ardently wish the parliament to be a forum where a consistent effort is waged to keep reminding ourselves that we are neighbors who can no longer afford the episodic relationships of the past. Very simply, you just cannot have too much dialogue in a complex world.

Dialogue, the free expression and exchange of ideas, is a hallmark of democracy, and just as the "Old Europeans" have discovered its value between nations over the last half century, so too must we.

Thirdly: What needs to be done to make this happen? We need leadership, not only from the governmental and political sectors, but also from the business and labor communities and from non-governmental organizations and academia.

We cannot be paralyzed by doubt or fear.

Europe not only has moved forward towards greater integration, but now we even hear rumblings of a merger between France and Germany. Their leaders have proposed offering dual citizenship to French citizens living in Germany and vice versa. They have already held a joint meeting of both Parliaments and are considering the creation of a confederation with joint diplomatic missions abroad and shared defense and foreign policies.

It may be surprising to say of the world's military superpower, but in fact, our governmental and political structures are stagnating.

If we are to continue to be competitive, to be engaged in the changing world marketplace of peoples and ideas, we need to take a step into the future. It is high time that we realize the true complexion of the United States. As President Fox looked to the Mexican vote in the U.S., so do our politicians depend increasingly on the Hispanic vote. As a pattern of the past we look to the Anglo nations of Western Europe.

To face the future, let's pivot. To the North is our largest trading partner, Canada, whom we have generally ignored. To the South are the home countries of our fastest growing populations, Mexico and Latin America, towards whom we have often been shameful. The future of positive engagement North and South is promising and exciting.

I have partnered on this project with Carlos Heredia, a former member of the Mexican Chamber of Deputies. It was Carlos who suggested the idea when we met in Cuernavaca, Mexico last November.

We are presently talking with other legislators, economists, business and labor leaders, non-profit activists and academics to create a leadership team to guide and shape the idea. For the most part, the initial reaction has been positive. We understand that for our seed to germinate and eventually bear fruit we will have to broaden the ideological spectrum.

So, yes we are in the infancy (some would even say embryonic) stage of this concept. But we have hope, and "hope never disappoints us."

In light of our recent international experiences, it seems clear to me that there is a commanding imperative for us to establish dialogue and to maintain it even with those with whom we disagree. As long as we are talking to each other, sooner or later there will be some point of common interest.

Part of what is so tragically misbegotten with the war in Iraq and with the years and events leading up to it, is that Iraq was not in the conversation. We cannot be isolationists. Nor can we isolate others.

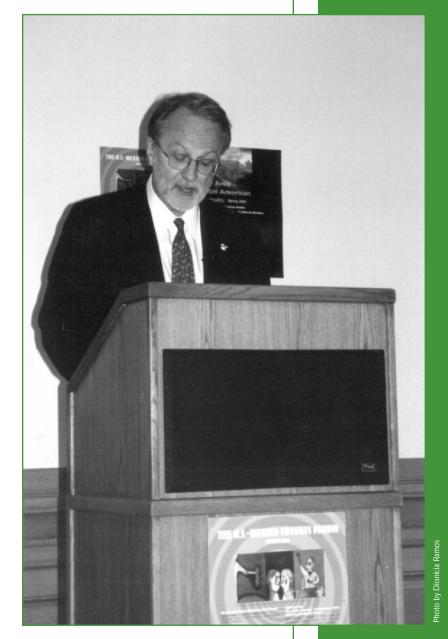
I hope I may have suggested some propositions here that will come to fruition.

The academic community has already played an important role in incubating this concept. We will be counting on your further contribution in providing venues for discussion and doing the critical research as we move towards the development of a North American Parliamentary Union — a union where the best of our democratic values will not just shine but will be hard at work.

Even more than our government, often it is our universities that have been the guardians of those values.

In that very regard, it is humbling and inspirational to be on this campus. It is also a most appropriate venue in which to look to a brighter, more glorious, decent and just future among the nations of the Americas.

I thank you for giving me this opportunity.



David E. Bonior represented Michigan in the House of Representatives for 26 years and was the Democratic Whip from 1991-2002. Currently a University Professor of Labor Studies at Wayne State University, Prof. Bonior was a visiting scholar at the Center for Latin American Studies where he taught a seminar in April 2003.

Prof. David Bonior speaks at UC Berkeley in April 2003.

Signs of Democracy: Mexico's New Beginning

continued from page 3

the dilemma in Mexico that there is equality in political terms, but inequality in economic terms?"

Pointing to the fact that half the population is still considered poor, Meyer's voice rises, "What is the good of a democracy if this is the situation?" The country, he said, is too caught up in solving its immediate problems to address larger social challenges. "Mexican democracy comes at a time when the market is in full force there. So those who do not have in Mexico cannot participate in the market. How, how do you go to the Zapatistas in the countryside and say to a little girl, 'Here you go, enterprise.com'?"

Meyer's obsession with history pushed him to be one of only two students out of 13 originally enrolled who completed their Ph.D.'s in International Relations at the Colegio de México in the late 1960's. Meyer then spent three years earning a doctorate at the University of Chicago before returning to Mexico to teach.

A professor since 1970 in the International Studies Department at the Colegio de México in Mexico City, where he also directs the U.S.–Mexican Studies Program, Meyer has written eleven books on subjects ranging from internal Mexican politics during the 1920's and 30's to books about contemporary Mexico and the U.S.–Mexico relationship. He writes a weekly column for a national newspaper, La Reforma, and hosts a weekly show on public television about history.

Daffodil Altan is a student in the Graduate School of Journalism at UC Berkeley.

Professor Meyer teaches history at the Colegio de México. He recently spent a month as a visiting scholar at the Center for Latin American Studies where he taught a seminar entitled "The U.S. and Mexico: Conflicting Agendas — A View of the Present From a Historical Perspective."

Brazil: An Economy in Transition

continued from page 4

and ready to collapse. It was ready to grow because it had laid the foundation by investing in industry during the years of import substitution industrialization. But for many economists, signals of the collapse were on the horizon as the economy was not performing up to its potential and exports were sluggish.

The economic volatility marking the last 22 years reached its climax on the eve of the recent presidential election. The two candidates, Luiz Inácio "Lula" da Silva of the Worker's Party and his opponent José Serra, were complete opposites ideologically. Lula da Silva, a working class union leader, spoke of economic justice for the poor, while Serra promised to follow the strict economic policies of the outgoing president, Fernando Henrique Cardoso. The international markets were tense; the Brazilian economy, after having lived through years of uncertainty, was sitting on the fence between growth and collapse. For many economists, including Barros de Castro, Serra was the candidate for growth. He, among others, feared that Lula's government would experiment too much and send the economy into collapse. As the masses hoped, the analysts speculated.

In order to win, Lula had to renounce some of his party's radical ideas. Politically, he had room to maneuver in social, international and industrial policy, but not in economic policy. He chose to keep the economic policies of his predecessor intact, surprising his critics, including Barros de Castro. "I, myself was happily mistaken," he said. The union leader turned president never forgot the importance of consolidating a base of support by reconciling differences among stakeholders.

Lula, the eternal mediator, has moved on to a greater challenge. The president has been trying to build majority support in congress and is pushing forward reforms, like that of social security, which not even Serra could have passed. In addition, he is using his base of working class and grass-roots leadership to legitimize his work in social policy. To Barros de Castro, it is precisely social policy that needs to be reformed, and he thinks that the Worker's Party, along with Lula, is the best candidate for the job.



Most development scholars agree that economic growth alone is insufficient for poverty alleviation. The distribution of wealth must be addressed in order to ensure that the millions of Brazilians living in poverty get access to the benefits of a stable and growing economy. In the 1970's, 70 percent of the population was living in poverty. By the 1980's that number had decreased to 33 percent and continues to decline today. However, Brazil still has the most unequal distribution of income in Latin America. For Barros de Castro, the redistribution of wealth is the single greatest challenge for Brazil. "There is nothing more difficult than redistributing income," he said. "In the age of globalization, capital flies." Therefore, instruments for redistribution must be developed that do not disturb the markets.

In surveying the options for tackling income redistribution, Barros de Castro discussed agrarian reform, increasing the purchasing power of the poor and developing an equitable social policy. Agrarian reform, according to Barros de Castro, would not have nationwide reverberations but rather regional ones because

issues of land reform are concentrated in particular states. He also stressed that if pursued, this option should not disturb the flourishing agribusiness sector. By increasing the purchasing power of the poor and reforming social policy, he claimed that the economy could support redistribution that does not challenge the power of the rich or perturb the interests of the market. However, as long as the tangled web of inequality and poverty continues to be woven, Brazil will remain sitting on the fence between success and failure. It is precisely this conflict of interest that Lula must effectively mediate.

Gisele Henriques is a graduate student in the Department of Public Policy and International and Area Studies at UC Berkeley.

Professor Barros de Castro teaches at the Institute of Economics at the Federal University of Rio de Janeiro and is an expert on Brazilian industrial and trade policy. He recently spent a month as a visiting scholar at the Center for Latin American Studies where he taught a seminar entitled "Brazil in Transition."

Highrises in downtown São Paulo, the industrial center of Brazil.

The Zero Hunger Project in Brazil

continued from page 5



The DaSilva Family, devastated by poverty and hunger, Timbaúba, Brazil. for young people. There are also local economic policy measures that establish micro-credit programs, create networks between local and regional retail stores and develop the private sector in minor cities. Other measures also include urban agriculture and food banks that solicit donations from supermarket and fast food chains.

One of the measures initiated by Fome Zero is the use of electronic food cards modeled on President Roosevelt's food stamp program in the U.S. Qualified participants will receive an electronic card with a monthly balance to purchase food. The objective of the program is to provide every hungry person with a decent meal — avoiding food substitutes like cassava and bean powder shakes which are the hallmark of other programs in Brazil. The electronic administration will centralize management and make the program more efficient. Store transactions will be recorded on an electronic account giving an up-to-the-minute report of food purchases. Critics of the program are afraid that a black market for food cards will emerge, undermining the program's goals. Belik assured the audience that the centralized electronic system was designed to prevent fraud. In addition, to ensure goals are met, participating families will meet with agency counselors monthly to have their children weighed and measured to make sure they are being fed properly.

Fome Zero also outlines policies to be implemented at the national level. One of these policies will re-establish the nation's food security

by building up reserves of food. This prescription will roll-back the previous policy in which food stocks were sold off, forcing Brazil to rely on international food sources during emergencies and shortages. Another attempt to make food more affordable includes electronically labeling consumer goods, making it easier for retailers to do inventory, thereby reducing consumer costs by 30 percent. Additionally, manufacturers will be required to label nutritional and ingredient information on food products.

Belik also spoke about the controversial issue of land reform. He said Lula supports land reform and the appropriation of idle land

as outlined in Brazil's Constitution. The goal of Fome Zero is to settle one million families, although the Movimento dos Trabalhadores Rurais Sem Terra (Landless Workers' Movement) wants four million families settled. Belik says that the challenge to land reform is presented by the judicial system which frowns upon the taking of land. In addition, large landowners can afford good lawyers to defend their cases. Belik lamented that it would probably take several decades and several administrations before significant change is realized, although he offered as a sign of hope the fact that 250,000 families have settled land over the past eight

The entire Fome Zero program is budgeted at \$4 billion per year. Lula's administration has secured \$1 billion for the program and is trying to raise additional funds. So far, the Inter-American Development Bank has made financial commitments of \$12 million. Belik admitted that the biggest challenge is administering this program with insufficient funds. In spite of the difficulties, there has been overwhelming public support. So many callers have contacted the central office to donate funds that a special donation account had to be opened. One caller, excited about the social benefits of the program, donated \$10 million.

Raymond Constantino is a graduate student in the Department of City and Regional Planning at UC Berkeley.

Demolishing Urban Hills

continued from page 7

In condemning the original city center with its narrow, filthy streets, the Portuguese establishment also condemned the backward, unsanitary culture that went with it. As Nedell has pointed out, the colonial infrastructure of the old city was not merely inefficient but also representative of an uncivilized culture that many in the Europhile elite wanted to destroy. Beyond the political battles for or against the demolition of the hills, the survival of a decaying colonial urban architecture was not consistent with the desire to project an image of civilization and economic power to the world.

By 1922 the demolition of Morro do Castelo had been completed and no trace of the colonial foundation of Rio de Janeiro remained there. The incentive that had persuaded the authorities to proceed with the project, despite the controversy, was the invitation extended to Rio to host the International Exhibition of 1922 celebrating one hundred years of Brazilian independence. The site opened by the demolition of the hill was ideally situated for a major public event as visitors could arrive by ship. The exhibition featured monumental neo-colonial pavilions that replaced the original Portuguese colonial fabric with an improved version, cleaned up and appropriately scaled for Rio's grandiose new ambitions. A night photograph from 1922 shows an impressive spectacle with buildings bathed in the glow of artificial light. (fig.2)

The effort to eliminate a substantial part of Rio's colonial infrastructure was concluded in 1950 when the city decided to demolish Morro de Santo Antônio, another of the four original hills around which the city had grown. However, interest in the colonial past was beginning to revive so that even as most of the Morro de Santo Antônio was leveled a monastery and two churches located on the hill were retained.

When Brasília was built in 1960, the burden of representing Brazil's modernity and progress was transferred to the new capital. When later in the same decade, São Paulo surpassed Rio in population, industrial production and as a financial center, Rio began to rediscover its past. Since the 1970's the colonial period has been the object of research and the subject of many publications and exhibitions celebrating Rio's past (Archivo Geral da Cidade 2002).

A Rough Guide to Brazil (Cleary, Jenkins, Marshall, 59) proclaims that "nearly five hundred years have seen Rio de Janeiro transformed from a fortified outpost on the rim of an unknown continent into one of the world's great cities" and that "its recorded past is tied exclusively to the legacy of the colonialism on which it was founded." The colonial past is no longer regarded as a historical stain but has become an important part of a promotional campaign reaffirming the accomplishments of Brazil and Rio de Janeiro. In most cities, major civil engineering projects are driven by social and economic imperatives. In Rio, the demolition of hills was also a unique attempt to rewrite history and reconstruct an urban identity. The attempt to achieve these objectives by eliminating significant topographical features may seem extreme by contemporary standards, but the tendency for cities to merchandise themed environments based on selected historical periods or to reorganize urban fabric to create surroundings more amenable to tourism are familiar phenomena.

René Davids is a professor of architecture at UC Berkeley and a principal of Davids Killory Architects.

Bibliography

Cleary, David. Jenkins, Dilwyn and Marshall, Oliver. *Brazil.* London: Rough Guides, 2000. Godfrey, J. Brian. "Modernizing the Brazilian City." In *Geographical Review*, Volume 81, Issue 1, (Jan. 1991), 18-34.

Ladeira Mota, Leonardo. "Contrução e Inauguração," *Passeio Público*, http://www.passeiopublico.com.br/construcao.htm 2002> (15 April, 2003).

Nonato, José Antonio. *Era uma vez Oo Morro do Castelo*. Rio: IPHAN 2001.

Petti Pinheiro, Eloisa. Europa, Franca e Bahia, Difusao e Adaptacao de Modelos Urbanos. Salvador: EDUFBA, 2002.

Change Will Come With Politics, Not With Policies

continued from page 8



Brazilian Presidentelect Lula da Silva, right, meets with James Wolfensohn, president of the World Bank in Nov. 2002. government is maintaining the same orientation as its predecessor, Paiva pointed out that the new cabinet has continued austerity measures, refused to renegotiate the states' debt and maintained price stability and floating exchange rates.

Reconciling macroeconomic stability with growing social demands continues to be a challenge. With 72 percent of the 2003 budget allocated for social development but no new plans for privatization of state enterprises, "there is not that much room for changing the social program ... in a country in which increasing the minimum wage, hunger alleviation and increasing civil servants' wages are being strongly demanded by the population." With the risk of increasing inflation rates and debt default, Lula's government could be unable to meet the social demands and expectations of Brazilian society.

In the political arena, the biggest challenges for the new government are building a coalition with the national congress and maintaining the equilibrium between the representative democracy and the new corporatism. The Workers' Party and its collaborators have only 235 seats in the congress versus the 304 of its opponents. Powerful local elites among the opposition such as José Sarney, from the state of

Maranhão. and Antonio Carlos Magalhães, from the state of Bahia, will definitely not facilitate the work of the new government. Therefore, a coalition will need to be created for each important project. As a way to counteract the disadvantage in the congress, "Lula's new corporatism uses popular support to pressure the congress but special attention should be paid to institutional strength." For Paiva, if Lula's administra-

tion lobbies civil society directly without taking into account the objectives of the Workers' Party that brought him to power, political conflicts will arise. In the present cabinet, Lula has incorporated members of the Movement of Rural Landless Workers, unionists and exporters.

In the international context, Paiva pointed out several challenges for the new government. One of them will be using Brazil's position as co-chair with the United States of the Free Trade Area of the Americas (FTAA) to negotiate a beneficial agreement. Another will be the need to strengthen Brazilian leadership in MERCOSUR and Latin America.

Despite the economic difficulties of the country and the unfavorable political climate in the congress, Lula and the Workers' Party have been able to bring enthusiasm and hope to Brazilian society. As Paiva pointed out, maintaining this unprecedented favorable social climate and channeling it towards achieving economic growth and social progress is, without a doubt, the biggest challenge of the new Brazilian government.

Raquel Moreno-Peñaranda is a graduate student in the Energy and Resources Group at UC Berkeley.

The Past, Present and Future of the Venezuelan Crisis

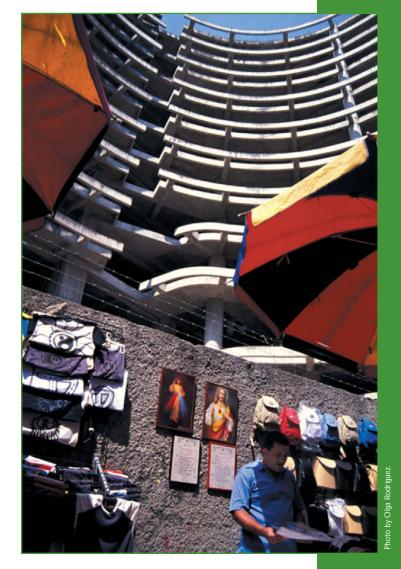
continued from page 12

Ministry of Oil and Mines. But as time went by, the 'state within the state' started to define Venezuela's oil policies in terms of the interests of the oil enterprise itself," Lander said.

What has disappointed a large portion of Venezuelan society, according to Sonntag, is Chávez' contradictory behavior. The inconsistency between Chávez' discourse and his policies has caused the economy to deteriorate even further and slowed down economic growth, resulting in a severe increase in unemployment and poverty. "The economic and social policies of his government are basically those of previous governments, subject to structural adjustments and neo-liberal reforms, even as his ideological and political discourse condemns them and capitalism in general as savage, anti-humanist and exploitative," Sonntag said.

Yet the main reason behind the opposition to Chávez, Lander argued, is the inclusion of the popular classes in the political system. The inclusion of popular organizations has been the most important achievement of the political process in Venezuela over the last four years. The excluded sectors of the population have acquired a sense of belonging, a sense of being part of Venezuelan society in a way that had not been the case before, he said. "The best image is to think of a party hosted by very sophisticated members of society in which a mob of smelly, uneducated, uninvited people arrive and start eating all the food, and this is the sensation that the upper-middle classes in Venezuela have about the present situation," Lander said.

For the opposition, the solution is for Chávez to resign or allow a "revocatory referendum" to take place in August. Chávez rejected demands for his resignation or early elections, saying the constitution does not allow them. Those who support Chávez' government ask that his "Bolivarian Revolution" be allowed to consolidate. For his supporters, mostly people in the popular classes, Chávez symbolizes a change that will translate into better living conditions.



An effort to resolve Venezuela's political crisis was initiated by the Organization of American States (OAS). Since November, the president of the OAS, César Gaviria, has been mediating the dialogue between the government and the opposition in the hope of finding a viable solution. An end to the stalemate between Venezuela's political rivals, however, seems elusive. On April 12, a few hours after international mediators announced a tentative pact between the Venezuelan government and the opposition, a powerful explosion destroyed four stories of the Caracas Teleport building where the negotiations had taken place.

Olga R. Rodríguez is a student in the Graduate School of Journalism at UC Berkeley.

A street vendor sells his wares in Caracas.

Lucho Garzón

Takes a Critical Look at the Uribe Government

continued from page 9

fight in Colombia. In the United States, he has found, not even the kidnapping of U.S. citizens permeates public consciousness.

Yet on the ground, the conflict is spreading: the border area of Arauca is engulfed in civil war, and conflicts are beginning to spill into other Andean nations. He also suggested that Hugo Chávez has been able to remain in power in Venezuela partly because the United States has been distracted by the preparations for war in Iraq.

Garzón focused his economic critique on U.S. drug policy and Colombia's relations with international lenders. Colombia's foreign debt is reaching a level comparable to that of Argentina. The only positive economic trend in Colombia, he suggested, is that inflation is not a serious problem. Rather Colombia is suffering from deflation. Garzón criticized Uribe's devaluation policies and advocated a more assertive stance vis-à-vis the IMF. Garzón favors restructuring the debt and has proposed exchanging debt for guaranteeing Colombia's environmental biodiversity.

According to Garzón, Colombia's economy has become a *finca salvaje*, a backwards or savage farm, when it should be a *finca rica civilizada*, a rich, civilized farm. Colombia has been recognized for two principal export products, oil and coffee. Coffee, he emphasized, is no longer viable because

Vietnamese producers have dramatically undercut Latin American prices. Oil is problematic because it is extracted in the regions that are at the center of the armed conflict. As an alternative, Garzón advocated exports such as African palm, rubber and maize. He described Africa as the only world region that is worse off than Colombia in particular and Latin America more generally, and characterized Colombia as suffering from "Africanization."

Garzón argued for a new economic vision in Latin America, a vision he shares with Brazil's new president, Luiz Inácio "Lula" da Silva. At its heart is multilateralism, as promoted by the Brazilian government. While Lula promotes Latin American economic integration and trade agreements among Latin American countries, Garzón noted, the Colombian government unfortunately seeks bilateral agreements with the U.S.

And yet it is the United States that shares responsibility for the drug trade. According to Garzón, less than two percent of the profits go to Colombian growers. His political party, the Polo Democrático, advocates using international aid to incorporate small producers into the legal economy through crop substitution, treating drugs as a public health issue and opening an international debate on the taboo subject of decriminalization.

At home, he argued, political campaigns should be publicly rather than privately funded and the corrupt Colombian Congress should be reduced in size and restructured into one chamber (a rare agreement here with Uribe). In addition to cleaning up Congress, he sees a need to change how judges are appointed.

Garzón, however, was a realist when assessing the likelihood of such international and domestic recommendations ever becoming policy. In Colombia, he said, "to be a politician is disreputable." Politicians in Latin America, as in the United States, are seen as controlled by money. As a result, the labor leader said, warweary Colombians have lost faith in their own national institutions.

A Colombian street marked by graffiti that reads: "No to Uribe's terrorist plan."



clas.berkeley.edu



For the latest news and happenings at the Center for Latin American Studies, please visit our website at CLAS.BERKELEY.EDU. On our site you will find:

- In-depth analyses of CLAS sponsored lectures and events written by graduate students and faculty.
- Links to pages on our past conferences complete with background information and video highlights.
- Online versions of Center publications, including current and past editions of the newsletter.
- Original research by faculty, students and visiting scholars.
- A calendar of CLAS events, presented by both date and subject area.



n April 2, 2003 Bay Area audiences received a riveting display of the Argentine tango tradition when the musicians and dancers of Tango Buenos Aires brought "The Golden Age of Tango" to Zellerbach Hall. The show was part of Cal Performances' Celebración de las Culturas de Iberamérica, a series aimed at exploring the rich multitude of art forms and cultures of the Americas. The series continues next fall with a performance by the legendary Mercedes Sosa, Argentina's diva of *nueva canción*, on October 22, 2003.

Center for Latin American Studies

University of California, Berkeley 2334 Bowditch Street Berkeley, CA 94720-2312 clas@uclink4.berkeley.edu

Tel: 510-642-2088 Fax: 510-642-3260