

right to combat the internal enemy, as set forth in the Brazilian doctrine, the Argentine doctrine, the Uruguayan doctrine, and the Colombian doctrine: it is the right to fight and to exterminate social workers, trade unionists, men and women who are not supportive of the establishment, and who are assumed to be communist extremists. And this could mean anyone, including human rights activists such as myself.”

A study by Evan Vallianatos of the U.S. government Office of Technology Assessment amplifies the dimensions of the victory of capitalist democracy here. “Colombia’s twentieth century history is above all stained in the blood of the peasant poor,” he writes, reviewing the gruesome record of atrocities and massacre to keep the mass of the population in its place. The U.S. Aid program, the Ford Foundation, and others have sought to deal with the plight of the rural population “by refining the largely discredited trickle-down technology and knowledge transfer process,” investing in the elite and trusting in “competition, private property, and the mechanism of the free market” — a system in which “the big fish eats the small one,” as one poor farmer observes. These policies have made the dreadful conditions still worse, creating “the most gross inequalities that the beast in man has made possible.” It is not only the rural poor who have suffered beyond endurance. To illustrate the kind of development fostered by the multinational corporations and the technocrats, Vallianatos offers the example of the small industrial city of Yumbo, “rapidly becoming unfit for human habitation” because of uncontrolled pollution, decay, and “corrosive slums” in which “the town’s spent humanity has all but given up.”

Another victory for our side.

Brazil is another country with rich resources and potential, long subject to European influence, then U.S. intervention, primarily since the Kennedy years. We cannot, however, simply speak of “Brazil.” There are two very different Brazils. In a major scholarly study of the Brazilian economy, Peter Evans writes that “the fundamental conflict in Brazil is between the 1, or perhaps 5, per-

## The Victors

Noam Chomsky

1991

still fail to appreciate the wonders of our system, by such marginal problems as the murder of “subversives” — such as 1,000 members of the leading opposition party and 3 of its presidential candidates — by death squads in league with the security forces.

There is also a background, though one would be hard put to find a discussion of it in recent commentary on U.S. efforts to aid the Colombian military in the “war against drugs.” The topic is addressed in a discussion of human rights in Colombia by Alfredo Vasquez Carrizosa, president of the Colombian Permanent Committee for Human Rights. “Behind the facade of a constitutional regime,” he observes, “we have a militarized society under the state of siege provided” by the 1886 Constitution. The Constitution grants a wide range of rights, but they have no relation to reality. “In this context poverty and insufficient land reform have made Colombia one of the most tragic countries of Latin America.” Land reform, which “has practically been a myth,” was legislated in 1961, but “has yet to be implemented, as it is opposed by landowners, who have had the power to stop it” — again, no defect of “democracy,” by Western standards. The result of the prevailing misery has been violence, including *la Violencia* of the 1940s and 1950s, which took hundreds of thousands of lives. “This violence has been caused not by any mass indoctrination, but by the dual structure of a prosperous minority and an impoverished, excluded majority, with great differences in political participation,” the familiar story.

The story has another familiar thread. “But in addition to internal factors,” Vasquez Carrizosa continues, “violence has been exacerbated by external factors. In the 1960s the United States, during the Kennedy administration, took great pains to transform our regular armies into counterinsurgency brigades, accepting the new strategy of the death squads.” These Kennedy initiatives “ushered in what is known in Latin America as the National Security Doctrine, ...not defense against an external enemy, but a way to make the military establishment the masters of the game... [with] the

territory is able to support “minimally productive agriculture” because of environmental degradation, while water resources are haz- ardously low. Many areas are turning into “a real museum of hor- rors” from pollution because of the blind pursuit of profits on the part of national and international private capital. The Secretariat estimates further that more than 90 percent of industry in the Val- ley of Mexico, where there are more than 30,000 plants, violate global standards, and in the chemical industry, more than half the labor force suffers irreversible damage to the respiratory system.

Maude Barlow, chairperson of a Canadian study group, reports the results of their inquiry into maquiladoras “built by Fortune 500 to take advantage of a desperate people,” for profits hard to match elsewhere. They found factories full of teenage girls, some 14- years-old, “working at eye-damaging, numbingly repetitive work” for wages “well below what is required for even a minimum stan- dard of living.” Corporations commonly send the most dangerous jobs here because standards on chemicals are “lax or non-existent.” “In one plant,” she writes, “we all experienced headaches and nau- sea from spending an hour on the assembly line” and “we saw young girls working beside open vats of toxic waste, with no pro- tective face covering.” Unions are barred, and there is an ample reserve army of desperate people ready to take the place of any who “are not happy, or fall behind in quotas, or become ill or preg- nant.” The delegation “took pictures of a lagoon of black, bubbling toxic waste dumped by plants in an industrial park,” following it to “where it met untreated raw sewage and turned into a small river running past squatters’ camps (where children covered in sores drank Pepsi Cola from baby bottles) to empty into the Ti- juana River.”

It is more fashionable to bemoan the environmental and human catastrophes of Eastern Europe, the results of an evil system now happily overcome in a victory for our humane values.

Colombia is another success story of capitalist democracy, flawed only by the drug cartels — and for some of those gnats who

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in the 1980s, the latter falling to below 1970 levels in most of the heavily indebted countries, where urban real wages are in many cases 20 percent to 40 percent below 1980 levels, even below 1970 levels. The brain drain quickened and physical and human capital per head shrank because of the decline of public and private investment and collapse of infrastructure. Much of the sharp deterioration of the 1980s, Felix and others conclude, can be traced to the free-market restructuring imposed by the industrial powers.

Mexicans continue to flee to the United States for survival, and macabre stories abound, some hard to believe but important for what they indicate about the prevailing mood. Reporting the annual meeting of the Border Commission on Human Rights in Mexico, Mexico's leading daily (*Excelsior*) alleges that actions of the U.S. Border Patrol cause the drowning of persons seeking to cross the river to the United States. A representative of the regional Human Rights Committee told the session that 1,000 people had disappeared without a trace after leaving their homes to enter the U.S. illegally. She "also added that the disappearance or theft of women for the extraction of organs for use in transplants in the U.S. is common." Others reported torture, high rates of cancer from chemicals used in the maquiladora industries (mainly subsidiaries of transnationals supplying U.S. factories), secret prisons, kidnapping, and other horror stories. The journal also reports a study by environmental groups, presented to President Salinas, claiming that 100,000 children die every year as a result of pollution in the Mexico City area, along with millions suffering from pollution-induced disease, which has reduced life expectancy by an estimated 10 years. The "main culprit" is the emissions of lead and sulfur from operations of the national petrochemical company Pemex, which is free from the controls imposed elsewhere — one of the advantages of Third World production that is not lost on investors.

The Mexican Secretariat of Urban Development and the Environment described the situation as "truly catastrophic," *Excelsior* reports further, estimating that less than 10 percent of Mexican

because of the huge export of capital to the West. From 1982 to 1987 this amounted to about \$250 billion, 25 times the total value of the Alliance for Progress and 15 times the Marshall Plan. The Bank for International Settlements in Switzerland estimates that between 1978 and 1987, some \$170 billion in flight capital left Latin America, not including money hidden by falsified trade transactions. The New York Times cites another estimate that anonymous capital flows, including drug money and flight capital, total \$600 billion to \$800 billion.

This huge hemorrhage is part of a complicated system whereby Western banks and Latin American elites enrich themselves at the expense of the general population of Latin America, which is saddled with the “debt crisis” that results from these manipulations, and of taxpayers in the Western countries who are ultimately called upon to foot part of the bill. These are among the triumphs of free market capitalism that we now celebrate — apart from a few perpetual complainers who are “as welcome as gnats at a nudist party,” a New York Times reviewer comments, referring to Murray Bookchin.

Speaking in Washington in preparation for the 1989 General Assembly of the OAS, which he headed, Brazilian President Soares described the 1980s as a “lost decade” for Latin America, with falling personal income and general economic stagnation or decline. In 1988 average income had fallen to the level of 1978. There was a further decline in 1989, and the export of capital continued in a flood, the UN Economic Commission for Latin America and the Caribbean reported.

According to World Bank figures, average per capita income in Argentina fell from \$1,990 in 1980 to \$1,630 in 1988. Mexico’s GNP declined for seven straight years. Real wages in Venezuela has fallen by a third since 1981, to the 1964 level. Argentina allotted 20 percent of its budget to education in 1972, 6 percent in 1986. David Felix, a leading specialist on Latin American economics, writes that per capita output and real investment per worker declined sharply

## Part I

November, 1990

At any historical moment, we are likely to find a conventional interpretation of the state of the world and our role within it, often gaining the force of unchallenged doctrine. Another near truism is that reality tends to depart from established Truth. The present period is no exception.

That significant, even momentous, changes are underway in the world is clear enough, and has been so for many years. The conventional interpretation need not be elaborated at length; open an arbitrary journal, and it is laid out before you. The U.S. has won the Cold War. Righteousness has triumphed over evil with the victory of democracy, free market capitalism, justice and human rights. As standard bearer of the cause, the United States now leads the way to a New World Order of peace, economic development, and cooperation among those who have seen the light, virtually everyone except for some holdouts like Cuba which still complains irrationally that the Third World isn’t getting its due — or Saddam Hussein, despite our dedicated efforts to improve his behavior by the carrot rather than the stick, an error of judgment soon to be rectified by the sword of the righteous avenger.

There are various ways to assess the validity of this inspiring picture. One is to have a look at the traditional domains of the U.S. (and the West generally), and ask how their people fare at this historic moment, as they celebrate the victory of their side, a triumph of liberal capitalism and democracy so final and conclusive, some feel, that we have reached “the end of history,” after which we sink into a sad state of boredom, relieved only by the occasional technical manipulations needed to deal with questions at the margin.

The concern that the fun might be over is not quite as novel as Francis Fukuyama and other devotees of the Hegelian Spirit suggest. At his first meeting with John F. Kennedy in 1958, Walt Rostow, later to become a top adviser of the Kennedy administration,

warned — perhaps a shade prematurely — that after the astonishing domestic successes achieved by “the nation’s creativeness and idealism over the past ninety years, ...we run the danger of becoming a bore to ourselves and the world.” In Rostow’s picture of the world (shared with Kennedy, according to his account), the basic problems of American society were then approaching full resolution. No real barriers stood in the way of economic progress without serious cyclic disorders, “social equity” for minorities, “the provision of equal educational opportunity,” and “the equitable distribution of income.” We knew what was needed, and agreed that it should be done. The consensus was so broad and the conclusions so well-founded as to signal “the end of ideology,” it was widely held. Like Kennedy, Rostow felt that with the problems of domestic society largely behind us, “the great revolutionary transformations going forward in the underdeveloped world” should now absorb our energies and revitalize “those basic spiritual qualities which have been historically linked to the nation’s sense of world mission.”<sup>1</sup>

The Third World was soon to experience, once again, these “basic spiritual qualities,” now with the special cast given them by the knights-errant of Camelot.

Not everyone feels confident that the nature and proper goals of human society are fully understood, and the problems at home so close to resolution that only some minor tinkering remains, just as not all share Tom Wolfe’s appreciation of the past decade as “one of the great golden moments that humanity has ever experienced.” One need hardly go as far as a Black teenager in Harlem to find a slightly different sense of current realities. And even the most cursory look beyond the borders will locate voices that are not raised in joy and acclaim for the triumph of their champions — Central American human rights workers and priests, for example — and

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<sup>1</sup> Rostow, *The Diffusion of Power* (Macmillan, 1972). For sources not cited here, see my *Deterring Democracy* (Verso, forthcoming), from which much of this material is excerpted.

The first part of this series (Z, November) opened with the conventional interpretation of the past decade: the U.S. won the Cold War, a victory for the forces of righteousness. We then turned to the question that would at once come to the mind of anyone apart from the most fanatic ideologue: How are the victors faring at this historic moment, as they celebrate their triumph? We looked first at those who should be the most overjoyed because of their unusual good fortune: our “little brown brothers” in Central America and Panama, who have long been under the protective wing of the leader of the crusade, becoming a foreign policy obsession in the past decade. The conditions of their existence help us understand why the obvious questions about the Grand Victory of democracy and free market capitalism are so scrupulously avoided in polite and cultivated circles. Needless to say, the beneficiaries of our solicitude have some thoughts of their own about these matters. We will turn in the final section to their interpretation of the triumph of capitalism and freedom, and the nobility of their protector — thoughts that do not penetrate the well-disciplined commissar culture at home.

Let us now extend the survey to other regions where the virtuous leaders of the crusade for freedom and justice have long held sway and have thus been able to realize their noble objectives with no more than marginal interference from Communists and other evil forces, beginning with the rest of Latin America.

### **The Fruits Of Victory: Latin America**

A World Bank study in 1982 estimated that “40 percent of households in Latin America live in poverty, meaning that they cannot purchase the minimum basket of goods required for the satisfaction of their basic needs, and...20 percent of all households live in destitution, meaning that they lack the means of buying even the food that would provide them with a minimally adequate diet.” The situation became far worse through the victorious 1980s, largely

outside his office, President Endara “sent them coffee and made a point of talking with them.” What is more, while fasting in the Cathedral in an effort to expedite U.S. aid (or to lose weight, some unkind locals quipped), “he invited striking sanitation workers in for a chat and eventually negotiated a settlement.” Furthermore, Vice-President Arias Calderon has said that he wants the government to correct disparities created by the market. True, no projects that might illustrate these plans “are in the works” and the Endara government “opposes the idea” of using U.S. aid for such purposes, “determined to leave virtually everything to the private sector.” But that proves nothing, in the face of the powerful evidence showing that “the charge is unfair,” just reviewed in its entirety.

Massing is not pleased with the outcome, particularly, the restoration of Noriega’s PDF, “despite all the good intentions” of the United States (taken as given, in accordance with the norms of the intellectual culture), and its efforts “to atone for its past misbehavior.” The problem does not lie in the U.S. military aid programs, which have trained security forces that “have been guilty of horrible excesses” in El Salvador, Guatemala, Honduras, and Noriega’s Panama (and other cases unmentioned). Rather, the problem lies in what the U.S. “had to work with.” It’s those folks who are bad, not us, please.

The consistent effects of our military training, the policies of which it is a part, the documentary record explaining the reasons — all may be put aside, irrelevant, along with all of history. We are always willing to admit that there were aberrations in the past. But at every moment of time, we have changed course and put the errors of the past behind us.

We are Good, our intentions are Good. Period.

## Part II

January, 1991

do not join the meaningless game of comparing Eastern and Western Europe, or the USSR and the United States, but rather choose, more realistically and more honestly, to compare the current state of regions that were at similar levels of economic and sociopolitical development, with similar endowments and prospects, not many years ago. And despite much curious rhetoric in media and other circles, some perceive that the past years hardly illustrate the thesis that democracy and the free market are the decisive conditions for economic success — in Japan and the Four Tigers in its periphery, to take the obvious (but not only) example.

Let us survey — all too briefly — some of the daily experience of those who should be savoring the fruits of victory. The reasonable course is to begin the inquiry close to home, in the domains where U.S. influence has been so overwhelming that the contours of the triumph must be shatteringly clear. In this first section, I will keep to that, turning in subsequent articles to a broader view, and to some comments on meaningful comparisons that would be made, and studies that would be pursued, if human concerns animated the odes to our virtue that accompany the triumph. I would also like to consider the shape of the New World Order and the U.S. role within it as seen from a perspective that departs from reigning conventions, attending to features of the contemporary world that suggest a rather different conception of where we are and where we are heading.

### The Fruits of Victory

Few regions of the world have been so dominated by a great power as Central America, which emerged from its usual oblivion in the 1980s, moving to center stage as the traditional order faced an unexpected challenge with the growth of popular movements, inspired in part by the new orientation of the Church toward “a preferential option for the poor” (Puebla Conference of Bishops, 1979). After decades of brutal repression and the destructive impact of the U.S.

aid programs of the 1960s — an “economic miracle” by statistical measures, a disaster for most of the population — the ground was prepared for meaningful democracy and social change. The mood in Washington darkened further with the overthrow of the Somoza dictatorship and the defeat of his murderous National Guard despite the best efforts of the Carter administration, until the end, to ensure that it would retain effective power.

The reaction was vigorous and swift: violent repression, which decimated popular organizations. The ranks of the small guerrilla organizations swelled as state terror mounted. “The guerrilla groups, the revolutionary groups, almost without exception began as associations of teachers, associations of labor unions, campesino unions, or parish organizations...” with practical and reformist goals, ex-Ambassador Robert White testified before Congress in 1982. The same point has been made by the assassinated Salvadoran Jesuit intellectual Father Ignacio Martin-Baro, among many others.

A decade later, the United States and its local allies could claim substantial success. The challenge to the traditional order was effectively contained. The misery of the vast majority had deepened while the power of the military and the privileged sectors was enhanced behind a facade of democratic forms. Some 200,000 people had been killed, most of them slaughtered outright in a paroxysm of sadistic terror conducted by the forces armed, trained, and advised by the United States. Countless others were maimed, tortured, “disappeared,” driven from their homes. The people, the communities, the environment were devastated, possibly beyond repair. It is truly a grand victory.

Elite reaction in the United States is one of gratification and relief. “For the first time, all five of the countries are led by presidents who were elected in contests widely considered free and fair,” Washington Post Central America correspondent Lee Hockstader reports from Guatemala City, expressing the general satisfaction over the victory of “conservative politicians” in elections which, we

themselves, however, have few such qualms,” because his “clear victory” in the 1989 election “provided Endara with all the credentials he needs.” Citation of Peru for dragging its feet is a deft move, since President Garcia was an official enemy of the U.S. who had been recalcitrant about Nicaragua, had restricted debt payment, and in general failed to observe proper standards; best to overlook the rest of the Group of Eight, however, among “some Latin American countries.” As for the views of “the Panamanians themselves,” no further indication is given as to how this information was obtained.<sup>52</sup>

Massing reports on the police raids in poor neighborhoods, the protests of homeless and hungry people demanding jobs and housing, the reconstruction of Noriega’s PDF, the restoration of the oligarchy with a “successful corporate lawyer” at the head of a government “largely made up of businessmen,” who receive U.S. corporate visitors sponsored by OPIC (which ensures U.S. investments abroad) “as if they were visiting heads of state.” The business climate is again “attractive” in this “land ruled by merchants, marketers, and moneylenders.” “The government is drafting plans to revive Panama’s banking industry, relax its labor laws, expand the free trade zone, and attract foreign investors,” and to privatize state enterprises and “radically cut public spending.”

Drawn from the “tiny white elite” of under 10% of the population, the government has been accused of “wanting to turn the clock back to 1968, when a small rich group ruled the country” — namely, exactly the group now restored to power. But “the charge is unfair,” Massing comments — much like the charge that the conservative populists swept into office in the democratic wave of free elections in Central America might have something on their minds other than helping the poor when they opt for a trickle-down strategy. The proof that the charge is unfair, Massing explains, is that when employees from Air Panama fearful of losing their jobs held a vigil

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<sup>52</sup> Massing, NYRB, May 17, 1990.



lar consideration without foreign interference, that guarantees the full right of the people to freely choose their governments.” The resolution also indicated that the operations of the U.S. military are affecting Panama’s sovereignty and independence as well as the legality of the Endara government. This decision extends the pattern of strong Latin American opposition to the earlier U.S. measures against Panama and the invasion, from the outset, when the Organization of American States condemned U.S. moves by a vote of 17–1 (U.S. opposed) in July 1987. As the media here barely noted, President Endara’s inaugural address four weeks after the invasion was boycotted by virtually all Latin American ambassadors.<sup>50</sup>

The Washington-media position is that the Endara government is legitimate, having won the 1989 elections that were stolen by Noriega. Latin American opinion commonly takes a different view.

In 1989, Endara was running against Noriega, with extensive U.S. backing, open and covert. Furthermore, the elections were conducted under conditions caused by the illegal U.S. economic warfare that was demolishing the economy. The United States was therefore holding a whip over the electorate. For that reason alone the elections were far from free and uncoerced, by any sensible standards. Today, the political scene is quite different — or would be, if the U.S. were to tolerate political activity and free expression. On these grounds, there would be every reason to organize a new election, contrary to the wishes of Endara and his U.S. sponsors. Polls in Panama show that over half the population would vote for a new party or new alliance if elections were to be permitted.<sup>51</sup> The official position is offered by Michael Massing in the *New York Review of Books*. Reporting from Panama, he writes that Endara’s willingness to “go along” with the U.S. request that he assume the presidency “has caused the leaders of some Latin American countries, such as Peru, to question his legitimacy.” “The Panamanians

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<sup>50</sup> CAR, April 6; Andres Oppenheimer, MH, Jan. 19, 1990.

<sup>51</sup> CAR, Aug. 30, 1990, citing a recent poll published in *La Prensa*.

are to understand, took place on a level playing field with no use of force and no foreign influence. It is true, he continues, that “conservative politicians in Central America traditionally represented the established order,” defending the wealthy “despite their countries’ grossly distorted income patterns.” “But the wave of democracy that has swept the region in recent years appears to be shifting politicians’ priorities,” so the bad old days are gone forever.<sup>2</sup>

The student of American history and culture will recognize the familiar moves. Once again, we witness the miraculous change of course that occurs whenever some particularly brutal excesses of the state have been exposed. Hence all of history, and the reasons for its persistent character, may be dismissed as irrelevant, while we march forward, leading our flock to a new and better world.

The Post news report does not merely assert that the new conservatives are dedicated populists, unlike those whom the U.S. used to support in the days of its naivete and inadvertent error, now thankfully behind us. Serious journalistic standards require evidence for this central claim, and it is indeed provided. The shift of priorities to a welcome populism is demonstrated by the outcome of the conference of the five presidents in Antigua, Guatemala, just completed. The presidents, all “committed to free-market economics,” have abandoned worthless goals of social reform, Hockstader explains. “Neither in the plan nor in the Declaration of Antigua’ was there any mention of land reform or suggestion of new government social welfare programs to help the poor.” Rather, they are adopting “a trickle-down approach to aid the poor.” “The idea is to help the poor without threatening the basic power structure,” a regional economist observes, contemplating these imaginative new ideas on how to pursue our vocation of serving the suffering masses.

The headline reads “Central Americans to use Trickle-down Strategy in War on Poverty.” Quite properly, the headline captures the basic thrust of the news story and the assumption that frames

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<sup>2</sup> Hockstader, WP, June 20, 1990.

it: aiding the poor is the highest priority of this new breed of populist conservatives, as it always has been for Washington and the political culture generally. The only question is how to achieve this noble aim. That this has always been our fervent commitment is a doctrine so obviously valid that it need not be supported with any evidence or argument, or even formulated explicitly. It is merely presupposed, and we go on from there. What is newsworthy, and so promising, is the populism of the conservatives we support, and their ingenious and startlingly innovative approach to our traditional commitment to help the poor and suffering: a trickle-down strategy of enriching the wealthy — a “preferential option for the rich,” overcoming the errors of the Puebla Conference of Bishops.

One participant in the meeting is quoted as saying that “These past 10 years have been gruesome for poor people, they’ve taken a beating.” Putting aside the conventions, one might observe that the political outcomes hailed as a triumph of democracy are in no small measure a tribute to the efficacy of U.S. terror, and that the presidents who hold formal power, and their sponsors, might have had something other than a war on poverty in mind. There is also a history of trickle-down approaches to relieving poverty that might be explored. Such an inquiry might lead us to expect that the next 10 years will be no less gruesome for the poor. But that path is not pursued, here or elsewhere in the mainstream.

The Post story captures well the character and dimensions of the U.S. victory. The satisfaction among the important people is readily understandable.

While the three-day conference of populist conservatives was taking place in Antigua, 33 tortured, bullet-riddled bodies were discovered in Guatemala. They did not disturb the celebration over the triumph of freedom and democracy, or even make the news.

Nor did the rest of the 125 bodies, half with signs of torture, found throughout the country that month, according to the Guatemalan Human Rights Commission. The Commission identi-

manian banks of laundering drug money and protecting the accounts of drug-traffickers, including the Interbanco, directed by Endara until he took over the presidency in January 1990, which was charged with protecting millions of dollars belonging to Colombian druglord Gonzalo Rodriguez Gacha (since killed). U.S. Ambassador Hinton charged further that the “Colombian mafia” continues to use Panama for drug shipment to Europe and the United States. At the heart of the controversy is a U.S. demand for access to information about bank depositors in Panama, which the financial community there claims would undermine the international banking sector by eliminating confidentiality (and might be used for the U.S. for its own purposes under a drug cover). The alleged U.S. concerns about drug trafficking might be a bit more credible if we were to witness raids by Delta Force on the executive headquarters of the U.S. corporations that supply the drug cartel with the chemicals they need for cocaine production — or if the U.S. government were not applying strong pressures on Asian countries to remove barriers on advertising and marketing of lethal addictive drugs produced in the United States (tobacco, a far worse killer than cocaine).<sup>49</sup>

Those not restricted to the quality press here will also learn that President Endara’s government received “one of its worst diplomatic setbacks” on March 30, when it was formally ousted from the Group of Eight (now Argentina, Brazil, Colombia, Mexico, Peru, Uruguay, Venezuela), what are considered the major Latin American democracies. Panama had been suspended from the group in 1988 in reaction to Noriega’s repression, and with the further deterioration of the political climate under foreign occupation, Panama was ousted permanently at the March meeting of foreign ministers. The Group of Eight, now Seven, issued a resolution stating that “the process of democratic legitimation in Panama requires popu-

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<sup>49</sup> Excelsior, Aug. 24; CAR, Sept. 7, 1990. See my articles in Z magazine, November 1989, March 1990.

opposition voices was arrested in March on charges of alleged misconduct when he was a government minister, and the government closed a radio station for broadcasting editorials critical of the U.S. invasion and the government it established.<sup>47</sup>

Miguel Antonio Bernal, a leading Panamanian intellectual and anti-Noriega activist, writes that “freedom of press is again under siege in Panama.” Vice-president Ricardo Arias Calderon has proposed a new law to restrict press criticism of the government, saying that “We will not tolerate criticism.” He has also urged stockholders of Panama’s largest newspaper, *La Prensa*, to fire its editor and founder Roberto Eisenman because of the journal’s criticism of the government, and has called on members of his Christian Democratic Party to work for Eisenman’s ouster. Describing such acts, the increasing terror, and the reconstruction of the military with Noriega associates who were implicated in drug running and corruption, Bernal asks why the U.S. is “turning the same blind eye” as in the past to these developments.<sup>48</sup>

Bernal’s question is surely rhetorical. Latin Americans know the answer very well, though the question could hardly be addressed in the fanatically ideological intellectual culture to the North.

Not only the military, but the bankers and businessmen restored to power in the December invasion as well had close links to the drug trade. Justice Department and Senate inquiries had identified Panamanian banks as major conduits for drug money in the early 1980s, when Noriega was still a great friend, and high officials of the new government, including President Endara, were closely involved with banks charged with money laundering as directors or in other ways. In September, the U.S. Embassy “implicated President Endara in a money laundering scheme” (Central America Report, Guatemala). DEA officials accused 7 Pana-

<sup>47</sup> Commission of Inquiry release, Feb. 17; COHA News and Analysis, May 1, 1990.

<sup>48</sup> Bernal, “Panama’s fight for free expression,” *Chicago Tribune*, May 29, 1990.

fied 79 as victims of “extrajudicial execution” by the security forces. Another 29 were kidnapped and 49 injured in kidnap attempts. The report comes to us from Mexico, where the Commission is based so that human rights workers can survive now that the U.S. has succeeded in establishing democracy in Guatemala.<sup>3</sup>

In the Costa Rican journal *Mesoamerica*, a report on the Antigua meeting observes that “Now that the Sandinistas have been successfully booted out of office, the pervading attitude among regional and U.S. leaders with respect to the Esquipulas peace mission accomplished.” The core sections of the Central America accords that call for social justice and respect for human rights had been long been consigned to the ashcan, as intended by Oscar Arias and his U.S. sponsors in high places, who, along with the elite political culture generally, revealed by their actions their actual attitudes towards the savage atrocities conducted under the aegis of those with the right priorities.<sup>4</sup>

The U.N. Economic Commission for Latin America and the Caribbean (CEPAL) reports that the percentage of the Guatemalan population living in extreme poverty increased rapidly after the establishment of democracy in 1985, from 45% in that year to 76% in 1988. A study by the Nutritional Institute of Central America and Panama (INCAP) estimates that half the population live under conditions of extreme poverty, and that in rural areas, where the situation is worse, 13 out of every 100 children under five die of illnesses related to malnutrition. Other studies estimate that 20,000 Guatemalans die of hunger every year, that more than 1000 children died of measles alone in the first four months of 1990, and

<sup>3</sup> *Mesoamerica* (Costa Rica), July 1990. Detailed updates are circulated regularly from the Washington office of the Commission, 1359 Monroe St. NE, Washington DC 20017.

<sup>4</sup> Ronna Montgomery, *Mesoamerica*, June 1990. On the demolition of the accords, and the role of Arias and U.S. doves, see my *Culture of Terrorism* (South End, 1987), chapter 7; *Necessary Illusions* (South End, 1989), chapter 4 and Appendix IV, sec. 5; regular articles in *Z* magazine, and *Deterring Democracy*.

that “the majority of Guatemala’s four million children receive no protection at all, not even for the most elemental rights.” The Communique of the January 1990 Conference of Guatemalan Bishops reviews the steady deterioration of the critical situation of the mass of the population as “the economic crisis has degenerated into a social crisis” and human rights, even “the right to dignity,” “do not exist.”<sup>5</sup>

Throughout the region, the desperate situation of the poor majority has become still more grave with the progress of democracy, American-style. Three weeks before the Antigua conference, in his homily marking the completion of President Alfredo Cristiani’s first year in office, Archbishop Rivera y Damas of San Salvador deplored the policies of his administration, which have worsened the already desperate plight of the poor; the conservative populist so admired in Washington and New York “is working to maintain the system,” the Archbishop said, “favoring a market economy which is making the poor yet poorer.”<sup>6</sup>

In the neighboring countries, the situation is much the same. A few days after the encouraging Washington Post report on the Antigua meeting, an editorial in a leading Honduran journal appeared under the headline “Misery is increasing in Honduras because of the economic adjustment,” referring to the new trickle-down strategy that the Post found so promising — actually the traditional strategy, its lethal features now more firmly entrenched. The main victims are “the usual neglected groups: children, women, and the aged,” according to the conclusions of an academic seminar on “Social Policy in the Context of Crisis,” confirmed by “the Catholic Church, the unions, several political parties, and noted economists and statisticians of the country.” Two-thirds of the population live below the poverty line, over half of these below the level of “dire

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<sup>5</sup> Central America Report (CAR), Guatemala, Nov. 10, 1989; July 27; April 6; March 2, 1990.

<sup>6</sup> AP, Boston Globe, June 4, 1990, a 75-word item, which is more than elsewhere.

this could easily be checked by U.S. reporters, if home offices were interested. They are not. “The information that we reveal here,” Excelsior reports, “is supposed to be known only to very restricted groups” — not including the U.S. public.

The regime put in power is to be a well-behaved puppet, with no populist heresies or thoughts of independence. That is the firm policy goal. It might well have been the policy goal of Saddam Hussein in Kuwait, had international sanctions not been applied in outrage over his nefarious aggression. The efficient way, after all, is to rule through locals who can be trusted, with ample force on the ready, just in case.

The occupying forces are not only dedicated to restoring the rule of the traditional European oligarchy and its foreign associates, but also to ensuring that the project is not troubled by such irritants as freedom of expression. Excelsior reports that “United States intelligence services exercise control not only over local information media but also over international news agencies,” according to the president of the Journalist Union of Panama. He adds that the goal is to make the world believe that there is freedom and democracy, whereas in reality broadcast stations have been taken over and placed “in custody” and dozens of journalists have been fired. An opposition activist alleges that the first Panamanian publishing company, ERSA, with three daily papers, was occupied by U.S. tanks and security forces “in order to turn it over to a businessman who had lost it in a lawsuit,” a member of an oligarchical family that “favors the interventionist line of the United States.”<sup>46</sup>

According to Ramsey Clark’s Independent Commission of Inquiry, the offices of the daily La Republica “were ransacked and looted by U.S. troops the day after the newspaper reported on the large number of deaths caused by the U.S. invasion.” Its editor was arrested and held for six weeks by U.S. troops, then sent to a Panamanian prison without charges. The publisher of one of the few

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<sup>46</sup> Felicitas Pliego, Excelsior, April 29, 1990.

ing in what some of them call “a concentration camp,” will not be returning to the devastated slum. The original owners, who had long wanted “to transform this prime piece of real estate into a posher district,” may now be able to do so. Noriega had stood in the way of these plans, allowing the poor to occupy housing there rent-free. But by bombing the neighborhood into rubble and then levelling the charred ruins with bulldozers, U.S. forces overcame “that ticklish legal and human obstacle” to these intentions, Constable reports.<sup>43</sup>

With unemployment skyrocketing, nearly half the population cannot meet essential food needs. Crime has quadrupled. Aid is designated for businesses and foreign banks (debt repayment). It could be called the “Central Americanization” of Panama, correspondent Brook Larmer aptly observes in the *Christian Science Monitor*.<sup>44</sup>

The U.S. occupying forces continue to leave little to chance. The Mexican journal *Excelsior* reports that the U.S. forces have established direct control over ministries and public institutions. According to an organization chart leaked to the journal by political and diplomatic sources, U.S. controls extend to all provinces, the Indian community, the Town Halls of the ten major cities, and the regional police offices. “Washington’s objective is to have a strategic network in this country to permanently control all the actions and decisions of the government.” With the establishment of this “parallel government” closely controlling all decision-making, “things have returned to the way they were before 1968 in Panama.” The journal scheduled an interview with President Endara to discuss the matter, but it was cancelled without explanation.<sup>45</sup>

The report provides extensive details, including names of U.S. officials and the tasks assigned them in the organization chart. All of

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<sup>43</sup> Constable, BG, July 11, 1990.

<sup>44</sup> CSM, April 9, 1990.

<sup>45</sup> *Excelsior*, Feb. 28, 1990; LANU.

need.” Unemployment, undernourishment, and severe malnutrition are increasing.<sup>7</sup>

The Pan American Health Organization estimates that of 850,000 children born every year in Central America, 100,000 will die before the age of five and two-thirds of those who survive will suffer from malnutrition, with attendant physical or mental development problems. The Inter-American Development Bank reports that per capita income has fallen to the level of 1971 in Guatemala, 1961 in El Salvador, 1973 in Honduras, 1960 in Nicaragua, 1974 in Costa Rica, and 1982 in Panama.<sup>8</sup>

Nicaragua was an exception to this trend of increasing misery, but the U.S. terrorist attack and economic warfare succeeded in reversing earlier gains. Nevertheless, infant mortality halved over the decade, from 128 to 62 deaths per thousand births; “Such a reduction is exceptional on the international level,” a UNICEF official said in 1989, “especially when the country’s war-ravaged economy is taken into account.”<sup>9</sup>

Studies by CEPAL, the World Health Organization, and others “cast dramatic light on the situation,” Mexico’s leading daily reports.

They reveal that 15 million Central Americans, almost 60% of the population, live in poverty, of whom 9.7 million live in “extreme poverty.” Severe malnutrition is rampant among children. 75% of the peasants in Guatemala, 60% in El Salvador, 40% in Nicaragua, and 35% in Honduras lack health care. To make matters worse, Washington has applied “stunning quotas on sugar, beef, cocoa, cheese, textiles, and limestone, as well as compensation laws and antidumping’ policies in cement, flowers, and operations of cellu-

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<sup>7</sup> Editorial, *Tiempo*, July 2, 1990.

<sup>8</sup> Cesar Chelala, “Central America’s Health Plight,” *Christian Science Monitor*, March 22; *CAR*, March 2, 1990.

<sup>9</sup> *Latinamerica press (LP)* (Peru), Nov. 16, 1989.

lose and glass.” The EEC and Japan have followed suit, also imposing harmful protectionist measures.<sup>10</sup>

The environment has shared the fate of those who people it. Deforestation, soil erosion, pesticide poisoning, and other forms of environmental destruction, increasing through the 1980s, are traceable in large measure to the development model imposed upon the region and U.S. militarization of it in recent years. Intense exploitation of resources by agribusiness and export-oriented production have enriched wealthy sectors and their foreign sponsors, and led to statistical growth, with a devastating impact on the land and the people. In El Salvador, large areas have become virtual wastelands as the military has sought to undermine the peasant base of the guerrillas by extensive bombardment, and by forest and crop destruction. There have been occasional efforts to stem the ongoing catastrophe. Like the Arbenz government overthrown in the CIA-run coup that restored the military regime in Guatemala, the Sandinistas initiated a series of environmental reforms and protections. These were desperately needed, both in the countryside and near Managua, where industrial plants had been permitted to dump waste freely. The most notorious case was the U.S. Penwalt corporation, which poured mercury into Lake Managua until 1981.<sup>11</sup>

As in Guatemala 30 years before, these efforts to depart from what the Washington Post approvingly calls “the Central American mode” were satisfactorily overcome by U.S. terror and economic warfare.

The foreign-imposed development model has emphasized “non-traditional exports” in recent years. Under the free market conditions approved for defenseless Third World countries, the search for survival and gain will naturally lead to products that maximize

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<sup>10</sup> Excelsior, Oct. 18, 1989 (Latin America News Update (LANU), Dec. 1989).

<sup>11</sup> For a review, see Joshua Karliner, “Central America’s Other War,” World Policy Journal, Fall 1989.

similar pre-invasion threats by the AFL-CIO, which, they say, is now working to create a new “parallel organization” that will be better-behaved, following its traditional union-busting policies..

Teresa Gutierrez, a spokesperson for former U.S. Attorney-General Ramsey Clark, who heads a Panamanian inquiry commission, reports that new labor laws disallow the right to hold union meetings, the right to protest, and the right to strike, and that trade unionists are rounded up on a regular basis and held without charges.<sup>42</sup>

The same picture emerges from the occasional reports in the mainstream media. Pamela Constable reports that “bankers and business owners” find that things are looking up, though “a mood of anger and desperation permeates the underclass” in “the blighted shantytowns.” Vice-president Guillermo Ford says that “The stores have reopened 100 percent, and the private sector is very enthusiastic. I think we’re on the road to a very solid future.” Under his “proposed recovery program,” public enterprises would be sold off, “the labor code would be revised to allow easier dismissal of workers and tax-free export factories would be set up to lure foreign capital.”

Business leaders “are bullish on Ford’s ideas,” Constable continues. In contrast, “Labor unions are understandably wary of these proposals,” but “their power has become almost negligible” with “massive dismissals of public workers who supported Noriega and the unprecedented jobless rate.” The U.S. emergency aid package approved by Congress is intended largely “to make back payments on Panama’s foreign debt and shore up its creditworthiness with foreign lending institutions”; in translation: it is a taxpayer subsidy to international banks, foreign investors, and the important people in Panama. The thousands of refugees from El Chorrillo, now liv-

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<sup>42</sup> Wysham, Labor Action, April-May 1990; James, op. cit. On these and other matters discussed here, see also Martha Gellhorn, “The Invasion of Panama,” Granta, Spring 1990.

The post-invasion moves to place Panamanian military forces under U.S. control may be motivated by more than just the normal commitment to this doctrine. It will probably be argued that Panama is not in a position to defend the Canal as the Treaty requires, so that U.S. bases must be retained.

The U.S. sanctions largely dismantled the reforms of the Torrijos period. Poverty rose rapidly, and the unions virtually collapsed. The invasion and the U.S. post-invasion rule are likely to administer the coup de grace to these populist efforts.

In August, government economists warned that more than 300,000 Panamanians are unemployed or underemployed, some 40% of the population. One leading economist and former high government planning official reported that 44% of the population lives in poverty, 24% in "extreme poverty," and that 93,800 infants and pre-school children live "in misery," while 35% of infants are malnourished. To check rising unemployment, he estimates, 190,000 jobs new jobs will be needed this year alone.<sup>41</sup>

The problems faced by the usual victims are described out of the mainstream by labor journalist Daphne Wysham. She reports that the U.S. invasion virtually completed the destruction of the Panamanian trade unions. The general secretary of the Inter-American Regional Organization of Workers (ORIT), Luis Anderson, condemned the invading troops for arresting three top Panamanian labor leaders. "Many union offices have been raided and sacked. The journalists union has been banned." These steps by the occupying forces are part of a more general attack on independent politics. In an interview before the invasion, one Panamanian labor leader later detained by U.S. troops reported that he and other union leaders were informed by the State Department that they were on a list of people who would be eliminated if they didn't "get their feet in support of the opposition" to Noriega. Union activists interviewed by Joy James report

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<sup>41</sup> CAR, Aug. 31; Excelsior. Sept. 2, 1990.

profit, whatever the consequences. Coca production has soared in the Andes and elsewhere for this reason, but there are other examples as well. After the discovery of clandestine "human farms" and "fattening houses" for children in Honduras and Guatemala, Dr. Luis Genaro Morales, president of the Guatemalan Pediatric Association, said that child trafficking "is becoming one of the principal nontraditional export products," generating \$20 million of business a year. The International Human Rights Federation (IHRF), after an inquiry in Guatemala, gave a more conservative estimate, reporting that about 300 children are kidnapped every year, taken to secret nurseries, then sold for adoption at about \$10,000 per child.

The IHRF investigators could not confirm reports that organs of babies were being sold to foreign buyers. This macabre belief is widely held in the region, however. A few weeks earlier, the Honduran journal *Tiempo* reported that the Paraguayan police rescued 7 Brazilian babies from a gang that "intended to sacrifice them to organ banks in the United States, according to a charge in the courts." The same journal reported shortly after that an Appeals Judge in Honduras ordered "a meticulous investigation into the sale of Honduran children for the purpose of using their organs for transplant operations." A year earlier, the Secretary General of the National Council of Social Services, which is in charge of adoptions, had reported that Honduran children "were being sold to the body traffic industry" for organ transplant. "Fattening houses" for children had been found in San Pedro Sula and elsewhere.<sup>12</sup>

A Resolution on the Trafficking of Central American Children, approved by the European Parliament two months later (November 1988), alleged that near a "human farm" in San Pedro Sula, infant corpses were found that "had been stripped of one or a number of organs." At another "human farm" in Guatemala, babies ranging

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<sup>12</sup> Anne Chemin, *Le Monde*, Sept. 21, 1988; *Manchester Guardian Weekly*, Oct. 2. *Tiempo*, Aug. 10, 17, Sept. 19, 1988. Dr. Morales, Report on Guatemala, July/August 1989.

from 11 days old to four months old had been found. The director of the farm, at the time of his arrest, declared that the children “were sold to American or Israeli families whose children needed organ transplants at the cost of \$75,000 per child,” the Resolution continues, expressing “its horror in the light of the facts” and calling for investigation and preventive measures.<sup>13</sup>

As the region sinks into further misery, these reports continue to appear. In July 1990, a right-wing Honduran daily, under the headline “Loathsome Sale of Human Flesh,” reported that police in El Salvador had discovered a group, headed by a lawyer, that was buying children to resell in the United States. An estimated 20,000 children disappear every year in Mexico, the report continues, destined for this end or for use in criminal activities such as transport of drugs “inside their bodies.” “The most gory fact, however, is that many little ones are used for transplant [of organs] to children in the U.S.,” which may account for the fact that the highest rate of kidnapping of children from infants to 18-year-olds is in the Mexican regions bordering on the United States.<sup>14</sup>

The one exception to the Central America horror story has been Costa Rica, set firmly on a course of state-guided development by the Jose Figueres coup of 1948, with welfare measures combined with harsh repression of labor, and virtual elimination of the armed forces. The U.S. has always kept a wary eye on this deviation from the regional standards, despite the welcome suppression of labor and the favorable conditions for foreign investors. In the 1980s, U.S. pressures to dismantle the social democratic features and restore the army elicited bitter complaints from Figueres and others who shared his commitments. While Costa Rica continues to stand apart from the region in political and economic development, the

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<sup>13</sup> Ibid.

<sup>14</sup> La Prensa Dominical, Honduras, July 22, 1990.

for the end to the military occupation and reestablishment of Panamanian sovereignty.<sup>39</sup>

In the British journal *Race and Class*, Joy James reviews some relevant history. The White (European) sector, which owns most of the land and resources, is estimated at about 8% of the population. The “two decades of military rule” to which the *Miami Herald* refers had some other characteristics as well. The Torrijos dictatorship had a populist character, which largely ended after his death in 1981 in an airplane accident (with various charges about the cause), and the subsequent Noriega takeover. During this period, Blacks, Mestizo, and Indigenous Panamanians gained their first share of power, and economic and land reforms were undertaken. In these two decades, infant mortality declined from 40% to less than 20% and life expectancy increased by nine years. New hospitals, health centers, houses, schools and universities were built, and more doctors, nurses and teachers were trained. Indigenous communities were granted autonomy and protection for their traditional lands, to an extent unmatched in the hemisphere. For the first time, Panama moved to an independent foreign policy, still alive in the 1980s to an extent, as Panama participated in the Contadora peace efforts (one of the main reasons why Noriega was transmuted from good guy to devil). The Canal Treaty was signed in 1977, theoretically awarding control over the Canal to Panama by the year 2000, though the prospects are doubtful. The Reagan administration took the position that “when the Carter-Torrijos treaties are being renegotiated” — an eventuality taken for granted — “the prolongation of the US military presence in the Panama Canal area till well after the year 2000 should be brought up for discussion” (State Department).<sup>40</sup>

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<sup>39</sup> LP, Aug. 30, 1990.

<sup>40</sup> James, “US policy in Panama,” *Race & Class*, July-September 1990; State Department letter to Jesse Helms, stating that the Department “shares your view” on the matter in question, March 26, 1987, cited by James.



the money in U.S. bank accounts and are bringing it back to the country. But the poor are in bad shape, because the government is bankrupt and can't help them." "The Catholic Church has begun to denounce what it sees as a lack of government concern for the poor," Oppenheimer continues. An editorial in a Church weekly "lashed out at authorities for devoting their energies to helping the private sector while breaking their original promises not to fire low-income public workers."<sup>37</sup>

Chalk up another victory for capitalism and democracy.

On August 2, the Catholic bishops of Panama issued a pastoral letter condemning U.S. "interference in the country's internal affairs" and denouncing the December invasion as "a veritable tragedy in the annals of the country's history." The statement also condemned Washington's failure to provide aid to the people who continue to suffer from the invasion, and criticized the government for ignoring their plight. Their protest appears in the Guatemala City Central America Report under the heading "Church Raises Its Voice" — though not loudly enough to be heard in Washington and New York. The same report quotes the Mexican daily *Excelsior* on U.S. military maneuvers in the mountains of Panama, and the high visibility of U.S. troops throughout the capital and other areas of the country.<sup>38</sup>

In April, President Endara had appointed a commission (the Panamanian Commission for National Reconstruction) to deal with the problem of reconstructing the economy that had been devastated by the U.S. economic sanctions, then the invasion and its aftermath. Its report, issued in August, proposed a three-point plan: a truce, political amnesty, and the end of "occupation of the State and its territory" by U.S. troops. Special emphasis was placed on the consequences of the U.S. invasion, and the demand

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<sup>37</sup> Oppenheimer, MH, June 20, 1990.

<sup>38</sup> CAR, Aug. 17, 1990.

signs of what the Central Americanization' of Costa Rica" are unmistakable.<sup>15</sup>

Under the pressure of a huge debt, Costa Rica has been compelled to follow "the preferential option for the rich": the IMF model of free market capitalism designed for the Third World, with austerity for the poor, cutback in social programs, and benefits for domestic and foreign investors. The results are coming in. By statistical measures, the economy is relatively strong. But more than 25% of the population — 715,000 people — live in poverty, 100,000 in extreme poverty, according to a study published by the ultra-right journal *La Nacion* (one feature of Costa Rican democracy being a monopoly of the Spanish language media by the extreme right sectors of the business community). A study by the Gallup office in Costa Rica published in *Prensa Libre* gives even higher figures, concluding that "approximately one million people cannot afford a minimum diet, nor pay for clothing, education or health care."<sup>16</sup>

The neoliberal economic policies of the 1980s increased social discontent and labor tensions, *Excelsior* reports, evoking an "intense attack by unionists, popular organizations," and others against the Arias administration, which has implemented these measures in conformity with U.S. demands and the priorities of privileged sectors. Church sources report that "the belt-tightening measures of the 1980s, which included the elimination of subsidies, low interest credit, price supports and government assistance programs, have driven many campesinos and small farmers off their land," leading to many protests. The Bishop of Limon issued a pastoral letter deploring the social deterioration and "worsening of the problems" to which "banana workers, in great majority immigrants from rural settings where they were property

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<sup>15</sup> CAR, April 28, 1989. For discussion of these matters, see *Necessary Illusions*.

<sup>16</sup> CAR, Dec. 1, 1989.

owners, have been subject.” He also deplored the harsh labor code and government policies that enabled the growers to purge union leaders and otherwise undermine workers’ rights, and the deforestation and pollution the companies have caused, with government support.<sup>17</sup>

Environmental degradation is serious here as well, including rapid deforestation and sedimentation that has severely effected virtually every major hydroelectric project. Environmental studies reveal that 42% of Costa Rica’s soil shows signs of severe erosion. “Top soil is Costa Rica’s largest export,” the Vice-Minister of Natural Resources commented. Expanding production for export and logging have destroyed forests, particularly the cattle boom of the 1960s and 1970s promoted by the government, international banks and corporations, and the U.S. aid program, which also undermined food production for domestic needs, as elsewhere in Central America. Environmentalists blame government and business for “ecological illiteracy” — more accurately, pursuit of profit without regard for externalities, as prescribed in the capitalist model.<sup>18</sup>

Submissiveness to these demands has yet to meet the exacting standards of the international guardians of business rights. The IMF suspended assistance to Costa Rica in February 1990, cancelling credits. U.S. aid is also falling, now that there is no longer any need to buy Costa Rica’s cooperation in the anti-Sandinista jihad.<sup>19</sup>

Economic constraints and foreign pressures have narrowed the political system in the approved manner. In the 1990 elections, the

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<sup>17</sup> *Excelsior*, March 24; *LP*, Feb. 15, 1990.

<sup>18</sup> Karliner, *op. cit.*; *CAR*, March 16, 1990. See Douglas R. Shane, *Hoofprints on the Forest: Cattle Ranching and the Destruction of Latin America’s Tropical Forests* (ISHI, 1986); Tom Barry and Deb Preusch, *The Soft War* (Grove, 1988); and for background, William H. Durham, *Scarcity and Survival in Central America* (Stanford, 1979).

<sup>19</sup> *CAR*, March 16; *Mesoamerica*, March 1990.

tion as technically efficient, though in his judgment “100 Special Forces guys” would have sufficed to capture Noriega, and “this big operation was a Pentagon attempt to impress Congress just when they’re starting to cut back on the military.” Other evidence lends credibility to these suggestions, including the White House National Security Strategy report presented to Congress in March 1990.<sup>35</sup>

If these were indeed among the motives for the exercise, they may have suffered a slight setback when it turned out that one of the stealth fighter-bombers had missed its undefended target by more than 300 yards, despite its “great accuracy.” Defense Secretary Cheney ordered an inquiry.<sup>36</sup>

The nature of the U.S. victory became clearer, along predictable lines, in the following months. Its character is described by Andres Oppenheimer in the *Miami Herald* in June, under the heading “Panama Flirts with Economic Recovery” — that is, recovery from the depths to which it was plunged by illegal U.S. economic warfare, then invasion and occupation. But there is a qualification: “Six months after the U.S. invasion, Panama is showing signs of growing prosperity — at least for the largely white-skinned business class that has regained its influence after more than two decades of military rule,” the small minority of important people. The luxury shops are again full of goods, and “Panama’s nightlife is also perking up” as “foreign tourists, mostly U.S. businessmen, can be seen most evenings sipping martinis in the lobbies of the biggest hotels,” which are sometimes “booked solid — a contrast to the moribund atmosphere there before the invasion.” Newspapers are filled with ads from department stores, banks, and insurance firms. “The upper class and the middle classes are doing great,” a Western European diplomat observes: “They had

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<sup>35</sup> John Morrocco, *ibid.*; Hackworth, interview with Bill Baskerville, *AP*, Feb. 25, 1990. March 1990 report, see *Deterring Democracy* chapter 1.

<sup>36</sup> Michael Gordon, *NYT*, April 11, 1990.

in combat — against unarmed civilian populations,” and “in many cases no distinction was made between civilian and military targets.”<sup>33</sup>

One case of “highly sophisticated weapons” did receive some attention. F-117A stealth fighters were used in combat for the first time, dropping 2000-lb. bombs with time-delay mechanisms in a large open field near an airstrip and barracks that housed an elite PDF battalion. The Air Force had kept this plane under close wraps, refusing to release cost or performance data about it. “There were conflicting reports as to the rationale for employing the sophisticated aircraft, which cost nearly \$50 million apiece, to conduct what appeared to be a simple operation,” *Aviation Week & Space Technology* reported. The Panamanian air force has no fighters and no military aircraft were stationed permanently at the base that was attacked. Its only known air defenses “were a pair of aging small caliber antiaircraft guns.” An American aeronautical engineering consultant and charter operator in Panama said he was “astonished” to learn of the use of the F-117A, pointing out that the target attacked did not even have radar: “They could have bombed it with any other aircraft and not been noticed.” The aerospace journal cites Defense Secretary Dick Cheney’s claim that the aircraft were used “because of its great accuracy,” then suggesting its own answer to the puzzle: “By demonstrating the F-117A’s capability to operate in low-intensity conflicts, as well as its intended mission to attack heavily defended Soviet targets, the operation can be used by the Air Force to justify the huge investment made in stealth technology” to “an increasingly skeptical Congress.”<sup>34</sup>

A similar conclusion was reached, more broadly, by Col. (Ret.) David Hackworth, a former combat commander who is one of the nation’s most decorated soldiers. He described the Panama opera-

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<sup>33</sup> *Excelsior* (Mexico City), April 14, 1990; *Central America NewsPak*, Austin Texas. Pelaez, *El Diario-La Prensa*, May 7, 1990.

<sup>34</sup> *Aviation Week & Space Technology*, Jan. 1, 1990.

two candidates had virtually identical (pro-business) programs, in accord with “Central American mode” approved by U.S. liberal doctrine, and were highly supportive of U.S. policies in the region (“right on the mark,” the eventual victor, Rafael Angel Calderon, declared in a debate sponsored by the business federation). The Central Americanization of Costa Rica is also revealed by the increasing repression through the 1980s. From 1985, the Costa Rican Human Rights Commission (CODEHU) reported torture, arbitrary arrest, harassment of campesinos and workers, and other abuses by the security forces, including a dramatic rise in illegal detentions and arrests. It links the growing wave of abuses to the increasing militarization of the police and security forces, some of whom have been trained in U.S. and Taiwanese military schools. These charges were supported further when an underground torture chamber was found in the building of the Costa Rican Special Police (OIJ), where prisoners were beaten and subjected to electric shock treatment, including torture of a pregnant woman who aborted and electric shock administered to a 13-year-old child to elicit a false confession. CODEHU alleges that 13 people have died in similar incidents since 1988. “Battered by charges of corruption and drug trafficking, the Arias administration receives another blow to its diminishing reputation as a bulwark of democracy” from these revelations, the *Central America Report* observed.<sup>20</sup>

Arias’s image “is about to be tarnished” further, according to reports from San Jose that investigators of the Legislative Drug Commission discovered that he had received a check for \$50,000 for his campaign fund from Ocean Hunter Seafood, but had put it in his personal bank account. This Miami-based company and its Costa Rican affiliate, *Frigarificos de Puntarenas*, were identified by

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<sup>20</sup> *Elections, CAR*, Jan. 26, 1990. *LP*, Dec. 7; *CAR*, April 28, July 27; *Excelsior*, April 30; *COHA Washington Report on the Hemisphere*, Sept. 27, 1989. For several examples of repression in the late 1980s of the kind that aroused great fury when reported in Nicaragua, see *Necessary Illusions*, 249, 268; for a much worse case, see *Culture of Terrorism*, 243.

U.S. Congressional investigators as a drug trafficking operation.<sup>21</sup> I leave it to the reader to imagine Mark Uhlig's sardonic story in the New York Times if something similar were hinted about a minor Sandinista official, however flimsy the evidence.

According to official government figures, the security budget increased 15% in 1988 and 13% in 1989 (spending on education rose less than half that much). The press has reported training of security officers in Fort Benning, Georgia, and U.S. bases in Panama, and a Taiwanese military academy, as well as by Israeli secret police, the army of El Salvador, the Guatemalan army special forces, and others. Fifteen private paramilitary, vigilante, and security organizations have been identified, with extreme nationalist and right-wing agendas. A member of the special commission of the legislature set up to investigate these matters described the police as an "army in disguise...out of control." The executive secretary of Costa Rica's Human Rights Commission, Sylvia Porras, noted that "the psychological profile of the police has changed as a result of military training," adding that "we cannot talk any longer of a civilian police force. What we have now is a hidden army."<sup>22</sup>

Annual U.S. military aid in the 1980s shot up to about 18 times what it had been from 1946 through 1979. U.S. pressures to rebuild the security forces, reversing the Figueres reforms, have been widely regarded as a factor in the drift towards the Central American mode. The role of Oscar Arias has evoked particular ridicule South of the border. After an Arias article in the New York Times piously calling on Panama to follow the Costa Rican model and abolish the army, the well-known Mexican writer Gregorio Selser published a review of some Costa Rican realities, beginning with the violent repression of a peaceful demonstration of landless campesinos in September 1986 by Arias's Civil Guard, with many serious injuries. The absence of an army in Costa Rica, he alleges,

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<sup>21</sup> Mesoamerica, Sept. 1990.

<sup>22</sup> "Costa Rica: Arming the country of peace," CAR, July 27, 1990.

report of thousands of Panamanians protesting against the U.S. invasion and occupation.

While Larry Rohter's visits to the slums destroyed by U.S. bombardment located only celebrants, or critics of U.S. "insensitivity" at worst, others found a rather different picture. Mexico's leading newspaper reported in April that Rafael Olivardia, refugee spokesman for the 15,000 refugees of the devastated El Chorrillo neighborhood, "said that the El bloodbath' during and after saw North American tanks roll over the dead' during the invasion that left a total of more than 2000 dead and thousands injured, according to unofficial figures." "You only live once," Olivardia said, "and if you must die fighting for an adequate home, then the U.S. soldiers should complete the task they began" on December 20.

The Spanish language press in the United States was less celebratory and deferential than its colleagues. Vicky Pelaez reports from Panama that "the entire world continues in ignorance about how the thousands of victims of the Northamerican invasion of Panama died and what kinds of weapons were used, because the Attorney-General of the country refuses to permit investigation of the bodies buried in the common graves." An accompanying photo shows workmen exhuming corpses from a grave containing "almost 200 victims of the invasion." Quoting a woman who found the body of her murdered father, Pelaez reports that "just like the woman vox populi' in Panama that the Northamericans used completely unknown armaments during the 20 December invasion." Olga Mejia, President of Panamanian Human Rights, informed the journal that "They converted Panama into a laboratory of horror. Here, they first experimented with methods of economic strangulation; then they successfully used a campaign of disinformation at the international level. But it was in the application of the most modern war technology that they demonstrated infernal mastery." The CODEHUCA-CONADEHUPA report also alleges that "the U.S. Army used highly sophisticated weapons — some for the first time

over ten times as high as U.S. casualties (officially given as 23; the U.S. military estimated civilian deaths at 202). They ask: “How does ‘surgical operation’ result in almost ten civilians killed (by official U.S. count) for every American military casualty?” By September, the count of bodies exhumed from several of the mass graves had passed 600.<sup>30</sup>

Excavation of mass graves meanwhile continues. By September, the count of bodies found in these graves alone had reached well over 600.<sup>31</sup>

The COHUDECA-CONADEHUPA report emphasizes that a great deal is uncertain, because of the violent circumstances, the incineration of bodies, and the lack of records for persons buried in common graves without having reached morgues or hospitals, according to eyewitnesses. note: See CODEHUCA letter to Americas Watch, June 5, 1990, commenting on the Americas Watch report.} Its reports, and the many others of which a few have been cited here, may or may not be accurate. A media decision to ignore them, however, reflects not professional standards but a commitment to power.

On September 30, some of this information finally broke into the mainstream media in a television report by CBS news (“60 minutes”).<sup>32</sup> Pictures of mass graves were shown, and a Panamanian woman who had worked for months to have a few of them opened and the remains identified, exhausting her own resources in the process, estimated civilian deaths at perhaps 4000. The CBS investigation also revealed new information: secret U.S. army reports estimating 1000 civilians killed — not the 202 that were officially reported — and urging that damage claims not be considered because the number might mount too high. There was also a (rare)

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<sup>30</sup> See Physicians for Human Rights, “‘Operation Just Cause’: The Medical Cost of Military Action in Panama,” Boston, March 15, 1990; Americas Watch, *Laws of War and the Conduct of the Panama Invasion*, 1990.

<sup>31</sup> CAR, Sept. 7, 1990.

<sup>32</sup> CBS TV, 7PM EST, Sept. 30, 1990.

has become largely a matter of semantics; different words for the same things. He cites an Arias decree of August 5, 1987 — just at the moment of the signing of the Esquipulas accords that brought him a Nobel Peace prize — establishing a professional army in all but name, with the full array of ranks and structure; and a 1989 CODEHU report on the training of hundreds of men in military academies of the U.S., Taiwan, Honduras, Guatemala and Panama.<sup>23</sup>

Little of this has ever reached the United States, except far from the mainstream. In the context of the Drug War, however, some notice has been taken. An editorial in the Miami Herald on “Costa Rica’s anguish” cites the comments by Sylvia Porras quoted above on the effects of U.S. military training, which has changed the “psychological profile” of the civilian police, turning them to “a camouflaged army.” The judgment is not “hyperbole,” the editorial concludes, attributing the rapid growth of the army and the recent killing of civilians by the security forces to the Nicaraguan conflict and the drug war — but with no mention of U.S. pressures, following the norms of the Free Press.<sup>24</sup>

## Good Intentions Gone Awry

We may conclude this survey of the triumph of free market capitalism in Central America with a look at Panama, recently liberated by Operation Just Cause.

In the months following the liberation, the successful affair largely disappeared from view,<sup>25</sup> the normal pattern. U.S. goals had been achieved, the triumph had been properly celebrated, and

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<sup>23</sup> Ibid. COHA, “News and Analysis,” Aug. 18, 1988; Washington Report on the Hemisphere, Sept. 27, 1989. Selser, *La Jornada* (Mexico), Jan. 23, 1990, citing Arias’s NYT Op-Ed on January 9.

<sup>24</sup> Editorial, MH, July 31, 1990.

<sup>25</sup> In the mainstream, that is. See, however, Alexander Cockburn, *Nation*, Jan. 29, 1990, and subsequent articles of his.

there was little more to say except to record subsequent progress towards freedom, democracy, and good fortune — or, if that strains credulity, to produce occasional musings on how the best of intentions go awry when we have such poor human material to work with.

Central American sources continued to give considerable attention to the impact of the invasion on civilians, but they were ignored in the occasional reviews of the matter here. New York Times correspondent Larry Rohter devoted a column to casualty estimates on April 1, citing figures as high as 673 killed, and adding that higher figures, which he attributes only to Ramsey Clark, are “widely rejected” in Panama. He found Panamanian witnesses who described U.S. military actions as restrained, but none with less happy tales.<sup>26</sup>

Among the many readily accessible sources deemed unworthy of mention in the Times (and the media generally), we find such examples as the following.

The Mexican press reported that two Catholic Bishops estimated deaths at perhaps 3000. Hospitals and nongovernmental human rights groups estimated deaths at over 2000.<sup>27</sup>

A joint delegation of the Costa Rica-based Central American Human Rights Commission (CODEHUCA) and the Panamanian Human Rights Commission (CONADEHUPA) published the report of its January 20–30 inquiry, based on numerous interviews. It concluded that “the human costs of the invasion are substantially higher than the official U.S. figures” of 202 civilians killed, reaching 2–3000 according to “conservative estimates.” Eyewitnesses interviewed in the urban slums report that U.S. helicopters aimed their fire at buildings with only civilian occupants, that a U.S. tank destroyed a public bus killing 26 passengers, that civilian

<sup>26</sup> Rohter, “Panama and U.S. Strive to Settle on Death Toll,” NYT, April 1, 1990.

<sup>27</sup> Excelsior-AFP, Jan. 27 (LANU), March 1990; Mesoamerica (Costa Rica), May 1990; CAR, March 2, 1990.

residences were burned to the ground with many apartments destroyed and many killed, that U.S. troops shot at ambulances and killed wounded, some with bayonets, and denied access to the Red Cross. The Catholic and Episcopal Churches gave estimates of 3000 dead as “conservative.” Civilians were illegally detained, particularly union leaders and those considered “in opposition to the invasion or nationalistic.” “All the residences and offices of the political sectors that oppose the invasion have been searched and much of them have been destroyed and their valuables stolen.” The U.S. imposed severe censorship. Human rights violations under Noriega had been “unacceptably high,” the report continues, though of course “mild compared with the record of U.S.-supported regimes in Guatemala and El Salvador.” But the U.S. invasion “caused an unprecedented level of deaths, suffering, and human rights abuses in Panama.” The title of the report is: “Panama: More than an invasion, ...a massacre.”<sup>28</sup>

Since its topic is not Kuwait, the report passed without notice here.

Sources at the University of Panama estimated at least 5000 dead; the head of the School of Public Administration at the University condemned the U.S. army’s “iron control [which] will not allow access to any Panamanian institution to find out the correct number of casualties.”<sup>29</sup>

Physicians for Human Rights, with the concurrence of Americas Watch, reached tentative casualty figures higher than those given by the Pentagon but well below those of COHUDECA-CONADEHUPA and others in Panama. Their estimate is about 300 civilians killed. Americas Watch also gives a “conservative estimate” of at least 3000 wounded, concluding further that civilian deaths were four times as great as military deaths in Panama, and

<sup>28</sup> Brecha, CODEHUCA, “Report of Joint CODEHUCA-CONADEHUPA delegation,” Jan.-Feb. 1990, San Jose.

<sup>29</sup> CODEHUCA, PEACENET, Feb. 5, 1990. Panamanian journalist Jose Montano, LP (Lima), Jan. 18, 1990.

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The Victors  
1991

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From *Z Magazine*, November, 1990; January, 1991; and April, 1991

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cent of the population that comprises the elite and the 80 percent that has been left out of the ‘Brazilian model’ of development.” The Brazilian journal *Veja* reports on these two Brazils, the first modern and westernized, the second sunk in the deepest misery. Seventy percent of the population consumes fewer calories than Iranians, Mexicans, or Paraguayans. Over half the population have family incomes below the minimum wage. For 40 percent of the population, the median annual salary is \$287, while inflation skyrockets and necessities are beyond reach. A World Bank report on the Brazilian educational system compares it unfavorably to Ethiopia and Pakistan, with a dropout rate of 80 percent in primary school, growing illiteracy, and falling budgets. The Ministry of Education reports that the government spends over a third of the education budget on school meals, because most of the students will either eat at school or not at all.

The journal *South*, which describes itself as “The Business Magazine of the Developing World,” reports on Brazil under the heading “The Underside of Paradise.” A country with enormous wealth, no security concerns, a relatively homogeneous population, and a favorable climate, Brazil nevertheless has problems: “The problem is that this cornucopia is inhabited by a population enduring social conditions among the worst in the world. Two-thirds do not get enough to eat. Brazil has a higher infant mortality rate than Sri Lanka, a higher illiteracy rate than Paraguay, and worse social indicators than many far poorer African countries. Fewer children finish first-grade school than in Ethiopia, fewer are vaccinated than in Tanzania and Botswana. Thirty-two percent of the population lives below the poverty line. Seven million abandoned children beg, steal and sniff glue on the streets. For scores of millions, home is a shack in a slum, a room in the inner city, or increasingly, a patch of ground under a bridge.”

The share of the poorer classes in the national income is “steadily falling, giving Brazil probably the highest concentration of income in the world.” It has no progressive income tax or capital gains tax,

but it does have galloping inflation and a huge foreign debt, while participating in a “Marshall Plan in reverse,” in the words of former President Jose Sarney, referring to debt payments.

For three-quarters of the population of this cornucopia, the conditions of Eastern Europe are dreams beyond reach, another triumph of the Free World.

A UN “Report on Human Development” ranks Brazil, with the world’s eighth-largest economy, in 80<sup>th</sup> place in general welfare (as measured by education, health, and hygiene), near Albania, Paraguay, and Thailand. The UN Food and Agriculture Organization (FAO) announced on October 18 that more than 40 percent of the population (almost 53 million people) are hungry. The Brazilian Health Ministry estimates that 840,000 children aged 1–4 and 420,000 newborns will die of hunger this year.

Here too it is widely alleged that babies are sacrificed for organ banks, a belief that can hardly be true but that reveals much about the conditions under which it can take root. The Honduran press reported that Brazilian babies had been rescued from a gang that “intended to sacrifice them to organ banks in the United States, according to a charge in the courts.” Brazil’s Justice Ministry ordered federal police to investigate allegations that adopted children are being used for organ transplants in Europe, a practice “known to exist in Mexico and Thailand,” the London Guardian reports, adding that “handicapped children are said to be preferred for transplant operations” and reviewing the process by which children in Brazil are kidnapped, “disappeared,” or given up by impoverished mothers, then adopted or used for transplants.

It would only be fair to add that the authorities are concerned with the mounting problem of homeless and starving children and are trying to reduce their numbers. Amnesty International reports that death squads, often run by the police, are killing street children at a rate of about one a day, while “many more children, forced onto the streets to support their families, are being beaten and tortured by the police” (Reuters, citing AI). “Poor children in Brazil are



treated with contempt by the authorities, risking their lives simply by being on the streets,” AI alleges. Most of the torture takes place under police custody or in state institutions. There are few complaints by victims or witnesses because of fear of the police, and the few cases that are investigated judicially result in light sentences.

Recall that these are the conditions that hold on the 25<sup>th</sup> anniversary of “the single most decisive victory of freedom in the mid-twentieth century” (Kennedy Ambassador Lincoln Gordon), that is, the overthrow of parliamentary democracy by Brazilian generals backed by the United States, which then praised the “economic miracle” produced by the neo-Nazi national security state they established. In the months before the generals’ coup, Washington assured its traditional military allies of its support and provided them with aid, because the military was essential to “the strategy for restraining left-wing excesses” of the elected Goulart government, Gordon cabled the State Department. The U.S. actively supported the coup, preparing to intervene directly if its help was needed for what Gordon described as the “democratic rebellion” of the generals. This “de facto ouster” of the elected president was “a great victory for the free world,” Gordon reported with joy, adding that it should “create a greatly improved climate for private investment.” U.S. labor leaders also demanded their proper share of the credit for the overthrow of the parliamentary regime, as the new government placed in power by the generals proceeded to smash the labor movement and subordinate poor and working people to the overriding needs of business interests, primarily foreign. Secretary of State Dean Rusk justified U.S. recognition for the obviously illegal regime on the grounds that “the succession there occurred as foreseen by the [Brazilian] Constitution,” which had just been blatantly violated. The U.S. proceeded to provide ample aid as torture and repression mounted, the relics of constitutional Government faded away, and the climate for investors improved under the rule of what Washington hailed as the “democratic forces.”

These events in Latin America's most powerful state initiated a domino effect throughout the continent, leading to an unprecedented plague of repression under the National Security doctrines crafted by the military and political leaders of the hemisphere and their U.S. advisers.

The circumstances of the poor in Brazil continue to regress as austerity measures are imposed on the standard International Monetary Fund formula in an effort to deal somehow with this catastrophe of capitalism. The austerity measures initiated by President Collor de Mello were initially described as "populist," harmful mostly to the wealthy. Predictably, reality took a different course. Ken Silverstein reports that half a year after the measures were inaugurated, "the rich are reassured." The IMF measures primarily harmed the poor, while wealthy individuals and large companies were able to find ways to enrich themselves by exploiting measures that in theory were devised to impose the main burden on them. A study by the J. Walter Thompson agency concluded that "Collor's policies are not a threat to the wealthy.... The rich are now leading absolutely normal lives" (agency vice-president Celia Chivolle). Businessmen, bankers, and the U.S. Chamber of Commerce express their pleasure in the course of policy, while "the working class has been pushed to the wall," Silverstein adds, with hundreds of thousands fired and purchasing power reduced to a historic low, well below minimal needs for about half the population.

The situation is similar in Argentina, where the Christian Democratic Party called on its members to resign from the cabinet in March "in order not to validate, by their presence in the government, the anti-popular [economic] measures of the regime." In a further protest over these measures, the Party expelled the current Minister of the Economy. Experts say that the socioeconomic situation has become "unbearable."

The terrible fate of Argentina is addressed in a report in the Washington Post by Eugene Robinson. One of the ten richest countries in the world at the turn of the century, with rich resources and

great advantages, Argentina is becoming a Third World country, Robinson observes. About one-third of its 31 million inhabitants live below the poverty line. Some 18,000 children die each year before their first birthday, most from malnutrition and preventable disease. The capital, once considered “the most elegant and European city this side of the Atlantic,” is “ringed by a widening belt of shantytowns, called *villas miserias*, or ‘miseryvilles,’ where the homes are cobbled-together huts and the sewers are open ditches.” Here too the IMF-style reforms “have made life even more precarious for the poor”

Robinson’s article is paired with another entitled “A Glimpse Into the Lower Depths,” devoted to a mining town in the Soviet Union. Subtitled “A mining town on the steppes reveals ‘the whole sick system,’” the article stresses the comparison to capitalist success. The article on Argentina, however, says nothing about any “sick system.” The only hint of a reason for the catastrophe in Argentina, or the general “economic malaise” in Latin America, is in a statement by a planning minister that “we destroyed ourselves” by “economic mismanagement.” Again the usual pattern: their crimes reveal their evil nature, ours are the result of personal failings and the poor human material with which we are forced to work in the Third World.

David Felix concludes that Argentina’s decline results from “political factors such as prolonged class warfare and a lack of national commitment on the part of Argentina’s elite,” which took advantage of the free-market policies of the murderous military dictatorship that were much admired here. These led to massive redistribution of income towards the wealthy and a sharp fall of per capita income, along with a huge increase in debt as a result of capital flight, tax evasion, and consumption by the rich beneficiaries of the “sick system” — Reaganomics, in essence.

In oil-rich Venezuela, over 40 percent live in extreme poverty according to official figures, and the food situation is considered “hyper-critical,” the Chamber of Food Industries reported in 1989.

Malnutrition is so common that it is often not noted in medical histories, according to hospital officials, who warn that “the future is horrible.” Prostitution has also increased, reaching the level of about 170,000 women or more, according to the Ministry of Health. The Ministry also reports an innovation, beyond the classic prostitution of women of low in-come. Many “executive secretaries and housewives and college students accompany tourists and executives during a weekend, earning at times up to [about \$150] per contact.” Child prostitution is also increasing and is now “extremely widespread,” along with child abuse.

Brutal exploitation of women is a standard feature of the “economic miracles” in the realms of capitalist democracy. The huge flow of women from impoverished rural areas in Thailand to service the prostitution industry — one of the success stories of the economic takeoff sparked by the Indochina wars — is one of the many scandals that escape notice in the admiration for the Free World triumph. The savage conditions of work for young women largely from the rural areas are notorious; >young< women, because few others are capable of enduring the conditions of labor, or survive to continue with it.

Chile under the Pinochet dictatorship is another famous success story. Under the heading “Tyrant’s ‘Success’ Leaves 7 of 12 Million Chileans Poor,” Antonio Garza Morales reports in *Excelsior* that “the social cost which has been paid by the Chilean people is the highest in Latin America,” with the number of poor rising from 1 million after Allende to 7 million today, while the population remained stable at 12 million. Christian Democratic Party leader Senator Anselmo Sule, returned from exile, says that economic growth that benefits 10 percent of the population has been achieved (Pinochet’s official institutions agree), but development has not. Unless the economic disaster for the majority is remedied, “we are finished,” he adds. According to David Felix, “Chile, hit especially hard in the 1982–84 period, is now growing faster than during the preceding decade of the Chicago Boys,” enthralled by

the free market ideology that is, indeed, highly beneficial for some: the wealthy, crucially including foreign investors. Chile's recovery, Felix argues, can be traced to "a combination of severe wage repression by the Pinochet regime, an astutely managed bailout of the bankrupt private sector by the economic team that replaced the discredited Chicago Boys, and access to unusually generous lending by the international financial institutions," much impressed by the favorable climate for business operations.

Environmental degradation is also a severe problem in Chile. The Chilean journal *Apsi* devoted a recent issue to the environmental crisis accelerated by the "radical neoliberalism" of the period following the U.S.-backed coup that overthrew the parliamentary democracy. Recent studies show that about half the country is becoming a desert, a problem that "seems much farther away than the daily poisoning of those who live in Santiago," the capital city, which competes with Sao Paulo (Brazil) and Mexico City for the pollution prize for the hemisphere (for the world, the journal alleges). "The liquid that emerges from the millions of faucets in the homes and alleys of Santiago have levels of copper, iron, magnesium and lead which exceed by many times the maximum tolerable norms." The land that "supplies the fruits and vegetables of the Metropolitan Region are irrigated with waters that exceed by 1,000 times the maximum quantity of coliforms acceptable," which is why Santiago "has levels of hepatitis, typhoid, and parasites which are not seen in any other part of the continent" (one of every three children has parasites in the capital). Economists and environmentalists attribute the problem to the "development model," crucially, its "transnational style," "in which the most important decisions tend to be adopted outside the ambit of the countries themselves," consistent with the assigned "function" of the Third World: to serve the needs of the industrial West.

The fashion at home, as noted, is to attribute the problems of Eastern Europe to the "sick system" (quite accurately), while ignoring the catastrophes of capitalism or, on the rare occasions

when some problem is noticed, attributing it to any cause other than the system that consistently brings it about. Latin American economists who have attributed the problems of the region to the “development model” are generally ignored, but some of them have been useful for ideological warfare and therefore have attained respectability in the U.S. political culture. One example is Francisco Mayorga, a Yale Ph.D. in economics, who became one of the most respected commentators on the economic affairs of Nicaragua in the 1980s because he could be quoted on the economic debacle caused by the Sandinistas. He remained a U.S. favorite as he became the economic Czar after the victory for the U.S. candidate in the February 1990 election, though he disappeared from view when he was removed after the failure of his highly-touted recovery policies (which failed, in large part, because of U.S. foot-dragging, the UNO government being nowhere near harsh and brutal enough for Washington’s tastes).

But Mayorga was never quoted on what he actually wrote about the Nicaraguan economy, which is not without interest. His 1986 Yale doctoral dissertation is a study of the consequences for Nicaragua of the development model of the U.S.-backed Somoza regime, and of the likely consequences of alternative policy choices for the 1980s. He concludes that “by 1978 the economy was on the verge of collapse” because of the “exhaustion of the agroindustrial model” and the “monetarist paradigm” that the U.S. favored. This model had led to huge debt and insolvency, and “the drastic downturn of the terms of trade that was around the corner was clearly going to deal a crucial blow to the agroindustrial model developed in the previous three decades,” leading “inexorably” to an “economic slump in the 1980s.” The immense costs of the U.S.-backed Somoza repression of 1978–9 and the contra war made the “inexorable” even more destructive. Mayorga estimates capital flight from 1977 to 1979 at \$500 million, and calculates the “direct economic burden” of war from 1978 to 1984 at more than \$3.3 billion. That figure, he points out, is one and a half times the

(such as the Federal Republic of Germany) whose governments pay obeisance to the liberal doctrine, apply a wide spectrum of government interventions, such as in resource allocation, in investments, in developing technology, income distribution, pricing, export and import.<sup>66</sup>

If resistance follows the path often taken in the Third World, it is likely to elicit the classic response.

On a visit to Europe a few days before he was assassinated by elite government forces in San Salvador in November 1989, Father Ignacio Ellacuria, rector of the University of Central America, addressed the West on the underlying issues. You “have organized your lives around inhuman values,” he said. These values

are inhuman because they cannot be universalized. The system rests on a few using the majority of the resources, while the majority can’t even cover their basic necessities. It is crucial to define a system of values and a norm of living that takes into account every human being.<sup>67</sup>

In our dependencies, such thoughts are subversive and can call forth the death squads. At home, they are sometimes piously voiced, then relegated to the ashcan in practice. Perhaps the last words of the murdered priests deserve a better fate.

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<sup>66</sup> Mieczyslaw Mieszczanowski, *Polityka*, Dec. 16, 1989, cited by Abraham Brumberg, *Foreign Affairs*, “America and the World,” 1989–90.

<sup>67</sup> *Envio* (Managua), May 1990.

pectancy is comparable to China, though it is one of India's poorer states.<sup>65</sup>

## Human Values

These are all serious and difficult questions, with far-reaching human consequences. The development strategies imposed upon the Third World by Western power, implemented by the international economic institutions or the states and corporations themselves, have enormous effects on the lives of the targeted populations. The record shows plainly enough that the policies that are advocated or enforced by the Western powers, and the confident rhetoric that accompanies them in official pronouncements and other commentary, are guided by the self-interest of those who hold the reins, not by any solid understanding of the economics of development, or any serious concern for the human impact of these decisions. Benefits that may accrue to others are largely incidental, as are the catastrophes that commonly ensue.

As the collapsing Soviet system resumes traditional quasi-colonial relations with the West, it is coming to be subjected to the same prescriptions – in part by choice, given the intellectual vacuity that is one of the consequences of decades of totalitarian rule. But imposition of Third World norms is bound to meet resistance. One Polish critic writes that if the popular Chicago School

words become flesh, this government would be the first in the history of the world to adhere firmly to this doctrine. All developed countries, including those

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<sup>65</sup> Sen, "Indian Development: Lessons and Non-Lessons," *Daedalus*, Vol. 118 of the Proceedings of the American Academy of Arts and Sciences, 1989. For further details on the Kerala exception, see Richard W. Franke and Barbara H. Chasin, *Kerala: Radical Reform As Development in an Indian State* (Institute for Food & Development Policy, Food First Development Report No. 6, October 1989).

"record GDP level of the country in 1977," a year of "exceptional affluence" because of the destruction of the Brazilian coffee crop, hence regularly used by U.S. propagandists (including some who masquerade as scholars) as a base line to prove Sandinista failures. The course of the economy from 1980, Mayorga concludes, was the result of the collapse of the agroindustrial export model, the severe downturn in the terms of trade, and the unbearable burden of the 1978–9 war and then the contra war (his study ends before the U.S. embargo exacerbated the crisis further). Sandinista policies, he concludes, were ineffective in dealing with the "inexorable" collapse: they "had a favorable impact on output and a negative effect on rural wages and farming profits," favoring industrial profits and redistributing income "from the rural to the urban sector." Had there been "no war and no change in economic regime," his studies show, "the Nicaraguan economy would have entered a sharp slump."

These conclusions being useless or worse, Mayorga's actual work on the Nicaraguan economy passes into the same oblivion as all other inquiries into the catastrophes of capitalism. The example is noteworthy because of Mayorga's prominence, at the very same time, insofar as he could serve a propaganda function for the media.

## The Fruits Of Victory: The Caribbean

Brazil and Chile are not the only countries to have basked in praise for their achievements after U.S. intervention set them on the right course. Another is the Dominican Republic. After the latest U.S. invasion under Lyndon Johnson in 1965, and a dose of death squads and torture, democratic forms were established, and U.S. commentators have expressed much pride in the peaceful transfer of power – or better, governmental authority, power lying elsewhere. The economy is stagnant and near bankrupt, public services function only intermittently, poverty is endemic, malnutrition is increasing,

and the standard of living of the poor continues its downward slide. In the capital city, electricity supply is down to four hours a day; water is available for only an hour a day in many areas. Unemployment is rising, the foreign debt has reached \$4 billion, the 1989 trade deficit was \$1 billion, up from \$700 million the year before. Estimates of the number who have fled illegally to the U.S. range up to a million. Without the remittances of Dominicans working in Puerto Rico and on the U.S. mainland — illegally for the most part — “the country could not survive,” the London Economics reports.

U.S. investors, assisted by Woodrow Wilson’s invasion and its aftermath, later Johnson’s, had long controlled most of the economy. Now foreign investment in 17 free trade zones is attracted by 15-year tax holidays and average wages of 65 cents an hour. Some “remain upbeat about the Dominican Republic’s situation,” the Business Magazine of the Developing World (South) reports, citing U.S. ambassador Paul Taylor, who described the new free trade zones as an economic miracle in a talk to the chamber of commerce. There are some objective grounds for Taylor’s cheerful view of the prospects, South observes: “Optimists point to the political and labour harmony in the Dominican Republic, the substantial pool of cheap workers and the transport, banking and communications services as continuing strong incentives to investors. Indeed, as a Dominican factory manager notes: ‘Anyone who gets involved in unions here knows that they’ll lose their job and won’t work in the free trade zone any more.’ ”

As in Brazil and elsewhere, the American Institute for Free Labor Development (AIFLD), the AFL-CIO foreign affairs arm supported by the government and major corporations, “has been instrumental in discouraging hostile [sic] union activity in order to help U.S. companies maximise their profits,” South reports. With friends like these, Dominican workers have little to fear.

A more recent beneficiary of U.S. invasion, Panama, also has its share of optimists, as discussed in the first part of this series, notably the tiny white minority now restored to power and the U.S.

level in the late 1940s, India has added about 15 years to added life expectancy, while China added 10 or 15 years beyond that increase, approaching the standards of Europe. The reasons lie in social policy, primarily, the much greater focus on improving nutrition and health conditions for the general population in China, and providing widespread medical coverage. The same was true, Sen argues, in Sri Lanka and probably Vietnam, and in earlier years in Europe as well, where, for example, life expectancy rose rapidly in England and Wales after large-scale public intervention in the distribution of food and health care and expansion of public employment.

But this is not the whole story. In the late 1950s, life expectancy in China plunged for several years to far below that of India because of a huge famine, which took an estimated 30 million lives. Sen attributes the famine to the nature of the Chinese regime, which did not react for three years, and may not even have been aware of the scale of the famine because the totalitarian conditions blocked information flow. Nothing similar has happened in India with its pluralist democracy. Nevertheless, Sen calculates, if China’s lower mortality rates prevailed in India, there would have been close to 4 million fewer deaths a year in the mid-1980s. “This indicates that every eight years or so more people in addition die in India — in comparison with Chinese mortality rates — than the total number that died in the gigantic Chinese famine,” the worst in the world in this century.

In further confirmation of his thesis, Sen observes that life expectancy in China has suffered a slow decline since 1979, when the new market-oriented reforms were undertaken. Another relevant example is the Indian state of Kerala, long under leftist rule and with “a long history of extensive public support in education, health care, and food distribution.” Here, improvement in life ex-



ever have had, say, a steel industry. The same continues to be true of advanced industrial societies, including the United States, where the parts of the economy that remain competitive benefit from huge taxpayer subsidies and a state-guaranteed market (high tech industry via the Pentagon system being the most striking case). In Germany, to mention only one feature, the IMF estimates that industrial incentives are the equivalent of a 30 percent tariff. IMF conditions and the like are fine for weaker economies that we intend to exploit. The conditions greatly facilitate the robbery of the poor. Beyond that, their merits are less than obvious.

The comparison between Latin America and East Asia was addressed at a conference on global macroeconomics in Helsinki in 1986.<sup>64</sup> Several contributors observe that the situation is complex, and conclude that the disparities that developed in the 1980s (though not before) are attributable to a variety of factors, among them, the harmful effects of greater openness to international capital markets in large parts of Latin America (as in the Philippines), which permitted vast capital flight, but not in the East Asian economies with their more rigid controls by government and central banks. In South Korea, for example, export of capital can carry the death penalty. Again, the standard story seems to be virtually the opposite of the truth.

### **Comparisons and their Pitfalls**

The complexity of the issues that arise is shown in a revealing study of Indian development, in comparison to China and others, by Harvard economist Amartya Sen. He observes that “a comparative study of the experiences of different countries in the world shows quite clearly that countries tend to reap as they sow in the field of investment in health and quality of life.” India followed very different policies from China in this regard. Beginning at a comparable

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<sup>64</sup> Tariq Banuri, ed., *No Panacea: the Limits of Economic Liberalization* (Oxford, forthcoming).

businesspeople who have revived Panama City’s night-life. As elsewhere in Latin America, the plight of the unimportant people is deplored by sections of the Church who persist in their old-fashioned “preferential option for the poor,” not understanding the merits of the promising new “trickle down” techniques of raising them from their misery.

Elsewhere in the Caribbean basin, we find much the same picture, including Grenada, also liberated by U.S. benevolence, then restored to its proper status (see my article in *Z*, March 1990). The U.S. pursued a different path to ensure virtuous behavior in the case of Jamaica. Upstarts led by the social democrat Michael Manley and his People’s National Party (PNP) sought to explore the forbidden path of independent development and social reform in the 1970s, eliciting the usual hostility from the United States and sufficient pressures to achieve an electoral victory for U.S. favorite Edward Seaga, who pledged to put an end to such nonsense. Seaga’s pursuit of proper free market principles was lauded by the Reagan administration, which announced grandly that it would use this opportunity to create a showcase for democracy and capitalism in the Caribbean. Massive aid flowed. USAID spent more on Jamaica than on any other Caribbean program. The World Bank also joined in to oversee and expedite this estimable project. Seaga followed all the rules, introducing austerity measures, establishing Free Trade Zones where non-union labor, mostly women, work in sweatshops for miserable wages in foreign-run plants subsidized by the Jamaican government, and generally keeping to the IMF prescriptions.

There was some economic growth, “mainly as a result of laundered ‘ganja’ dollars from the marijuana trade, increased tourism earnings, lower fuel import costs, and higher prices for bauxite and alumina,” the North American Congress on Latin America (NACLA) reports. The rest was the usual catastrophe of capitalism, including one of the highest per capita foreign debts in the world, collapse of infrastructure, and general impoverishment. According

to USAID, by March 1988, along with its “crippling debt burden,” Jamaica was a country where economic output was “far below the production level of 1972,” “distribution of wealth and income is highly unequal,” “shortages of key medical and technical personnel plague the health system,” “physical decay and social violence deter investment,” and there are “severe deficits in infrastructure and housing.” The assessment was made six months before hurricane Gilbert dealt a further blow.

At this point, Michael Manley, now properly tamed, was granted the right to return to power to administer the ruins, all hope for constructive change having been lost. Manley “is making all the right noises” to reassure the Bank and foreign investors, Roger Robinson, World Bank senior economist for Jamaica, said in a June 1988 pre-election interview. He explained further that “Five years ago, people were still thinking about ‘meeting local needs,’ but not any more. Now the lawyers and others with access to resources are interested in external export investment. Once you have that ingrained in a population, you can’t go back easily, even if the PNP and Michael Manley come in again. Now there’s an understanding among individuals who save, invest, and develop their careers that capital will start leaving again if the PNP, or even [Seaga’s] JLP, intervenes too much.”

Returned to office, Manley recognized the handwriting on the wall, outdoing Seaga as an enthusiast for free market capitalism. “The old gospel that government should be operated in the interests of the poor is being modified, even if not expressly rejected, by the dawning realization that the only way to help the poor is to operate the government in the interest of the productive!” the journal of the Private Sector of Jamaica exulted — here the term “productive” does not refer to the people who produce, but to those who manage, control investment, and reap profits. The public sector is “on the verge of collapse,” the Private Sector report continues, with schools, health care and other services rapidly declining. But with the “nonsensical rhetoric of the recent past” abandoned, and

observes that the countries that were once under Japanese administration are “success stories” from the economic point of view, while the Philippines are an economic disaster and the “showcase of democracy” is largely empty form. “Philippine landowners have accumulated incredible power and wealth, siphoning everything from the ordinary people,” while “tradition is dismantled” in favor of a shallow and superficial veneer of American culture, “an atrocity — a barbaric act.”<sup>63</sup>

This spokesman for right-wing nationalism is plainly not a trustworthy independent source. But there is more than a little truth to what he says.

Comparison of the Latin American economies with those of East Asia (the “Newly Industrializing Countries,” NICs) is another topic that has rarely been undertaken seriously. Editorials, news reporting, and other commentary commonly allege that the comparison reveals the superiority of economic liberalism, but without providing the basis for that conclusion. It is not easy to sustain, if only because of the radical departures from liberal capitalism in the success stories of Asia. As Alice Amsden in particular has emphasized, the highly touted economic successes of East Asia can be traced in no small measure to the fact that the state is not only powerful enough to discipline labor, as is the norm, but even to discipline *capital*, and to compel sharp departures from market principles for the sake of economic development. More generally, it is virtually the conventional wisdom (and well supported) that “late developing countries” typically rely on extensive state intervention and coordination. In fact, it is hard to find any exception, late or early. If the U.S. had kept to the principles it now imposes on the “developing world,” we would probably still be pursuing our comparative advantage in producing furs, and it is hardly likely that we would

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<sup>63</sup> Akio Morita and Shintaro Ishihara, *The Japan That Can Say No* (Konbusha, Tokyo), translation distributed privately, taken from Congressional Record, Nov. 14, 1989, E3783-98.

be complemented by the kind of analysis that has yet to be undertaken in comparing Eastern Europe and Latin America.

It should be evident without further comment that the standard comparison of Eastern to Western Europe, or the Soviet Union to the United States, is virtually meaningless, designed for propaganda, not enlightenment.

### **Latin America and the NICs**

Other subordinate and dependent systems have yet a different character. Discussing the rapid economic growth of South Korea and Taiwan after the powerful stimulus given by Vietnam war spending, Bruce Cumings observes that it resumes a process of development begun under Japanese colonialism. Unlike the West, he notes, Japan brought industry to the labor and raw materials rather than vice versa, leading to industrial development under state-corporate guidance, now renewed. Japan's colonial policies were extremely brutal, but they laid a basis for economic development. Needless to say, these economic successes, like those of Singapore and Hong Kong, are no tribute either to democracy or the wonders of the market; rather, to harsh labor conditions, efficient quasi-fascist political systems, and, much as in Japan, high levels of protectionism and planning by financial-industrial conglomerates in a state-coordinated economy.<sup>62</sup>

Comparison of the Pacific colonies of the U.S. and Japan is not common here, but right-wing Japanese are not reluctant to pursue it. Shintaro Ishihara, a powerful figure in the ruling Liberal Democratic Party, which holds a virtual monopoly of political power,

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<sup>62</sup> On these matters, see particularly Alice Amsden, *Asia's Next Giant* (Oxford, 1989), and for an overview, Amsden, "East Asia's Challenge — to Standard Economics," *American Prospect*, Summer 1990. For some recent reflections on Taiwan and Japan, Carl Goldstein, Bob Johnstone, *Far Eastern Economic Review*, May 3, May 31, 1990. Cumings, "The origins and development of the Northeast Asian political economy," *International Organization* 38.1, Winter 1984.

privatization of everything in sight on the way, there is hope — for "the productive," in the special intended sense.

Manley has won new respect from the important people now that he has learned to play the role of "violin president," in Latin American terminology: "put up by the left but played by the right." The conditions of capital flight and foreign pressures — state, private, and international economic institutions — have regularly sufficed to bar any other course.

### **The Fruits Of Victory: Asia**

Turning to Asia, a serious inquiry into the victory of freedom, capitalism, and democracy will naturally begin with the Philippines, which has benefited from U.S. solicitude for close to a century. The desperate state of Filipinos is reviewed in the *Far Eastern Economic Review*, firmly dedicated to economic liberalism and the priorities of the business community, under the heading "Power to the plutocrats." Its reports conclude that "Much of the country's problems now...seem to be rooted in the fact that the country has had in its entire history no form of social revolution." The consequences of this failure include "the jinxed land reform programme," a failure that "profoundly affects the prognosis for the incidence of poverty" among the 67 percent of poor Filipino families living in rural areas, condemning them to permanent misery, huge foreign debt, "massive capital flight," an increase in severe malnutrition among pre-school children since the Aquino Government took power, widespread underemployment, and survival for many on incomes far below Government-defined poverty thresholds, "the growth of a virtual society of beggars and criminals," and the rest of the familiar story. Government and academic experts expect things to get considerably worse. For the "rapidly expanding disadvantaged," the only way out is to seek work abroad: "legal and illegal workers from the Philippines now comprise the greatest annual labour exodus in Asia." With social programs abandoned,

the only hope is if “the big-business elite, in a situation of little government interference, foregoes the Philippine elite traditional proclivity towards conspicuous consumption, and instead use profits both for their employees’ welfare and to accumulate capital for industrial development.”

Their failure to do so can perhaps be explained by the fact that the United States has had so little time to exercise its tutelage; only 90 years, after all. That its ministrations might have something to do with what we find is a possibility not to be addressed. In the real world, these desperate conditions can be traced in no small measure to the U.S. invasion at the turn of the century with its vast slaughter and destruction, the long colonial occupation, and the subsequent policies including the postwar counterinsurgency campaign and support for the Marcos dictatorship as long as it was viable. But the Philippines did gain the (intermittent) gift of democracy. In the same business journal, a columnist for the Manila Daily Globe, Conrado de Quiros, reflects on this matter under the heading “The wisdom of democracy.” He compares the disaster of the Philippines to the economic success story of Singapore under Lee Kuan Yew, whose harsh tyranny is another of those famous triumphs of democracy and capitalism. De Quiros quotes the Singapore Minister of Trade and Industry, Lee’s son, who condemns the U.S. model imposed on the Philippines for many flaws, the “worst crime” being that it granted the Filipinos a free press; in his own words, “An American-style free-wheeling press purveyed junk in the marketplace of ideas, which led to confusion and bewilderment, not to enlightenment and truth.” With a better appreciation of the merits of fascism, his Singapore government is too wise to fall into this error.

The Americans did introduce a form of democracy, de Quiros continues. However, it “was not designed to make Filipinos free but to make them comfortable with their new chains.” It may have given the Filipinos more newspapers, but “it has given them less money with which to buy them. It has made the rich richer,” with

take seriously the conventional doctrine that security concerns are “probably the greatest factor in shaping U.S. policy toward Latin America” (Robert Wesson, presenting the “historical overview and analysis” for the Stanford symposium). In recent memory, the United States has not been repeatedly invaded and virtually destroyed by powerful enemies marching through Central America. In fact, its authentic security concerns are virtually nil, by international and historical standards. There are what are called “security concerns,” but as one participant in the symposium finally concedes, after having taken them quite seriously, “U.S. national security interests in the Caribbean [as elsewhere in the hemisphere, we may add] have rested on powerful economic investments” (Jiri Valenta) — which is to say that they are termed “security interests” only for purposes of the delusional system. Furthermore, it makes little sense to attribute to the United States greater tolerance for “political-ideological deviations” on the grounds that it does not insist on “the U.S. brand of democracy” and tolerates “authoritarian dictatorships,” while the USSR insists on Leninist regimes (Valenta). What the U.S. demands is an economic order geared to its interests; the political form it takes is largely an irrelevance.<sup>61</sup>

Unless freed from the extreme ideological constraints of conventional scholarship, comparative study is bound to be largely worthless.

The matter of capital flow is also complex. In the first place, the regional hegemons are not remotely comparable in wealth and economic level, and never have been, so that their role in economic transactions will differ greatly. For another, investment has intricate effects. It can lead to economic growth, benefit certain sectors of the population while severely harming others, lay the basis for independent development or undermine such prospects. The numbers in themselves tell only a small part of the story, and have to

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<sup>61</sup> Wesson, Valenta, in Triska, *op. cit.*, 63, 282.

the estimate of \$40 billion for the same period, omitting factors that might add several billion, they note. When Lithuania was faced with Soviet economic retaliation after its declaration of independence, the Wall Street Journal reported that the Soviet subsidy to that country alone might approach \$6 billion annually.<sup>59</sup>

Such comparisons cannot simply be taken at face value; complex issues arise, and they have never been properly addressed. The only extensive scholarly study attempting to compare the U.S. impact on Latin America with that of the USSR on Eastern Europe, to my knowledge, is the Stanford symposium just cited, but it does not reach very far. Among many striking gaps, the contributors entirely disregard repression and state terror in Latin America and the U.S. role in implementing it. Writing in May 1986, the editor states that “some left-wing forces in Latin America and all dissidents in Eastern Europe have little hope of bringing about substantive changes, either peacefully or through violence.” One contributor even takes seriously (though rejecting) the absurd statement by Mexican writer (now Nobel Laureate) Octavio Paz in 1985 that it is “monstrous” even to raise the question of comparing U.S. policies with those of the Soviet Union. Most take it as obvious, hence needing no real evidence, that U.S. influence has been disinterested and benign. In fact, this 470 page study contains very little information altogether.<sup>60</sup>

Many questions would arise if such comparisons were to be undertaken in a meaningful way. Contrary to standard conventions (generally followed in the Stanford symposium), it is hardly plausible to regard U.S. security concerns in Latin America as comparable to those of the Soviet Union in Eastern Europe, or even to

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<sup>59</sup> Raymond Garthoff, *Deetente and Confrontation*, 499; M. Marrese and J. Vanous, *Soviet Subsidization of Trade with Eastern Europe* (California, 1983); Marer and Poznanski, “Costs of Domination, Benefits of Subordination,” in Triska, *op. cit.*; Peter Gumbel, “Gorbachev Threat Would Cut Both Ways,” *WSJ*, April 17, 1990.

<sup>60</sup> Triska, *op. cit.*, 11; Paz cited by Jeffrey Hughes, 29.

“one of the world’s worst cases of inequity in the distribution of wealth,” according to the World Bank. Democracy “was an instrument of colonisation,” and was not intended to have substantive content: “For most Filipinos, American-style democracy meant little more than elections every few years. Beyond this, the colonial authorities made sure that only the candidates who represented colonial interests first and last won. This practice did not die with colonialism. The ensuing political order, which persisted long after independence, was one where a handful of families effectively and ruthlessly ruled a society riven by inequality. It was democratic in form, borrowing as many American practices as it could, but autocratic in practice.

That these were indeed the policy goals is a rational conclusion in the light of historical practice and the documentary record. We may then describe the Philippines as another success story of democracy and capitalism, and number its people too among the victors in the Cold War.

Under Philippine democracy, most of the population is not represented. The politicians are lawyers or wealthy businessmen or landowners. As the political structure bequeathed to the Philippines by the American occupation was reconstituted after the overthrow of the U.S.-backed dictator by “people power,” Gary Hawes writes in the scholarly journal *Pacific Affairs*, “it is only those with money and muscle who can be elected.” Candidates are mainly “former elected officials, relatives of powerful political families and/or members of the economic elite,” unrepresentative of the rural majority or even “the citizens who had demonstrated to bring down Marcos and who had risked their lives to protect their ballots for Corazon Aquino.” There was a party (PnB) based on the popular organizations that arose against the dictatorship, with broad support from the peasantry, the labor force, and large reformist sections of the middle class, but it was to have no political role. In the elections, PnB was outspent by the traditional conservative parties by a ratio of up to 20 to 1. Its supporters were subjected to intimidation and

threats of loss of jobs, housing, and city licenses. The military presence also served to inhibit PnB campaigning. Interviews with poor farmers and workers revealed a preference for PnB candidates, but a recognition that since the military and the rural elite opposed them, “the next best choice was to take the money or the rewards and vote for the candidates endorsed by the Aquino government.

The playing field having been properly levelled, our celebrated “yearning for democracy” is satisfied.

Under the reconstituted elite democracy, Hawes continues, “the voices of the rural dwellers” — almost two-thirds of the population — “have seldom been heard,” and the same is true of the urban poor. The cure for agitation in the countryside is militarization and the rise of vigilantes, leading to a record of human rights violations “as bad as, if not worse than, during the time of Marcos,” a 1988 human rights mission reported, with torture, summary executions, and forced evacuations. There is economic growth, but its fruits “have seldom trickled down to the most needy.” Peasants continue to starve while paying 70 percent of their crop to the landlord. Agrarian reform is barely a joke. Support for the National Democratic Front (NDF) and its guerrillas is mounting after years of rural organizing.

De Quiros suggests that there has been “substantive democracy in the Philippines — despite colonialism and elite politics.” “This is so because democracy took a life of its own, expressing itself in peasant revolts and popular demand for reforms.” It is just this substantive democracy that the United States and its allies are dedicated to repress and contain. Hence the absence of any social revolution of the kind that he and several other commentators in this most respectable business journal see as sorely lacking in the Philippines — though if it can join the club of “capitalist democracies” of the Singapore variety, the tune will likely change.

Meanwhile, Survival International reports that tribal peoples are being attacked by the private army of a logging company, which, in a six month campaign of terror, has killed and tortured villagers,

saddled with the “debt crisis” that results from these manipulations, and taxpayers in the Western countries who are ultimately called upon to foot part of the bill.<sup>57</sup>

Again, the situation in the Soviet satellites is different. One commentator on their affairs, Lawrence Weschler, observes that

Poles, like most Eastern Europeans, have long lived under the delusion that the Soviets were simply bleeding them dry; in fact, the situation has been considerably more complex than that. (The Soviet dominion was in fact that unique historical perversity, an empire in which the center bled *itself* for the sake of its colonies, or rather, for the sake of tranquility in those colonies. Muscovites always lived poorer lives than Varsovians.)

Throughout the region, journalists and others report, shops are better stocked than in the Soviet Union and material conditions are often better. It is widely agreed that “Eastern Europe has a higher standard of living than the USSR,” and that while “Latin-Americans claim mainly economic exploitation,” “Soviet exploitation of Eastern Europe is principally political and security-oriented” (Jan Triska, summarizing the conclusions of a Stanford University symposium on the USSR in Eastern Europe and the U.S. in Latin America).<sup>58</sup> In the decade of the 1970s, according to U.S. government sources, the Soviet Union provided an \$80 billion subsidy to its Eastern European satellites (while their indebtedness to the West increased from \$9.3 billion in 1971 to \$68.7 billion in 1979). A study done at the Institute of International Studies of the University of California (Berkeley) estimated the subsidy at \$106 billion from 1974 to 1984. Using different criteria, another academic study by Paul Marer and Kazimierz Poznanski reaches

<sup>57</sup> Pastor, *Foreign Policy*, Winter 1988–9; Jeff Gerth, *NYT*, Feb. 12, 1990.

<sup>58</sup> Weschler, “Poland,” *Dissent*, Spring 1990; Triska, “introduction,” in Triska, ed., *Dominant Powers and Subordinate States* (Duke, 1986).

Western circles, mired in ideological fanaticism and blind to the elementary (but unacceptable) realities of the world.

### **Latin America and the Soviet Bloc**

The social, economic, and ecological catastrophes resulting from traditional Western imperialism and its more recent variants go a long way towards explaining the reluctance of many in the Third World to join the celebration of victory, and their tendency to regard the victims of Soviet tyranny with a degree of envy. Furthermore, the state terror faced on a daily basis by Latin Americans who dare to raise their heads has been qualitatively different from the repression in Eastern Europe in the post-Stalin period, terrible as that was in its own ways; and they do not share our reluctance to see the powerful and systematic influence of Washington and U.S. corporations in establishing and maintaining the grim conditions of their lives.

Another comparison that might be addressed is suggested by the huge flow of capital from the Third World to the United States and the West generally. Latin America alone transferred some \$150 billion to the industrial West from 1982 to 1987 in addition to \$100 billion of capital flight, a capital transfer amounting to 25 times the total value of the Alliance for Progress and 15 times the Marshall Plan, according to Latin Americanist Robert Pastor, director of Latin American and Caribbean Affairs for the National Security Council under the Carter administration. The Bank for International Settlements in Switzerland estimates that between 1978 and 1987, some \$170 billion in flight capital left Latin America, not including money hidden by falsified trade transactions. The New York Times cites another estimate that anonymous capital flows, including drug money and flight capital, total \$600 billion to \$800 billion. This huge hemorrhage is part of a complicated system whereby Western banks and Latin American elites enrich themselves at the expense of the general population of Latin America,

burned down houses, destroyed rice stores, and driven thousands from their homes. The same tribal people are among the many victims of bombing of villages and other practices of the government counterinsurgency campaigns. Appeals to the Aquino government have been ignored. An appeal to the U.S. government, or Western circles generally, cannot be seriously proposed. The same is true in Thailand, where the government announced a plan to expel six million people from forests where it wants to establish softwood plantations.

Miracles of capitalism are also to be found elsewhere in Asia. Charles Gray, responsible for Asian affairs in the pro-business AFL-CIO foreign affairs branch (AIFLD), observes in the Far Eastern Economic Review that transnational corporations “generally insist the host government suppress the right of workers to organise and join unions, even when that right is guaranteed in the country’s own constitution and laws.” The organization that coordinates trade in the Free World (GATT) does not have a single rule that “covers the subsidies that transnational corporations get though pressures on Third World governments to permit 19<sup>th</sup> century-type exploitation of labour.” In Malaysia, “U.S. and other foreign corporations forced the Labour Ministry in 1988 to continue the government’s long-standing prohibition of unions in the electronics industry by threatening to shift their jobs and investments to another country.” In Bangladesh, contractors for the transnationals “discriminate against women and girls by paying them starvation wages as low as 9 U.S. cents an hour.” In China’s Guangdong province, when the government found that “the factory of a leading toy manufacturer was engaged in labour law violations — such as 14-hour workdays and 7-day workweeks — it approached the managers to ask them to respect the law. The managers refused, and said that if they were unable to operate the way they wanted they would close their Chinese factories and move to Thailand,” where there are no such unreasonable demands.

Low prices for imported toys have doubtless brought much Christmas cheer in the industrial West.

### **The Fruits Of Victory: Africa**

The scene in Africa is worse still. To mention only one small element of a growing catastrophe, a study of the U.N. Economic Commission for Africa estimates that “South Africa’s military aggression and destabilization of its neighbors cost the region \$10 billion in 1988 and over \$60 billion and *1.5 million lives in the first nine years of this decade.*” Such figures are considered too insignificant to merit notice in the Newspaper of Record, which avoided the matter. Congress imposed sanctions on South Africa in 1986 over Reagan’s veto, but their impact has been limited. The American Committee on Africa reports that only 25 percent of U.S.-South African trade has been affected, and that iron, steel, and (until late 1989) half-finished uranium continued to be imported. After the sanctions were put in place, U.S. exports to South Africa increased from \$1.28 billion in 1987 to \$1.71 billion in 1989, according to the U.S. Commerce Department.

While the South African government and the minority White groups it represents face mounting problems, they may see some rays of hope as well. New diplomatic ties between South Africa and Hungary, now that it has achieved independence, may prove to be “the wedge that breaks trade sanctions and the international isolation of the South African government,” the Christian Science Monitor reports in a lead story, citing an economist at the Hungarian Academy of Sciences who foresees expanding trade between South Africa and Eastern Europe.

The economic catastrophe of much of Africa is commonly attributed to “socialism,” a term used freely to apply to anything we are not supposed to like. But there is an exception, “an island of freewheeling capitalism in a sea of one-party socialist states,” Africa correspondent Howard Witt of the conservative Chicago Tri-

the application of typical police state instruments have traditionally marked Washington’s actions”: “In Europe, the USSR and Gorbachev are associated with the struggle for freedom of travel, political rights, and respect for public opinion. In the Americas, the U.S. and Bush are associated with indiscriminate bombings of civilians, the organization, training and financing of death squads, and programs of mass murder” — not quite the story in New York and Washington, where the United States is hailed as an “inspiration for the triumph of democracy in our time” (New Republic).<sup>55</sup>

A prominent Latin American theologian, Pablo Richard, also fails to see matters as he is informed he does by the New Republic commissars. Richard is professor of theology at the National University of Costa Rica and a leading figure in the formation of the base Christian communities, a prime target of the U.S.-backed savagery of the Reagan-Bush years (enthusiastically supported by the New Republic and others who now bask in their inspiring triumph) because they sought to organize the poor, threatening to bring democracy and social reform, the ultimate crime. Richard compares the current situation of the Third World to that of the early Christians under the Roman Empire, which Christians saw as “the Beast, a murderous idolatrous Beast,” who could not be confronted with force, because it is far too powerful and violent, but must be confronted ethically and spiritually: “This new way of confronting imperialism in the decade of the ‘90s, which emphasizes cultural, ethical, spiritual, and theological confrontation, challenges in a special way the [Christian base communities] and the Church of the Poor,” Richard writes.<sup>56</sup>

Others use different terms to express similar perceptions. The essential points, again, are a commonplace outside of disciplined

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<sup>55</sup> John Saxe-Fernandez, *Excelsior*, Nov. 21, 1989, in *Latin America News Update*, Jan. 1990; *TNR*, March 19, 1990.

<sup>56</sup> *Pasos*, publication of the Ecumenical Department of Investigation in San Jose, Costa Rica; *LADOC* (Peru), Nov./Dec. 1990.



might learn a good deal from the exercise. On the question at hand, the journal *Proceso* of the Jesuit University UCA in San Salvador, where the priests were assassinated, has this to say:

The so-called Salvadoran ‘democratic process’ could learn a lot from the capacity for self-criticism that the socialist nations are demonstrating. If Lech Walesa had been doing his organizing work in El Salvador, he would have already entered into the ranks of the disappeared — at the hands of ‘heavily armed men dressed in civilian clothes’; or have been blown to pieces in a dynamite attack on his union headquarters. If Alexander Dubcek were a politician in our country, he would have been assassinated like Hector Oquel! [the social democratic leader assassinated in Guatemala, by Salvadoran death squads, according to the Guatemalan government]. If Andrei Sakharov had worked here in favor of human rights, he would have met the same fate as Herbert Anaya [one of the many murdered leaders of the independent Salvadoran Human Rights Commission CDHES]. If Ota-Sik or Vaclav Havel had been carrying out their intellectual work in El Salvador, they would have woken up one sinister morning, lying on the patio of a university campus with their heads destroyed by the bullets of an elite army battalion.<sup>54</sup>

The comparison between the Soviet and U.S. satellites is so dramatic that it takes real dedication not to perceive it, and outside of Western intellectual circles, it is a commonplace. A writer in the Mexico’s leading daily comments on the “striking contrast” between Soviet behavior toward its satellites and “U.S. policy in the Western Hemisphere, where intransigence, interventionism and

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<sup>54</sup> Quoted by Jon Reed, *Guardian* (New York), May 23, 1990.

bune writes. He is referring to Liberia, which, like the Philippines, can attribute its happy state to the fact that it was “America’s only toehold on the African continent” — for a century and a half, in this case. Liberia took on special significance during the Cold War years, Witt continues, particularly after President Samuel Doe, a “brutish, nearly illiterate army sergeant...seized power in 1980 after disemboweling the previous president in his bed” (more recently suffering a similar fate himself), and proceeded to elevate his fellow tribesmen — 4 percent of the population — into a new ruling elite, and to persecute and savagely oppress the rest of the population. The Reagan administration, much impressed, determined to turn Liberia, like Jamaica, into a showcase of capitalism and democracy. In the first six years of Doe’s regime, the U.S. poured military and economic aid into “the backward country,” “even as evidence mounted that Doe and his ministers were stealing much of the money, and after he “brazenly stole” the 1985 election with Washington’s approval, in a replay of the Noriega story a year earlier. A “respected expatriate Liberian dissident and former government minister,” Ellen Johnson-Sirleaf, says: “At the time, an American official told me bluntly, ‘Our strategic interests are more important than democracy.’”

The results of the aid are evident, Witt writes: “The soldiers of President Samuel Doe’s army wear the uniforms of American GIs as they go about their business murdering Liberian civilians on the streets of the capital, Monrovia,” named after President Monroe, and “the bodies of many of the civilian victims are dumped in the morgue at the American-built John F. Kennedy Hospital,” where “combat-hardened doctors” say “they have never witnessed such brutality.” Monrovia is a death trap, Witt writes. Those who are not struck down by starvation, cholera, or typhoid try to escape the army or the rebel forces under Charles Taylor, a former Doe aide — or later, those under the command of a breakaway unit led by Prince Johnson.

The results of the U.S. aid became even clearer when reporters entered Monrovia with the African peacekeeping force after Doe was tortured and murdered by Johnson's guerrillas. They found "a bloody legacy" of the "10 years in power" of the U.S. favorite, UPI reporter Mark Huband writes: piles of bleached bones and skulls, many smashed; "half-clothed, decomposed heaps of flesh...littered with millions of maggots"; "contorted bodies...huddled beneath church pews" and "piled up in a dark corner beside the altar"; bodies "rotting into their mattresses"; "a large meeting hall for women and children [where] clothes clung to the skeletons of female and underaged victims."

Not everyone, of course, has suffered in this "island of freewheeling capitalism." For a century and a half, the oligarchy of freed American slaves and their descendants "oppressed and exploited the indigenous population," while "the U.S. looked the other way." And lately, the Reagan favorites did quite well for themselves until their turn came to be dispatched. Others merely benefited, escaping any such unpleasant fate: "U.S. corporations like Firestone and B.F. Goodrich made healthy profits from the expansive Liberian operations," Witt observes, proving that freewheeling capitalism has its virtues. The U.S. built a huge Voice of America transmitter in Liberia, perhaps to broadcast the happy message of what can be achieved under capitalist democracy. We can chalk up another victory for the Free World.

Current U.S. policy, Johnson-Sirleaf says, is "a lack of policy." "It's kind of, 'Oh, those Africans are at it again. Let them fight, and may the best man win.'" To judge by the commentary on all of this, there is nothing here to teach us anything about ourselves, our legendary benevolence, or the marvels of freewheeling capitalism.

Behind the "lack of policy," there is, however, the usual policy toward the Third World, which we can trace back as usual to the early postwar period when the global order was being shaped in the interests of the rich and powerful in the West. Like other parts of the Third World, Africa had its "function." It was to be "exploited" for

or domination by the state capitalist democracies (the conventional Third World).

Neither of these regions is homogeneous, and their prior histories differ as well. But to a first approximation, it is reasonable to describe large parts of both regions, before World War I, as roughly comparable in social and economic development, and relation to the West. At the time, Russia was developing, though it was far more backward than Western Europe and not closing the gap, and by 1914, "becoming a semi-colonial possession of European capital," historian Teodor Shanin observes. Making a similar point, economic historian Alexander Gerschenkron notes that "in 1913, that is, thirty-five years after Bulgaria's liberation, nearly 80 percent of all the plows used in Bulgarian farming were most primitive wooden implements," and in the 1930s, "wooden plows were still more numerous than the iron ones." Similar observations hold generally, so it appears, though comparative studies seem to be few.<sup>53</sup>

It is therefore of some interest to ask how Guatemalan peasants or Brazilian slum dwellers would react, were they to find themselves suddenly transported to Poland or Bulgaria or the Ukraine. We learn a good deal about ourselves by pursuing the inquiry, and also by observing how the obvious questions are stifled and eliminated in the chorus of self-adulation.

### **Some Unheard Voices**

The victims, of course, do not join the chorus, but as always, their voices remain unheard. Thus, there is much pretense of concern over the murder of the Jesuit intellectuals in El Salvador, but it does not reach as far as attending to anything they say on any topic, including this one, even though — or rather because — one

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<sup>53</sup> Shanin, *Russia as a 'Developing Society'* (Yale, 1985), vol. 1, 186f., quoting D. Mirsky, *Russia, A Social History* (London 1952), 269; Gerschenkron, *Economic Backwardness in Historical Perspective* (Harvard, 1962), 216.

better and safer to be a peasant in communist Poland than it is to be a peasant in capitalist El Salvador.”

Her question is, unfortunately, all too easy to answer. It has been demonstrated beyond any lingering doubt that what sears the sensitive soul is the crimes of the enemy, not our own, for reasons that are all too obvious and much too uncomfortable to face. The comparison that Gellhorn draws is scarcely to be found in Western commentary, let alone the reasons for it.

As in Latin America, some sectors of Eastern European society should come to share the economic and cultural standards of privileged classes in the rich industrial world that they see across their borders, much of the former Communist Party bureaucracy probably among them. Many others might look to the second Brazil, and its counterparts elsewhere, for a glimpse of a different future, which may come to pass if matters proceed on their present course.

### Part III

April, 1991

In the first two segments of this series, I raised the question that at once comes to mind amidst the cheers for the glorious victory of the West in the Cold War: how are the victors faring at the moment of their triumph? A survey of the domains of the state capitalist industrial societies provides a stark answer: we find an “unrelenting nightmare,” in the accurate words of those who have enjoyed the kind tutelage of the West. The catastrophe of capitalism could not be more vivid and dramatic.

Notice that the question raised is precisely the right one. One will learn next to nothing from a comparison of Eastern and Western Europe. In contrast, it is quite reasonable to compare regions that were more or less similar in relevant respects 80 years ago, but have since followed a different course: subjugation to Leninist-Stalinist tyranny and its aftermath (the USSR and Eastern Europe),

the reconstruction of Europe, George Kennan explained in a major State Department study on the international order. He added that the opportunity to exploit Africa should provide a psychological lift for the European powers, affording them “that tangible objective for which everyone has been rather unsuccessfully groping...” History might have suggested a different project: that Africa should “exploit” Europe to enable it to reconstruct from centuries of devastation at the hands of European conquerors, perhaps also improving its psychological state through this process. Needless to say, nothing of the sort was remotely thinkable, and the actual proposals have received little notice, apparently being regarded as uncontroversial.

In discussion of African policy particularly, the element of racism cannot be discounted. Dean Acheson warned the former Prime Minister of the racist government of Rhodesia in 1971 to beware of the “American public,” who “decide that the only correct decision of any issue must be one which favors the colored point of view.” He urged that Rhodesia not “get led down the garden path by any of our constitutional clichés — equal protection of the laws, etc. — which have caused us so much trouble...” This venerated figure of American liberalism was particularly disturbed by the Supreme Court’s use of “vague constitutional provisions” which “hastened racial equality and has invaded the political field by the one-man-one-vote doctrine,” which made “Negroes...impatient for still more rapid progress and led to the newly popular techniques of demonstration and violence” (September 1968). The “pall of racism...hovering over” African affairs under the Nixon administration, “and over the most basic public issues foreign and domestic,” has been discussed by State Department official Roger Morris, including Nixon’s request to Kissinger to assure that his first presidential message to Congress on foreign policy have “something in it for the jigs” (eliciting “the usual respectful ‘Yes’” from this abject flunkey); Kissinger’s disbelief that the Ibos, “more gifted and accomplished” than other Nigerians, could also

be “more Negroid”; and Alexander Haig’s “quietly pretend[ing] to beat drums on the table as African affairs were brought up at NSC staff meetings.

### **The “Unrelenting Nightmare”**

The World Health Organization estimates that 11 million children die every year in the world of the Cold War victors (“the developing world”) because of the unwillingness of the rich to help them. The catastrophe could be brought to a quick end, the WHO study concludes, because the diseases from which the children suffer and die are easily treated. Four million die from diarrhea; about two-thirds of them could be saved from the lethal dehydration it causes by sugar and salt tablets that cost a few pennies. Three million die each year from infectious diseases that could be overcome by vaccination, at a cost of about \$10 a head. Reporting in the London Observer on this “virtually unnoticed” study, Annabel Ferriman quotes WHO director-general Hiroshi Nakajima, who observes that this “silent genocide” is “a preventable tragedy because the developed world has the resources and technology to end common diseases worldwide,” but lacks “the will to help the developing countries.”

The basic story was summarized succinctly by President Yoweri Museveni of Uganda, chairman of the Organization of African Unity. Speaking at the UN conference of the world’s 41 least-developed countries, he called the 1980s “an unrelenting nightmare” for the poorest countries. There was a plea to the industrial powers to more than double their aid to a munificent 2/10 of 1 percent of their GNP, but no agreement was reached, the New York Times reports “principally because of opposition from the United States.”

As capitalism and freedom won their Grand Victory, the World Bank reported that the share of the world’s wealth controlled by poor and medium-income countries declined from 23 percent to

18 percent (1980 to 1988). The Bank’s 1990 report adds that in 1989, resources transferred from the “developing countries” to the industrialized world reached a new record. Debt service payments are estimated to have exceeded new flows of funds by \$42.9 billion, an increase of \$5 billion from 1988, and new funds from the wealthy fell to the lowest level in the decade.

These are some of the joys of capitalism that are somehow missing in the flood of self-praise and the encomia to the wonders of our system — of which all of this is a noteworthy component — as we celebrate its triumph. The media and journals are inundated with laments (with an admixture of barely concealed glee) over the sad state of the Soviet Union and its domains, where even a salary of \$100 a month enjoyed by the luckier workers is “scandalously high by the niggardly standards of Communism.” One will have to search far, however, for a look at the scene nearer to home, or for derisive commentary on “the niggardly standards of capitalism” and the suffering endured by the huge mass of humanity who have been cast aside by the dominant powers, long the richest and most favored societies of the world, and not without a share of responsibility for the circumstances of most of the others, all too easy to ignore.

The missing view also unveils a possible future that may await much of Eastern Europe, which has endured many horrors, but is still regarded with envy in large parts of the Third World domains of the West that had comparable levels of development in the past, and are no less well endowed with resources and the material conditions for satisfying human needs. “Why have the leaders, the media, the citizens of the Great Western Democracies cared long and ardently for the people of Central Europe, but cared nothing for the people of Central America?” the experienced correspondent Martha Gellhorn asks: “Most of them are bone poor, and most of them do not have white skin. Their lives and their deaths have not touched the conscience of the world. I can testify that it was far