The U.S. and the Privatization of El Salvador

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As much of Latin America braces itself for the possibility of Venezuelan President Hugo Chavez's death, observers around the world would do well to note the stark contrasts that exist within the region. On the one hand, there are the ALBA (Bolivarian Alliance for the Americas) countries, united by Chavez in their rejection of US imperialism and neoliberal capitalism. On the other hand there are those countries which are still very much living under the hegemony of the United States.

In El Salvador, this means subservience to Washington and international investors who seek nothing less than total control of that nation's economic destiny. This attempt at economic monopolization can be summed up with one word: privatization. It is precisely this strategy with all the union-busting, wage gouging, and propaganda disinformation that it entails, that is rearing its ugly head in El Salvador.

Public-Private Partnership (P3) Law

The corporate-financier drive to privatize the Salvadoran economy has taken the form of the proposed Public-Private Partnership law which, if approved, would grant the government the right to sell off national resources, infrastructure and services to foreign multinationals. In effect, it would allow for the privatization of those sectors of the economy traditionally controlled by the state. As Gilberto Garcia of the Salvadoran Center for Labor Study and Support stated, "Essentially, they want to take a strategic service from the state in favor of a multinational." [1] The ultimate goal of this legislation is not merely to cede control of state institutions to private interests, it is also to subvert and ultimately eliminate the power of organized labor and thereby reduce wages and the standard of living of working people in the country.

Public sector workers in El Salvador earn a minimum wage of $300 per month while their private sector counterparts earn anywhere between $187 and $219 per month.[2] The drive to privatize is, at least in part, aimed and driving down the wages of industrial workers while maximizing profits for foreign investors. However, the law is aimed not only at lowering wages, but weakening the public sector unions on a fundamental level in order to prevent mass resistance to the implementation of the neoliberal policies that have been so destructive in other parts of Latin America and the developing world. Many of the public sector unions have mounted effective resistance to these sorts of policies in the past, therefore making them high-priority targets for corporate bosses seeking to transform the economy for their own benefit.

This transformation of the economy affects the working class and the poor most acutely. Not only is access to vital social services and resources reduced, but the prices are increased dramatically. One clear example of this is the privatization of much of the electrical distribution system in El Salvador back in 1996 which resulted in an average increase in price of 47.2% for the lowest-level consumers.[3] Essentially then, the poor and working class of the country have to pay to subsidize the selling off of their own resources and services to powerful multinational corporations. It is for this reason that tens of thousands have begun mobilizing against this legislation and in support of organized labor. However, in order to fully appreciate the vast scope of this issue, one must understand the larger framework within which the P3 law was created.

The US and the "Partnership for Growth"

The Public-Private Partnership legislation is merely an outgrowth of the Obama Administration's so-called "Partnership for Growth" bilateral agreement, signed with the Funes government in 2011. This agreement "embodies a key administration policy of seeking to elevate broad-based economic growth as a top priority of our development assistance, ensuring that our investments and policies are guided by rigorous assessments of how countries can achieve higher levels of growth,"[4] according to Mark Feierstein, assistant administrator for the Bureau for Latin America and the Caribbean. Despite the innocuous diplomatic rhetoric, the bilateral agreement intends to create a climate conducive to foreign exploitation of the resources and services of a country that is, in many ways, entirely dependent upon the United States for its economic survival. It should be noted here that, on more than one occasion, the Obama administration ambassador to El Salvador, Mari Carmen Aponte, has threatened to withhold crucial aid if the Public-Private Partnership law is not enacted.[5] In effect, the Partnership for Growth lays the foundation for a dependent relationship in which the United States, acting as the benefactor, controls the direction and type of development that El Salvador is allowed to have.

It is essential to understand the foundations of the Partnership for Growth in order to fully appreciate its far-reaching implications. One of the primary mechanisms by which the substance of this agreement is enacted is a so-called "Growth Council" whose goal is to create a business-friendly environment conducive to foreign corporations.[6] Made up of five wealthy capitalists and five government bureaucrats, the council acts as a sort of advisory board to the President, speaking on behalf of business interests and promoting the agenda of private business at the highest levels of the Salvadoran government. This council is, for all intents and purposes, the mouthpiece of international finance capital, collaborating with foreign interests to destroy the labor movement and reduce the standard of living for the working class and the poor while enriching themselves.

The Partnership for Growth recently had its first annual review in which delegates from the US and the Growth Council met to discuss the progress made in implementing the agreement. The delegates "gave a positive evaluation of the progress made on the PFG's (Partnership for Growth's) 20 goals and actions for achieving them…the delegation cited new bilateral security initiatives, programs to train youth for jobs with US fast food restaurants, hotels, and Wal-Mart; and new laws presented to the Salvadoran legislature to incentivize foreign investment."[7] What should be evident from this is the fact that, in the minds of these representatives of corporate interests, growth can be understood as improving the investment climate while training young people to work in low-wage sectors in the service of multinational corporations, rather than promoting young people to work in the interests of their own country. This falls directly in line with the goal of the Partnership, namely furthering the interests of the wealthy while stifling the progress of the working class and the poor.

Another key player in this "partnership" is USAID. Promoting itself as an institution "extending a helping hand to those people overseas trying to make a better life,"[8] it is in fact merely an extension of the imperialist ruling class of the United States. USAID is intimately linked to this drive toward privatization in El Salvador. In fact, USAID works in close collaboration with the Millennium Challenge Corporation to disburse funds to countries that follow the prescribed neoliberal reform formula. As James Parks, Deputy Vice President for Policy and Evaluation at Millennium Challenge Corporation was quoted on USAID's own website, ""El Salvador's economic growth can be increased by enacting sound policies that enhance the ability of Salvadoran businesses to compete in the global economy…A more competitive El Salvador can create new jobs on the basis of a stronger private sector and more foreign investment. The key goal of the partnership is to help unlock the country's full economic potential."[9] What becomes clear is that USAID is instrumental in transforming the Salvadoran economy, using the leverage of conditional aid and other economic incentives to bend the government to the will of international capital. However, it is essential to understand that even the definition of the "challenges to prosperity" is purely propaganda.

The Propaganda of "Prosperity"

One of the central aspects of the "Partnership for Growth" campaign is a sustained propaganda assault directed at the people of El Salvador. The attempt is to convince citizens, the middle class especially, that by simply addressing a few key "bottlenecks" in production, the country will be on its way to a brighter economic future. These main "constraints to growth" are crime and low productivity. Those of us in the United States should be familiar with this sort of terminology which is always used as a rhetorical smokescreen to refer to the poor and organized labor. When the Partnership for Growth committee, led by American "advisors" described these twin problems as the central obstacles to growth, it was essentially a declaration of war on the unions and the poor. Moreover, it further legitimizes the abhorrent so-called US drug war and the union-busting policies of neoliberalism.

The attempt is to convince the people of El Salvador that, rather than corrupt puppet governments and a disgraceful and exploitative economic system beholden to multinational corporations, the problems in that country are of their own making. This same logic has been applied to countless other countries in the region for decades and is the root cause of much of the conflict and internal strife in Latin America. One need only look to Bolivia, Venezuela, Argentina, Ecuador and elsewhere to find examples of countries that, despite tremendous pressure and international demonization campaigns, have been able to take control of their own economic systems, becoming the masters of their own destiny. In this time of uncertainty in Latin America, one must examine how El Salvador is really a microcosm for the United States and the world more broadly both in terms of the assault by corporations on workers and the way in which it represents the class struggles we see throughout the world. By seeing this issue in its broadest possible context, peace-loving anti-imperialists around the world can stand in solidarity with the people of El Salvador and all working people struggling to be free.

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Notes

[1] http://www.labornotes.org/blogs/2013/01/us-intervention-el-salvador-privatization-time

[2] http://www.cispes.org/blog/workers-mobilize-for-higher-wages-in-private-sector/

[3] http://www.cispes.org/wp-content/uploads/2012/11/APPFactSheet.pdf

[4] http://transition.usaid.gov/press/frontlines/fl_mar12/FL_mar12_LAC_El_SALVADOR.html

[5] http://www.cispes.org/blog/us-ambassador-ransoms-aid-for-passage-of-public-private-partnerships-law/

[6] http://photos.state.gov/libraries/elsavador/92891/octubre2011/Joint_Country_Action_Plan.pdf

[7] http://www.cispes.org/blog/partnership-for-growth-pushes-privatization-as-development-in-el-salvador/

[8] http://en.wikipedia.org/wiki/USAID

[9] http://transition.usaid.gov/press/frontlines/fl_mar12/FL_mar12_LAC_El_SALVADOR.htm