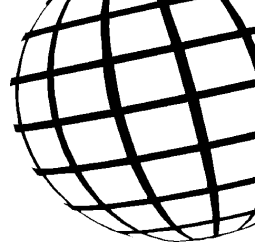


# Revolutionaries Get in Concert: Iran's Relationship with the New Left in Latin America



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## Introduction

The commencement the official relations between Iran and Latin America (LA) go back to the early 20<sup>th</sup> century when *Isaq Khan Mofakham al-doleh*, Minister Councilor of Iran in Washington, visited South America and signed friendship accords with the governments in Brazil, Mexico, Argentine, Chile and Uruguay. It was not until 1930s that the official representatives were introduced and embassies were opened. In post-WW II, Iran and most LA governments were part of the global capitalist block. Hence, prevalent discourse in such relations was the anti-Communist policy. Furthermore, the nature of ruling governments in both regions - the military rule in most LA countries and semi-military rule in Iran, up until 1979 - had provided a warm but solely political relation between the two. After the first oil shock of 1970s, Iran's petro-dollar was invested in some Latin American projects such as in Brazil and Peru.

After the victory of the Islamic Revolution in Iran, and the suspension of capitalist circle by Iran, there was no impetus for political relations. Mexico and Chile closed their embassies in Tehran, following the turmoil in Iran-US relation. Later, US embargo on Iran and the

*US embargo on Iran and the imposed Iraq war in early 1980s brought into view, for the first time, the Latin American commodity markets for Iran*



imposed Iraq war in early 1980s brought into view, for the first time, the Latin American commodity markets for Iran. During this period, agricultural goods imported from Argentine, Uruguay and Brazil, and Chile and Brazil potentials were considered for needed military parts and arsenals. Distinct characteristics of such rela-

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tions were mainly Iran's needs, limited trade for very few goods, non-political rapprochement, and no economic interdependence. This trend was continued up until the end of the cold war, during which over \$15 billion of trade was registered between Iran and LA economies. (Zia'ie 2008)

The end of the cold war removed the political imposition of political block affiliations for Latin American governments. At the same time, the end of the second Persian Gulf War in the early 1990s, and the *detente* policy of Iran versus its neighboring countries, provided a calm and accommodating situation for better and deeper relations between Iran and Latin America. The US decision to launch a unilateral war on Iraq, (following September 11 terrorist attack) led to a coalition of anti-War governments in LA, Brazil in leadership. While Iran enjoyed the same position in the Middle East, these similarities did not lead into closer political ties between the two, possibly partially due to the continuous US demonizing policy against Iran.

## Neoliberalism and Latin American Economy

### Neoliberal Policy

During 1960s and 1970s, Latin America was ruled mostly by military generals, who had come to power by coup d'état, supported or led by the CIA. The military ruled Brazil from 1964 to 1985, Bolivia from 1964-1982, Uruguay from 1973-1985, Argentina from 1966-1973 and in 1976-1983, Chile from 1973-1990 and Paraguay from 1954-1989. In 1978, over twelve countries of LA including Argentine, Bolivia, Brazil, Panama, Paraguay, Peru, Uruguay were under military rules.

In late 1980s the US government supported a shift to democracy in LA countries which led into a peaceful transition to elected governments, though mostly pro-American who sought neo-liberal economic policies. The ISI inward looking strategy of 1950-1970s which started in LA by Economic Commission for Latin America (ECLA) and on the recommendation of professor Prebisch, failed to bring a continuous and stable development. This led to a new outward looking approach called EOI, promoted by WB and IMF through Structural Adjustment initiatives. By collapse of Soviet Union and the triumphant attitude of the United State and its liberal strategy, this new development direction transformed "into a new economic strategy called neo-liberal policy in which the 'invisible hand' of Adam Smith became 'visible' as the rule of the game" (Mousavi, 2008a). Interestingly, this strategy of Chicago School launched not in the USA but during Reagan era in Chile

and later took over almost all Latin American economies. This policy includes minimal government role in economy, removal of protectionism, support of export sector, flow of foreign capitals, privatization, and least public welfare and social policies.

However the results as were not as expected. On the contrary it led to higher debt crises, widening income gaps, alleviated poverty, and social unrest, ie in Bolivia, social unrest arised against privatization of water services. During this period, national economies turned vulnerable to external shocks (ie to Asian finacial crisis of 1998-9), growth became uneven, foreign debt witnessed a hike, trade and currency acounts imballanced, and foreign invetsmnet led into marginalization of local investment and dollarization of economies such as Panama, Ecuador, and El Salvador. As Chomsky (2006) argues neoliberalism is nothing other than American globalization. Thus, to most Latin Americans, the United States has largely become irrelevant to their hopes for a better future. Hence, Latin American governments are no longer lining up at Washington's door, as they doubt its economic wisdom, given the disastrous record of its brand of neoliberalism, while they recognize EU a reliable partner and China an alternative.

### **Economic Variables**

Although one can argue that neoliberal economic policy led to a better export situation, increased investment ratio and reinforced private sectors, it could not alleviate poverty line and the growing income gap in the region. Furthermore, the current global finacial crises will aggravate the current situation in the region and might lead to a sharp decrease in its GDP from 5.6% in 2007 to around 2.5 in 2009 (WB, 2008).

The economic growth rate of LA which in 1970s was 5.94, declined to 1% in 1980s and later increased to 3.3% in 1990s. Due to the impact of South East Asian financial crises, it reached to - 0.04%, in early years of the new millenium (ECLA, 2003). Through government and syndicates supports in 1970s, rate of unemployment was minimal at 3.8%, but reached 10.7% in 2003 (ibid). Inflation from an average of 200% in 1970 reached to almost 1200% in 1990. But the economic policies of mid 1990s onward succesfully controled inflation around 10% (Table 1). Regional role of Latin America in world economy declined from 18% in 1970 to 9.7% in 1989. Although it increased in 1990s but never reached to its peak of 1970s.

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**Table 1: Unemployment and Inflation in Latin America (1970-2006)**

percent Inflation	Unemployment Urban	Year
9/198	8/5	1970
4/414	2/6	1980
6/976	2/6	1985
1191	8/5	1990
25/8	7/2	1995
18/2	7/7	1996
10/4	7/3	1997
10/3	8	1998
9/6	7/8	1999
8/9	8/6	2000
9	10/7	2003
7	12	2006

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Source: World Bank, World Development Reports, various years; Cepal Annual. Reports, various years

While inflation was curbed in expense of increasing unemployment, (in 2002 12.1% inflation coincides with 10.6% unemployment), the macroeconomic variables stayed stable during the 1999-2006, and the inflation became a one digit phenomenon. Among top 50 exporter countries Mexico ranks fifteenth with \$250 billion of export, Brazil 24<sup>th</sup> with \$137 billion, Venezuela 38<sup>th</sup> with \$65 billion, Chile 40<sup>th</sup> with \$58 billion and Argentine 45<sup>th</sup> with \$46 billion. This is when only less than 15% of LA trades are among Latin American countries. Foreign debt still pays an important variable in the regions economy. Debt ratio to GDP has still been high: ie in 2005, the ratio for Mexico was 39.1% and for Brazil it reached to 50% of its GDP.

### **Latin America and path of change: left returns with different faces**

As Grandin (2006) argues the rise and continuance of the United States as a world power has long been predicated on claims such as Latin America as its own. For instance, on the eve of the cold war, while President Truman was promoting the United Nations and pushing for open markets globally, his envoys in Latin America were negotiating an alliance that would give preferential treatment to US corporations on the one hand, consenting Washington to mobilize the region against the Soviet Union on the other. Within Monroe doctrine, US governments have practiced different policies in LA such as 'Good Neighbor' policy of post-Great De-

pression, 'Big Stick' policy of Roosevelt, Kennedy's policy of 'Alliance for Progress', 'National Security' doctrine of 1970s and 1980s and 'Neo-Liberal' Policy of the 21<sup>st</sup> century. If Latin America's new left accomplish nothing else, at least it has broken the political link of this proprietary bond (ibid).

Over the course of the past few years, Latin America has seen the rebirth of nationalist and socialist political movements, movements that were long thought to have been sent away by the end of the cold war. Following Hugo Chavez's 1998 landslide victory in Venezuela which has continued in three consecutive presidential election, one country after another has turned left: Lula in Brazil in 2002 and 2006, Néstor Kirchner in Argentina in 2003, Tabaré Vazquez in Uruguay in 2004, Ortega in Nicaragua, Rafael Correa in Ecuador, Michelle Bachelet in Chile, all in 2006, Morales in Bolivia in 2007. These new social movements are rooted in their history of struggle for independence. Hence, figures such as Simon Bolivar, José Martí and Zapata are the public heroes. In new left, nationalism and Latino identity have replaced the ideology of Communism (except in Cuba).

While neoliberalism contributed to a democratic shift in Latin American transition, its economic failure, to a major extent triggered rising left-centric and radical governments. These two shifts have had a major impact on the political economy of the region. It seems that poverty, hunger and injustice are the root cause of these populist, socialist movements in LA in which each one has its specificity in character and in national identity. As president Correa of Ecuador points out in his speech at the University of Tehran in recent visit to Iran, the socialist movement in Latin America is part of a growing "new international socialism" in which has rejected neoliberal economic policies (Correa, 2008). Today, roughly 300 million of Latin America's 520 million citizens live under governments that either want to reform the Washington Consensus - an American globalization and a platform for the mix of punishing fiscal severity, privatization and market liberalization - or get rid of it altogether and craft a new *fair trade* (rather than free trade) system and a more equitable global economy through a *just globalization* (rather than American globalization). Because for

*As president Correa of Ecuador points out in his speech at the University of Tehran in recent visit to Iran, the socialist movement in Latin America is part of a growing "new international socialism" in which has rejected neoliberal economic policies*



them, there is an alternative for the existing globalization based on human solidarity and equality. As Haris (2007: 2) argues "it entails the struggle against all forms of economic exploitation, social exclusion and political repression. At the same time, these movements encompass new forms of organization and the construction of economic and institutional alternatives that counter the hegemony of capitalist globalization".

Indeed, over the last couple of years, Latin America's new leftists have preset their own consensus, to use forces of globalization to loosen US unipolar grip. While they are highly dependent on one another, dealing with Washington in particular and seeking for social welfare, there exists some differences among these leftists. This is as always that LAmerica is not homogenous as it appears, mainly in relation with US. For instance, Lula da Silva of Brazil pursues reform through market-led growth while Chávez has mobilized the left's social base and is willing to fight international capitalism. There are two major trends among left governments in LA. The radicals such as in Cuba, Venezuela, Nicaragua, Bolivia, and Ecuador and the moderate left such as in Brazil, Chile, Uruguay and Argentine. They seek their independence and indigenous development, while the former has a tough stance against USA, the latter has a more moderate one. The Bush Administration has tried to differentiate these two trends as what Rice calls the former as the "false populism" and the latter as the "pragmatic reformism". In other words, as Chavez recently put it, the US differentiation is between the "statesmen" and the "madmen" ! (Grandin 2006).

Chomsky (2006) concentrates on the democratic nature of the new left. For him, people democratically unveil their dissatisfaction on the outcome of some of these democratic economic institutions. In addition, a more active indigenous people are visible in politics, in Ecuador and Bolivia in particular. He argues that the emergence of the newly populist governments is due to the fact that they have relied upon their democratic process on popular and social participation rather than on traditional elites and foreign domination. However, for Chomsky the common enemy for democracy and development is *dependence*. Indigenous sovereignty brings about a stronger democracy and management skill on economic policies – based on the real need of society such as control over natural resources, indigenous rights, income equality and public welfare (ibid).

## **New Leftists and the Growing Regional Integration**

The regional integration in Latin America and Latino identity

have been the dream of the people and the wishes of leaders of the region in the course of history. Simon Bolivar in his famous "Jamaica Letter" in 1815 describes the existence of common language, tradition and religion to have a united nation in LA. However, traditionally, the socio-economy of LA countries have been based on the tradition derived from Spanish colonialization in which the economies and the elites were in contact with the imperialist powers rather than being in relation to one another. Possibly due to this historical tradition, the regional integration in LA has always been very weak. On the other hand, based on the Monroe doctrine, following the Pan American conference, US governments have had influence in whatever economic integration in Latin American region in the past 120 years.

For left governments in Latin America, the notion of globalization led by US capitalism is another cause of their socio-economic deprivation. To relieve the unjust situation, an alternative globalization should be pursued. Hence, regional integrations have been driving force for Latin American left to step in this direction and play an active role in global system to create such alternative.

While US followed his objectives by following the establishment of FTAA, following NAFTA, the shift to left in LA changed the agenda into a more indigenous integration among the South American and Caribbean governments. There have been two different paths in this direction. The traditional attempt in regional integration was to build a strong player versus Washington in international polity. This included some of the old attempts of 1970s and 1980s. For instance, in 1969, the Comunidad Andina or Andean (Andean Community of Nations) including Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela (joining in 1973) was established and later in 1996 renamed as CAN. The second tendency in regional integration came to the scene by the rise of new left. Its objectives have been: *nationally* to promote public welfare through internal capacity build up and exchange with one another, *regionally* to act independent from the US influence, and *internationally* to play a stronger global role to establish a fair and just globalization. In 1991, Mercado Comun del Sur or Mercosur (the Southern Common Market) was established to include Brazil, Argentina, Paraguay, Uruguay, and later Venezuela. However, a shift in direction was amplified by Chávez election in 1998 and Mercosur moved more in the second direction. An agreement between CAN and Mercosur in 2003 and later integration of the two in a new establishments called Unión de Naciones Suramericanas or Unasur (South American Community of Nations) in 2004 are clear sign of this *new desperate trend* for integration in LA region.

Furthermore, the revolutionary leftists such as Chavez has taken a complementary move in this direction to transform the *Bolivarian Program* of Venezuela into Latin American Agenda (Ramirez, Venezuela's Ambassador to Iran, in Iran, 15/8/86). In such effort, *Alternativa Bolivariana para las Américas* or ALBA (Bolivarian Alternative for Latin America and Caribbean) was introduced by Venezuela as a counterweight to the policies and goals of the FTAA,<sup>1</sup> which later signed by Cuba in December 2004, by Bolivia in 2006, by Nicaragua, Antigua and Barbuda, and St Vincent and Grenadines in 2007, and by Dominica and Honduras in 2008. It is focused on removing regional poverty such as Operation Miracle<sup>2</sup> through oil for Cuban literacy teachers and medical teams. Furthermore, in July 2004, to alleviate energy problem by supplying oil under very favorable conditions of payment, Chavez suggested establishment of PetroAmerica which was supported by thirteen LA countries. It has planned an 8000km pipeline (costing around \$20 billion) throughout South America to connect Argentina, Uruguay, Bolivia, Paraguay, Brazil, and Venezuela for distribution of preferentially priced gas. As Tareq Ali argues, the possible establishment of a potential Bolivarian Federation including Brazil, Argentina, Ecuador, Bolivia, Venezuela and Cuba will lead into a situation that a new global archetype will be established in which it can not be demonized by USA (in Iran 7/7/83).

Furthermore, transatlantic convergence started to emerge as another step in this direction by countries such as Brazil and Venezuela with China, India, South Africa, and Iran. The current agreement between Brazil and South Africa; the trilateral agreement between Brazil, India and China; agreement between Venezuela, Iran and Bolivia; agreements between LA and other regions' trade blocs are some examples. Furthermore, the recent trade exhibition between ALBA member countries and Iran in Tehran (in December 2008 with the presence of their Ministers of Industries) is another actual example in question.

## **Iran and the Latin American Partners: a Comprehensive Relations?**

Since the beginning of the Islamic Republic of Iran in 1979, Iran has shared a revolutionary relationship with Cuba and a political relationship with Venezuela since his co-founding of OPEC in the 1960s. For Iran, Latin America has not been a 'homog-

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1 Free Trade Area of the Americas, proposed by the USA

2 It permits thousands of poor people-initially just from Venezuela, but now from Guatemala, Bolivia, Ecuador, and Panama-to come to Cuba for eye surgery for cataracts and other severe ocular diseases. The program now has surgical centers in Bolivia and Venezuela as well



enous region' but while signifying the differences, it has perceived a great deal of similarities among Latin American countries. Hence, they have generally enjoyed normal relations in most of the past three decades. Three reasons can be shared behind these long-standing bilateral relationships: First, during the 1980s, Iran's non-aligned and independent position in foreign policy and its further needs led to friendship with countries with similar ideological outlooks or commerce-based economies in LA. Second, after the end of Iraq-Iran war and during the pragmatist Rafsanjani presidency, US efforts at keeping Iran in diplomatic and economic isolation, forced Iran to seek out an active foreign policy of *détente*, including with the LA region. Finally, the election of reformist president Khatami in 1997 made it possible for countries like Mexico, Brazil and Canada to engage Iran amid pressures from the United States. Since Ahmadinejad rise to power in 2005 election, however, Tehran's relations with LA have become highly publicized and have changed its course by focusing on alliance of resistance against American policies.

Iranian officials sometime try to undermine the existing Western concerns on Iran-LA relations by reducing the current relations to economic spheres, arguing the objectives are "export of technical assistance and promotion of trades by getting new friends" (Sobhani, Director General for American Continent, MFA, Iran quoted in Rooydad va Tahlil, Vol 21:208, May 2007, P16). The objective is "to have access to a strategic market" (Shaterzadeh, Deputy Minister of Industry in Donyaye Eghtesad, 10/1/2007) and "not the animosity with the USA, though American administration is concerned with Iran's presence in its backyard" (Sobhani, *ibid*). Iranian Minister of Commerce also emphasize on LA's \$400 billion dollar market of annual import and its geo-strategic location as the basics of expansion of relations for Iran (Mirkazemi, 2006). To increase bilateral trade, Iran has provided credit lines to some LA governments, ie \$200 million of credit to the Cuba. Bilateral trades of the past decade show Iran's accomplishment in this field.

**Table 2: Iran's Trade with and Major Latin America Partners (2005-6, 2008)**

(In million US dollar)

		2005-6	2005-6	2008
April-Oct	2008			
April-Oct				
	Import	Export	Import	Export
Brazil	728.5	3.5	362	47
Chile	66.7	0.68	na	na
Mexico	38	10	4	42
Uruguay	36.5	100	na	na
Argentina	12.8	0.57	na	na
Cuba	6.6	2.3	na	na
Ecuador	4.6	0.011	1.1	224
Venezuela	3.5	103	0.131	66.6

Source: Gomrok Iran (Iran Custom) years 2005-6, 2008 at [www.irica.gov.ir/Persian/AmarView/MonthReports/](http://www.irica.gov.ir/Persian/AmarView/MonthReports/)

As table 2 shows, Iran's export to Brazil increased from 3.5 million in 2005-6 to \$47 million in the 7 months of 2008, to Mexico from \$10 million to \$42 million, to Ecuador from less than \$1 million to \$224 million, and to Venezuela declined from 103 million to 66.6 million for the same periods. This is when Iran's major imports from Latin America include from Brazil with \$728.5 million, Mexico \$38 million and Uruguay \$36.5 million. There has been a steady growth in the value of trade between Iran and Latin America, however, if the content of trade to be examined, it is mainly limited to a few agricultural commodities, including oil

seeds, barley and grains. Other than trade, major portion of bilateral economic relations lies on the technical cooperation's and Iran's technical and engineering services exports.

*There has been a steady growth in the value of trade between Iran and Latin America*



It is arguable that Iran's new approach to Latin America is one of the net gains of Ahmadinejad presidency. In fact, the new level of cooperation between Iran and Venezuela, Bolivia, Ecuador, Nicaragua and other South and Central American countries is a confirmation of the strategic approach of Ahmadinejad government, compared with the Khatami (1997-2005) which pushed the arch of detente with the West almost to the exclusion of all else (Afrasiabi 2008). While the US has been seeking the policy of continuous

isolation of Iran, Iran of Ahmadinejad government has been successful in seeking partnership in the backyard of US, where US never thought of.

Furthermore, there is not much cultural similarities. For Iran, generally cultural elements such as Islam and having a Muslim community have played an important role in stepping up relations with neighboring or African countries. (Mousavi 2008b) But on the contrary, although the Muslim community is growing in LA countries, it has never played a role in expansion of ties or a rift in Iran's relations with LA countries. Most Latin American Muslims are of Syrian, Lebanese and Palestinian origins in countries such as Brazil, Argentina and Chile, and of Indian, Pakistani, and Indonesian origins in Suriname, Guyana and Trinidad and Tobago and elsewhere in the Caribbean Basin. Iran has always enjoyed good relations with the mother home of these Muslim migrants to LA as well.

Over the past three and half years, Ahmadinejad has received a warm welcome, both by grass roots in the streets of Nicaragua, Bolivia, Venezuela and Ecuador and by their respected governments. On the other hand, the president of Bolivarian Republic of Venezuela has become a more frequent visitor to most Latin American capitals when Bush was all but forced off stage in Argentina at the Summit of the Americas and embarrassed by a negative public reception in Guatemala in 2007. Ahmadinejad in 2006 visited Venezuela, Nicaragua and Ecuador for OPEC consultations, opening the embassies in Managua and Quito participation in Presidential inauguration in Ecuador, solidification with the revolutionary leaders of the LA, and "to reinforce the anti-hegemony front by strengthening relation between anti-American rings in the West and East of the world" (Esmailpur 2006). Ahmadinejad in his return from the 2006 visit to LA emphasize in an interview that "my visit was a success and its indication is the anger of the imperialist system" (ibid, P11). For him, there is a growing movement of awakening, justice seeking, and independence in the region.

*Although the Muslim community is growing in LA countries, it has never played a role in expansion of ties or a rift in Iran's relations with LA countries*



Hence, it shows that LA has turned in Iran's foreign policy as a 'preference' not only from a political and economic perspective but also from a strategic global stance of independent world. It has also acted as a deterrence tool against US animosity on Iran.

## Iran and Venezuela

By 1998, almost 30 to 40 per cent of Venezuela's total budget was spent on debt servicing. Concurrently, the numbers in poverty grew from 36 per cent of the population in 1984 to 66 per cent in 1995. Over the same period, urban unemployment more than doubled. Between 1981 and 1997, the share of the lowest two-fifths of the population in GDP fell from 19.1 percent to 14.7 percent while the share of the richest tenth of the population jumped from 21.8 to 32.8 percent for the same periods (Wilpert, 2003). The election Chavez in 1998 marked a major attempt by Venezuela to break free both from the past that imprisoned it and the future that, under the dictates of neo-liberal globalization, would hold out little hope.

Venezuela has been friend to Iran in tough days. In Governors Councils of IAEA, it defended Iran's nuclear program; Venezuela was the only country in 2005 in which voted in favor of Iranian peaceful nuclear energy. Other than deep personal relations between Chavez and Ahmadinejad, for Chavez Iran is "an exemplar for independence from imperialism and a real partner to resist its influence in order to create an equal and just world" (Chavez quoted in Shargh 2006).

On economic sphere, during the presidency of Khatami they signed agreements totaling 850 million US dollars. This sharply rose during the Presidency of Ahmadinejad in Iran, to over \$21 billion dollar of agreements. These agreements include twelve oil projects, petrochemical factories, exploration of heavy oil, food complexes, oil refineries, tractor machine building, Samand car manufacturing, construction of 10,000 houses, and establishment of a joint oil tanker company. Bilateral trade which amounted to \$1.1 million in 2004, grew to \$50.7 million in 2006 and around \$100 million in 2008 (Donyaye Eghtesad, 10/1/2007). Establishment of a \$2 billion joint fund for was another initiative by the two presidents. Chavez called this fund as a tool "to assist the liberation of nations to be freed from imperialism" (in Esmailpur, p7).


For Iran and Venezuela oil is a major source of foreign revenues (almost 70%) and counts for over 50% of government revenues. Iran is the second and Venezuela the third producer of OPEC oil and the third and the fifth producer of world oil. Hence, both presidents use high oil revenues to insert themselves as international revolutionaries. Both presidents cry for independence from the United States, citing unity in the struggle against imperialism and resentment to Bush's unilateralism. As Ahmadinejad points in Caracas (2006) "the root causes of all global miseries is related to the mismanagement rule of the superpowers, hence,

Iran and Venezuela is to expand revolutionary ideas in the world" (in Esmailpur P7). Opposition to US has cost both a lot, including a very negative picture of Iran in the West and a coup against Chavez. A close adviser to President Chavez argues that "a delegation of high officials from Washington visited [Chavez] and bluntly informed him that he would pay a high price for his opposition to President Bush" (Petras 2002).

## Iran and Nicaragua, Ecuador and Bolivia

With other non-revolutionary parties in power, Ortega, while trying hard to receive Iran's economic aid and technical support to alleviate poverty, tries to be very cautious in his political move with Iran. Ahmadinejad on the street of Managua said that "today the world nations have woken up and the hegemonic and expansionist management has reached its finish line" (in Esmailpur P9). Actually the meeting places are the poorest sections of the capital (ie in Managua and Bolivia). Iran has called for highly publicized relationships with Nicaragua, Ecuador and Bolivia promising lucrative investments; including a \$350 million deepwater seaport off Nicaragua's Atlantic coast and a "dry canal" of pipelines, rails and highways across the country; a \$200 million of refinery project in Ecuador.

While in Bolivia, the labor movement announced that they support the government if it nationalize the hydrocarbon industry and "pay nothing as compensation" to the TNCs, the relation with Iran became more significant (Jim Solares, General Secretary, the Bolivia Labor Union, in Mardie, 4 January 2007). Ahmadinejad in his visit to Bolivia last year promised that Iran would make a US\$1 billion investment in Bolivia's underdeveloped oil and gas sector and by Morales visit to Iran, the two sides agreed in how to turn this myth into reality. In this visit, Morales and Ahmadinejad signed on the need for "concrete political steps against every type of imperialism", while condemning the intervention of the United Nations Security Council in Iran's nuclear program without "any legal or technical justification". To show the importance, Bolivia moved its Middle Eastern embassy from Egypt to Iran.

*B*olivia moved its Middle Eastern embassy from Egypt to Iran 

In Ecuador, the emergence of Rafael Correa pushed the relations a head. For both countries, cooperation in energy sector and fisheries, increase in trade of complementary goods set the economic agenda. While for Ecuador, "the new government is not in agreement with the neoliberal logic of free trade" (Correa in ibid

P10), it has established a political base joint with Iran to confront political right. The visit of President Correa to Tehran in the last days of president Bush in office and the consequent success in attracting Iran's economic support is another signal for a growing and long lasting relations between Iran and the Latin American economies on the one hand and to galvanize what is called "the alliance of residence" in Latin America on the other.

Part of US anger on Iran and Venezuela's global rapprochement is due to the fact that both countries try to be independent of dominance of dollar in their economy, as both are recipient of petrodollar. As Colin Nunan (2003) argues that if "oil revenues escape the dollar into Euro, others might follow suit and this will lead into weakening of dollar", Iran has triggered other OPEC members to follow suit. Any loosening of the 'dollar grip' is a threat to its strength in the international monetary market. Though there are signs that a number of oil-producing countries, including Venezuela, Iran, Libya and Russia among others, are planning to shift their oil transactions to euros (Daily Star, 2003).<sup>3</sup>

*The election of Barak Obama, now as the President of the United States can have major influences in the future relations between Iran and the Latin American countries*



By developing a barter strategy for trading in oil, Chavez showed a way to breach the dollar's stranglehold on underdeveloped countries, threatening the US's tight control over Latin America and other underdeveloped economies (Carson, 2003). But there is much important element here as well. It is clear

that US government has been able from 1980s to cover its budget deficit (which amounts to \$4.75 trillion dollar) and its trade deficit by transatlantic dollars, including petrodollars through interest rate mechanism. This is due to the economic and physiological trust of the global economy to the US dollar. Any shift from dollar to Euro, is a crack in such trust and that is why US administration is so annoyed from Iran and Venezuela's move. Even recent move by US government in the current financial crises in keeping a high dollar value against Euro can be analyzed in this direction. This is an attempt by the US government to keep the general global trust on dollar. Any such flaw will be an ongoing trend of removing the dollar from the dominant international currency. This is while some countries such as China, for its short term interests, have assisted US financial market to keep a high dollar value.

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<sup>3</sup> Unlike the US, the Euro-zone does not run a huge trade deficit, nor is it heavily indebted to the rest of the world. The Euro-zone has a larger share of the world's trade than does the US and is the Middle East's main trading partner. See also W. Clark, 'The real reason for the upcoming war with Iraq, 9 July 2003, at <http://www.ratical.com/ratville/CAH/RRIraqWar.html>.

## President Obama and the Iran-LA relations

The election of Barak Obama, now as the President of the United States can have major influences in the future relations between Iran and the Latin American countries. Obama's policy of "change" if extended to foreign policy will have two major shifts in the current US policies: 1) ending the current US negligence of Latin America; 2) launching a direct negotiation with Iran. These shifts, if occur, it will transform the basics of the current Iran-Latino relations. Closer ties between the new US administration and the Latin American governments, with a softer tone by the former will reduce the existing prevalent antagonism in Latin America against American unilateralism and war mongering policies. Furthermore, a possible Iran-US closeness will weaken Iran's policy in the hunt for alliance in LA. Moreover, as has been argued earlier, resurgence of new left in LA is partially indebted to Bush's foreign policy. Any change in the latter might modify the former.

The second major development in recent months has been the financial crises in the USA which has lead into major global economic crises. This occurrence seems to have shifted Obama's priority list: saving the United States from economic fall being the prime objective of Obama in the first years in power. This might lead into a continuation of Bush's foreign policy in LA as well as versus Iran. Furthermore, economic crisis has caused a major fall in oil revenues, including for the governments of Chavez and Ahmadinejad, who have been the two major players in the LA-Iran alliance. Shortfall of such revenues indicates a freeze in some of the projects in LA, conducted by the two governments in support of the emerging new left. On an opposite account, existing economic downturn is going to be perceived by Latin Americans as a blow to the economic neoliberalism. This means more shift to the left in LA and hence strengthening the Iran-LA relations.

*Other change in the current Iran-LA relations is the future presidential election in Iran.*



The third potential for change in the current Iran-LA relations is the future presidential election in Iran. Any other president than Ahmadinejad seems to undermine the current high level of rhetoric and trends in such alliance.

The interaction of the aforementioned developments can have a complex influence in the current trend. The world should wait and see.

## Conclusion

On the analysis of the future relations between Iran and Latin American countries, four elements are crucial:

1. A growing economic interdependence: The distinct quality of the current bilateral economic relations is characterized as more of 'technical cooperation' than trade; and furthermore, increasing Iranian FDI in LA, in infrastructure and energy sectors in particular. As trade has been the traditional foreign policy approach of Latin American economies, shift of current political relations with Iran into interdependent economic relations is a necessity to preserve the long standing relations.
2. The longevity of revolutionary and left discourses in LA and in Iran: One should be cautious of agrandisation of the new left hostility against US. While the new left is a reality in LA, we witness a moderate relation between most of these emerging left governments with the US administration.<sup>4</sup> Having Barak Obama in the White House, it seems that a growing trend in moderation and lesser anti-Americanism in LA governments' attitudes will be noticed. Furthermore, the structure and fundamental nature of the left governments are not similar to one another, hence, there is no tight-common understanding among the left in LA and in Iran. However, counter forces are in action as well: the current trend of globalization is leading to widening gap among poor and rich and hence leading to an ever growing left thought in the world. Furthermore, the current global financial crisis seems totally *out of control* and has no outcome for the developing world but unemployment, debt, poverty and hardship for years to come.<sup>5</sup> Some still doubt that the relationship - held together by the anti-Americanism espoused by leaders of Iran and LA countries - would deepen beyond the ideological and political level.
3. High oil prices, hence high revenues in Iran and Venezuela: Oil prices are now in a downturn trend. As large gap separates the signing and actual implementation of cooperation agreements between Iran and the Latin American economies, coming years will demonstrate whether many of the proposed projects are viable, particularly as oil income is declining from its current high.
4. US unilateralism/multilateralism and the global issues: The post-Cold War record of US unipolarism has been less than desirable. There are many examples of blatant war-mongering, interventionism, and bullying that have risked world peace. And now with US president-elect Barak Obama and his notion of maintaining the US pre-eminence in global politics, it might seem



that we may not expect much *change* but continuity with the pattern of post-Cold War policies having the upper hand. If new government distances itself from the previous unilateral, monopolistic stance of President Bush, it will ease the radicalization in LA politics and will push the new left into more moderation. Hence, the existing maneuvering space for Iran in the region will be limited. However, one should bear in mind that the US as the 'hemisphere power' is the 'hegemonic world power' as well and this overlapping (of regional and global powers) has created a complex situation in which even if the US loses its hegemonic world power, she will continue to be the '*big brother*' in Latin America.

However, there are many similarities in ideology and practice between the new left in LA and in Iran. Both do not seek public economy (as in Soviet era) but follow free market economy with more government supervision over the market. Hence the newly called "socialism" in LA consists of controlled free market economy and moral responsibility of international socialism (Correa 2008). Both regions internationally seek independence from hegemonic powers and locally look for social justice and welfare states. In both regions, religion has been a source of response to social mischievous, and in both, mosques and churches have turned to centers of resistance and uprising.

Three important conclusions may be drawn:

Firstly, many in Washington lament that, the foundation of Washington's soft power in Latin America, (the Monroe Doctrine of 1823) is circling the drain and nearly dead, as President Bush closes out his final months in office. What may affect Americans the most in the region in coming presidential term, seems nothing than losing the support and respect of a region that since then has been the sole backyard of the United States. Iran, China and Russia are certainly helping it along. Furthermore, the expansion of the new Latin American left to African continent will be a worrisome that US has not yet disclosed it. "We have kept Africa in ourselves. Africa is part of us. Caribbean countries can not be recognized without Africa. This is the sacrifice and glory of Africa. A continent which is our brother" (Chavez in Global Association, Caracas, 2006).

Secondly, the future convergence of Iran-LA relations is unclear as it is not a multi-facet and a comprehensive relations and it lacks coherence. The escalating presence of Iran in Latin America in recent years seems more of political opportunism in America's absence, rather than an auxiliary long-term economic or military partnership. Some even argue that, the intensely revolutionary character of current relations would not continue in post-Ahmadinejad

(Farhi, 2008). But it seems it has gone beyond simple political short-sights. Hence should Ahmadinejad win re-election next year, his second term will likely deepen these ties much further.

Thirdly, Iran's relation with Latin American economies has gone beyond a bilateral scheme and has created 'a new alliance' resisting US hegemony. Iran's diplomacy performs both regionally and globally. Put simply, for Washington, ignoring Iran is not an option any longer as Iran can effectively act as a left-partner sowing the threads of organic connection to the Latino left and indeed to the world's populist governments. The more organic and multi-facet such ties, the more value and importance attached to Iran by the key nations such as Russia (after the Georgia-Russia limited war in 2008 in particular) and China. Actually many countries in Latin America, specifically Argentina, Brazil, Chile, Venezuela, Ecuador and Mexico may see winning synergies emerge from nascent relationships with China, Russia, South Africa, India and Iran. No doubt, the big loser is the United States.

Nonetheless, for the United States, the best way out of this is that if Obama carries out his promises of "change" in his foreign policy, a genuine and in the right direction one, in two geo-strategic regions of Middle East and Latin America, in particular.



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