



Simón Bolívar's legacy

To do business in Latin America often means having to contend with protectionist trade policies, and why this is so has been unexpectedly answered in an unlikely quarter.

Netflix's lavish new 60-episode historical drama, *Bolívar*, traverses the peripatetic life, loves and nation-building of one of Latin America's

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foremost heroes, General Simón Bolívar - still called "El Libertador" (The Liberator) for leading the "Patriotic Army" that wrested independence from Spain in the early 1800s.

The impeccably-researched series accurately depicts the harsh iniquity of life in Spain's American colonies, with its extortionate taxation, African slave trade and the Encomienda system (which obliged indigenous peoples to provide free labour to landowners). It also depicts the measures Bolívar and his associates took to enhance the region's economic prospects.

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Profoundly influenced in his teenage years by a humanist teacher, and after two visits to France where he met Napoleon Bonaparte and the revolutionaries who had overthrown the Bourbon monarchy, Bolívar joined the republican cause.

After riding 123,000km on horseback (according to Wikipedia, twice as far as Alexander the Great), fighting 472 battles and exhausting his fortune financing the revolution, Bolívar succumbed to tuberculosis and died penniless aged 47 in 1830.

Protectionism

In just over 20 years Bolívar liberated an enormous territory that encompassed the modern nations of Bolivia (which is named after him), Colombia, Ecuador, Guyana, Panama, Peru and Venezuela. And as President of the new nations, he played a large part in shaping the constitutional frameworks, legal systems and closed markets which largely still apply in those nations today.

Eduardo Galeano's acclaimed book, *Open Veins of Latin America: Five Centuries of the Pillage of a Continent*, best and chillingly explains why trade protectionism has been the norm in the region since Bolívar's day.

Galeano sheds light on how the equivalent of trillions of dollars in precious metals and Latin America's unique horticultural products were cheaply produced on the backs of slaves and systematically shipped to Spain (and Portugal in Brazil's case), and how the rapacious colonial powers beggared the region to such an extent it has yet to fully recover.

US pressure

After the Spanish left, the US posed a new threat with its "Munroe Doctrine", which unashamedly sought to limit European influence in Latin America so they could more freely exploit it themselves.

The first gambit was in 1826 when the US asked Bolívar to grant them a concession to build a canal across the Isthmus of Panama.

Bolívar refused, as he feared US influence, which 75 years later proved to be remarkably prescient when, with US military backing, Panama split from present-day Colombia in 1903 and ended up as a de facto US colony.

The price of US military backing was its long-sought Panama Canal concession which, while incredibly lucrative for its US owners, provided little benefit to the impoverished population until 1999. At that point Panama took ownership of the Canal and the country has prospered ever since.

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Beware the big spenders on staff

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Signs of expense abuse

- Consider what is being claimed: Is it really reasonable? (Are car parts legitimate for your business?)
- Outliers: Is one staff member claiming significantly more than others in the same or similar role, or did they in the past?
- Credit card abuse: Check line-by-line the items staff are charging back to the account, and the dates and times. One trip or client's costs can be grouped, cross-checked and judged.
- Double trouble: This is where the expense is claimed twice - once on credit card and again as a cash expense - often difficult to pick up, as the systems may be separate and not cross-referenced.
- Splitting: Check for transactions for more than one amount at the

same time and place, as this is 'splitting' expenditure, a way to hide excessive amounts.

Better expense management is simple, using the following process:

1. Establish a company-wide policy for expenses, gifts and hospitality that is clearly consistent with the code of conduct.
2. Clearly communicate in what way any historical behaviours are not now consistent with this new policy and with company professional standards.
3. A register of hospitality and gifts should be administered, in our opinion by procurement, and kept up-to-date.
4. Refund expenses quickly. This minimises large expenses for staff, and ensures they are not out of pocket for long, reducing

staff dissatisfaction and 'entitlement' and attempts to get something more back.

5. Expenses claims should contain the staff member's initials against each item and an overall signature, which acts as a deterrent.
6. Regular reporting, monthly or quarterly, to cost centre managers at individual and business unit bases and senior management, tracks spending with specific customers, stores, restaurants, etc.

Watch out for unreasonable costs anywhere in your structure, not just for entertainment or other expenses.

Purchasing of enough toilet rolls or office desks over a period that would serve the company for 50 years could be a bigger cost and scandal than all your lunch claims rolled together.

Tod Cooper holds a board appointment with Transparency International New Zealand (TINZ). Visit www.tinz.org.nz

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There are many salutary examples of how exploitative US companies have dominated many Latin American markets, but one that really stands out is the United Fruit Corporation (known as El Pulpo – The Octopus).

United Fruit, in cahoots with local oligarchs and US-sponsored dictators, made billions throughout the 20th Century by practically enslaving the indigenous peoples of Costa Rica, Guatemala and Honduras to produce bananas (giving birth to the term "Banana Republic").

Another stand-out has been voracious US oil companies, again in cahoots with local oligarchs



Actor Luis Geronimo Abreu plays Bolívar

and corrupt presidents, which ran Venezuela as a corporate fiefdom from 1914 until their assets were nationalised in 1976 (when a period of prosperity ensued, which has now sadly been lost to a home-grown gang of thieves).

INTERNATIONAL TRADE

Engagement widening

The existence of modern institutions to regulate trade (WTO and GATT), plus development banks (IMF, the World Bank and IADB) and the rise of neoliberal economics, have seen Latin America lessen its market protections.

Those mechanisms have also encouraged the formation of regional free trade blocs such as Mercosur and the Pacific Alliance, and further afield including with New Zealand through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and in other individual free trade agreements.

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