Chapter 13

Latin America: Problems and Opportunities of Integration

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ABSTRACT

Latin America has been often termed as the lost continent but over the last two decades, both Europe and America have adjusted their policies as per the requirements and opportunities offered by these countries which shows that everything has not been lost. The geopolitical importance of these countries is also immense because of the huge oil reserves that they have apart from other important minerals and materials. These countries have also regrouped since the 1980s and developed the Atlantic Triangle and the Pacific Triangle to take advantage of their strengths. The chapter traces the development of globalization and regionalization in this continent and what it means to the current politico-economic world of today.

INTRODUCTION

In the conditions of globalization, the effectiveness of national economy and sustainability of economic development are increasingly influenced by foreign economic and trade relations. However, the character of such an influence is different for developed and developing countries (Erokhin, 2016a, 2016b). The balance of economic power from the West (which dominated during the last four-five centuries) has been dramatically shifting to the East since 2007 when major capitalist developed countries including the USA faced economic recession (Prabhakar, 2016, 2017, 2018; Erokhin, 2017).

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In Latin America, most of the countries have gone through this euphoric rise and fall in the past three decades, thereby changing the geopolitics of the region as well as the socio-economic fabric of all the countries. One of the economies, Venezuela, is now going through one of its worst economic phases and has become the poster boy for showcasing what economies should not be doing and how an oil-rich country becomes cash poor with an exorbitant inflation rate of one million percent. As per the latest United Nations report (United Nations High Commissioner for Refugees [UNHCR], 2018), about four million people have fled the country though the numbers are not exact and in future, it may rise further. President Nicolás Maduro is facing stiff opposition not just from the political parties of the country but also from the USA and the UN who have been critical of his moves like blocking the UN and the US aid that was directed to his country as he said that his country is not a beggar, taking away the power of the National Assembly and severing diplomatic ties with the USA and asking all its diplomats to leave the country within 72 hours. The military is ready for coup with support from the Trump government, however, experts believe that a change in the leadership will not help the country as the very same military personnel at the upper echelons of power are hands in glove with the present regime in terms of its policies and corruption.

This case of Venezuela is a classic textbook case of Latin American countries and other developing nations who are rich in resources but have been under the hegemony of America and the West, thereby making them pawn in the game of international power. There are economists, experts, and policymakers who have been advocating the sovereignty of the developed nations especially America for the development of these countries and make them to appear on the world map.

The change that have come about in the Latin American countries since the 1980s have a deep meaning for studying and analyzing the trends of regionalization and its impact on the respective countries which have then led to the disbanding of the regional blocs or their weakening in the post-WTO era with a comeback of western dominance especially of America and European Union. The sea-saw nature of these countries’ economies led to political instability or vice-versa, depending on which spectrum is one standing on while analyzing these countries. The re-emergence of protectionism in the light of the US-China economic feud makes it imperative to construct a framework of analysis of the developing nations and the various regional blocs that have emerged in the post-Bretton-Woods era. This chapter focuses on the Latin American nations, their regional blocs, relations amongst the member countries and their relationship vis-à-vis North America, political and economic impact of their integration and why the superpowers are desperate for them to disintegrate.

BACKGROUND

The discussion on regionalization is incomplete without dealing with the various facets of global trade, the various power centers and how they have emerged in the Post II World War scenario because the understanding of the superstructure depends on the premise on which it is built. The pre First World War had a different set of world leaders in terms of economy and polity as the European nations fathomed the capacity of the then underdeveloped, poor countries to supply the raw material for industrial development and also act as consumers, thereby, leading to the increase in the double bounty of these developed nations of Europe. The Second World War saw the shift in this power center from Europe to North America and the emergence of war fed economy. The basic difference between the two hegemony was that Europe concentrated on trade by building colonies and then ruling them by plundering their wealth.