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The expression 'Latin America and the Caribbean', whose formulation in itself, has been a subject of some contestation, at first, had little more than geographical significance, in so far as it alluded to all those territorial units south of the Rio Grande, in which a language derived from Latin (Spanish, Portuguese and French), is in vogue. By the standpoint of such a definition, the only conceivable attributes, common to the countries of the region, were their location in the Western Hemisphere and the origins of their language. Notwithstanding, the differences of size, population, ethnicity, natural resources, climate and/or measure of development, distinguishing the countries, were considered to be as epochal, as those, that they partake. The LAC region, encompassing three principal sub-regions, namely, the South American Continent; Central or Meso-America, spanning Mexico to Panama and the Caribbean, embodies a geopolitical expanse of 33 disparate countries, from the tiny island states in the Caribbean, to the mightier territorial sections of Brazil and Argentina, etc. wedged along racial, ethnic, linguistic, historical, political and economic lines.

Notwithstanding, there is no gainsaying, that the Republics, coalesced around Geography and Language; held together by a shared colonial experience, in so far as being erstwhile divisions of the Spanish and Portuguese Empire, impinging, on the economic and political vicissitudes of the New Post-Independence Republics, since the early 19^{th} century. To that extent, the unfolding pattern of development, girdled around a mode of production that spurred the export of primary commodities and natural resources to the industrialised colonising countries, further reinforced, this sense of a shared past. Those who point to the veritable meaning of the phrase 'Latin America', point to the dint of the region having been bound much more cohesively, than counterparts in Africa, Asia or Europe, for that matter. The Latin American fraternity has remained relatively stable in terms of very few potentially lacerating border changes, secessionist insurrections or annexation attempts, fuelling and triggering atavistic inter-state conflicts, compared elsewhere.

The countries constituting Latin America, comprise the 10 Republics of South America, inclusive of the trinity of Guianas; the six Republics of Central America, including Panama, but excluding Belize; add to that, Mexico, Cuba, Dominican Republic and Haiti, making for a grand aggregate of 20 sovereign entities. Spanish is spoken across 18 of these territories, Brazil speaks predominantly Portuguese and French-derived 'Kreyol' is the medium in Haiti. This said, Indian languages are in vogue, across pockets of Mexico, Bolivia, Ecuador, Guatemala, Paraguay and

Peru, whilst English is the preferred language for minorities across swathes of Latin America. Japanese can often be heard on the streets of Sao Paulo and Lima, while multiple Republics, can boast significant numbers of people, of Chinese origin and descent.

As far back as 1791, African indentured labour in the Caribbean mounted an insurrection against their French colonisers, and come New Year's day in 1804, Haiti had emerged a trailblazer, becoming the first independent country, in the region. On the other hand, Brazil, the most expansive country in the region, achieved a halcyon transition, from the Portuguese Empire to an indigenous Monarchy, in 1822. This notwithstanding, the sweep of Independence across predominant of Hispanic Latin America, came at a heavy price. Though debilitated by Napoleon Bonaparte, the Spanish empire would not relinquish its possessions without combat. From Mexico down to Chile, 'Creole' armies gained independence by force of arms, through the course of the early 19th century. They were inspired in part by the American and French revolutions, aware of the weakness of the Spanish empire, and backed in many cases by anti-Spanish (mainly British) mercenaries. Most of the English-speaking Caribbean states, won their independence, well into the 20th century. The Caribbean islands of Martinique and Guadaloupe, and French Guiana on the South American continent, continue to be French territories. The Dutch Antilles, for their part, have been granted considerable autonomy, but are still dependent on the Netherlands, for their budgets and certain aspects of external interface and interchange.

Latin American nations in the 20th century shared problems with Third World countries, relating to matters of economic development and relations with more powerful economic societies. The earlier political independence of Latin America and its Western-influenced political and social structures, saddled it with undesirable attributes. Their economies, dependent upon Western investment and exports, were vulnerable to distortions and fluctuations in the World System. Economic dependency was concomitant with political and cultural dependency in National Life. Latin Americans struggled to achieve social justice, cultural autonomy and economic security, through either adopting foreign ideologies or formulating indigenous responses. Although agricultural and mineral production continued, industrial development increased worker organisation, immigration and urban growth. An urban middle class appeared to join the political process. Economic expansion and preservation of the political status quo, alternated with crisis periods when efforts were made break or political patterns and provide social justice. Despite the surface changes Latin America remained relatively unchanged, as old institutions adapted to new influences. Very few revolutions resulted in marked political changes, but there have been significant alterations in social and economic matters.

To put it pithily, Latin America's experience with economic growth, has been a disappointing one. Despite having similar levels of per capita Gross Domestic Product (GDP) to the British colonies in the Western Hemisphere at the beginning of the nineteenth century and attaining independence, around the same time, the nations of Latin America and the Caribbean fell rapidly behind the U.S. and Canada, in terms of economic performance. Latin America experienced no growth in per capita GDP terms, through the 19th century – a time during which, the GDP per capita of the U.S. swelled, four-to-six-fold. Although Latin America was able to experience solid economic growth from the start of the Great Depression onwards, the nineteen eighties saw the whole region live through a period of crippling and protracted macroeconomic crisis, precipitating a collapse in its growth rates.

A holistic understanding of what caused Latin America's poor growth performance isn't possible, without comprehending its politics. Latin America's high levels of social, political and economic conflict have engendered strong impediments to its economic development, since independence, which have hindered attainment of higher levels of investment in human and physical capital, imperative for robust and sustained economic growth, which in turn led to a perversion of its natural resource abundance. This said not all reasons for a region's poor economic performance and profile, can be laid at the altar of politics, alone. A region's isolation with respect to the rest of the world, for instance, can adversely impact and impair its ability to take part in the gains from specialisation with other regions. Lack of natural resources can impair a country's ability to develop domestic industries as well as to have a significant source of export revenues. Cultural values and religious beliefs may be more or less conducive to the development of efficient economic institutions. Instability may be a consequence of external factors, such as particularly volatile terms of trade or external conflict. On most of these foregoing counts, Latin America was relatively better-off and favourably placed. Latin America's geographic situation put it in relative proximity to world trading Centers, than Asia or Oceania. Latin America was one of the main exporters of natural resources during the past two centuries, and it has arguably been less subjective to external conflict and invasions during the 19^{th} and 20^{th} century than any other region of the world. Which only goes to puzzle the region's longstanding stunted economic profile?

If there is one factor that permeated Latin America's decision making process during colonial times, it was the on-going conflict between provincial authorities and local interest groups, which represented the interests of local landowning elites and the centralised bureaucracy, put in place to represent the interest of the Spanish and Portuguese crowns. Whereas the Spanish Kings were represented in the colonies by the Viceroy and, more importantly, by the colonial courts (Audiencias), set up precisely to ensure a strong judicial and executive presence in the provinces, these often met with strong and intense opposition from planters and miners, alike. One example of these were the fierce political conflicts generated by the Encomienda– a system whereby colonists were entrusted the teaching of Christianity and ‘Civilised’ conduct to a number of Indians while at the same time being given the power to determine how their labour would be allocated. In 1542, the Spanish Crown promulgated the New Laws and Ordinances for the Government of the Indies forbidding the issue of new Encomiendasby royal administrators in America, and ordering the inheritance of existing Encomiendasto bereversed. However, a rebellion of colonists that toppled the Peruvian Viceroy in 1546, forced the crown to back down on the most important restrictions of the New Laws. Colonists’ respect for the authority emanating from the metropolis was so limited that they commonly invoked the curious principle of se acatapero no se cumple (we adopt the law but do not abide by it) in response to the provisions of the Crown that they did not like. Provincial governments were therefore strong and weak at the same time. They had tremendous strength to enforce laws and dispositions which were in the interests of land-owning colonists, but they were extremely weak in enforcing the dictates of the Spanish Crown.

One particular consequence of the economic structure adopted by Latin America – a production structure based on plantation agriculture, characterised by economies of scale and a high labour intensity, was the inflow of high numbers of slaves and the intensive use of the native population as workers. This can be contrasted with the pattern observed in the Northern parts of the British colonies, where colonists strove to expel natives from their lands rather than use their labour. The result was a very unequal income distribution which was to have long-run consequences. This distribution of economic power mirrored the distribution of economic power, although independence in Spanish America came at roughly the same time as the independence of the British colonies, the extension of suffrage to Latin America came much later.

Inequality and backwardness have been two central features of Latin American economies during the last two centuries. The region's skewed income distribution was already apparent to European travellers, sojourning in the Spanish colonies, at the beginning of the 19th century, who pointed to the gaping income disparities between the rich and poor. Inequality has remained a salient feature of Latin America, despite the profound economic transformations that have taken place in the region, in the last two centuries. At the same time, Latin America's growth record has been insufficient to close its income gap with the North Atlantic economies, which is what explains the fact of Latin America being relegated to a laggard in comparison to the United States between 1700 and 1900. Inequality inherited from the colonial past and reproduced in the 19th century, shaped Latin American structures of taxation, in ways that not only differed radically from the United States and Canada, but also from other developing economies.

At the end of the 19th century, and after decades of virtual stagnation, Latin American economies began to experience a slow but sustained recovery. This resumption of growth coincided, with a process of globalisation in the world economy that was characterised by an increased worldwide integration of commodity and factor markets. The expansionary cycle of the world economy, increased the demand for raw materials and foodstuffs, benefiting export sectors throughout the region. However, only in Argentina did the export sector truly become the engine of growth for the three decades before the First World War. The resumption of sustained per capita GDP growth, elsewhere faltered, due to a number of factors, including weak institutions, poor infrastructure and misguided economic policies. Throughout 1870-1913, the vast majority of Latin American countries became recipients of international capital inflows in the form of foreign direct investment and foreign loans. Virtually every government borrowed in international capital markets, mostly in gold-denominated debt. While in many instances external debt financed the construction of railroad networks, port facilities and public works, it also exposed Latin American economies to banking and currency crises. Indeed, the accumulation of external debt denominated in foreign currency precipitated financial crises in countries like Brazil and Argentina, where foreign debt and fiscal mismanagement led to economic catastrophes. Interestingly, in other then emerging and peripheral economies, including Australia, Canada, New Zealand, and the United States and small European countries like Norway and Finland, stronger fiscal and financial systems helped reduce the frequency and virulence of financial crises.

The disruption of trade and capital flows brought about by World War I and its aftermath resulted in the expansion of the manufacturing sector in more diversified economies; at the same time, export sectors suffered from cyclical movements in commodities markets. Latin America was still highly vulnerable to external shocks, and the Great Depression reduced income per capita throughout the region. Individual outcomes, however, varied, depending on the degree of openness, the behaviour of export prices, and the degree of diversification of the non-export sector. The recovery from the slump of the early 1930s was in part helped, by unorthodox policy measures, including very large real devaluations and increases in government spending, which facilitated import substitution and appeased social protests.The outbreak of World War II resulted in renewed external restrictions in commodity and capital markets, further reducing export earnings and foreign borrowing for the region as a whole. In the late 1940s, economic policy deliberately promoted domestic manufacturing in countries such as Brazil, Mexico, Colombia, Argentina, Chile and Peru. In these countries a diversified industrial base and a sizeable domestic market gave credence to theories supporting industrialisation through import substitution.

Thus, the larger economies in the region followed an inward-looking strategy based on the rise of protection levels, capital controls, exchange controls, multiple exchange rate schemes and public intervention in labour markets. In the period 1950-1960, average GDP growth rate for the 20 largest Latin American economies was 5.3 per cent. Yet, the variance across the region was significant, and the acceleration of population growth lowered GDP per capita rates. For instance, the larger economies, viz., Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela, averaged only 2.4 per cent in GDP per capita growth in the period 1950–1973. Growth rates masked problems associated with trade and capital controls and protectionism: inefficient allocation of resources, inflationary pressures, monopolistic industrial structures, and growing current account and public deficits. Concerns about macroeconomic behaviour appeared at different junctures in different countries, and stabilisation programs attempted solutions that had varying degrees of success. By the 1960s, under the auspices of the United Nations Economic Commission for Latin America, the model of inward-looking development was present in virtually every country in the region. In the period 1950–1973, the economies of Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela grew, on average, at a rate of 2.4 per cent, whereas smaller and less diversified economies had a much lower growth rate. Even if we consider the first group of countries as representative of Latin America, GDP per capita growth rate was only higher than that of African countries, and was similar to that of the western offshoots (Australia, Canada, New Zealand and the United States). During this period, other regions in the world expanded at a more rapid pace: Asia (2.6%), Eastern Europe (4.0%), Southern Europe (4.8%) and Western Europe (3.8%).

In the 1960s, most Latin American governments considered regional integration to be the means to remedy some of the pitfalls of the inward-looking strategy, in particular growing external imbalances. Yet, the lack of harmonisation between exchange rate, fiscal and monetary policies produced poor results. More importantly, the dominant autarkic orientation remained unchanged, as did the price distortions associated with it. Not implementing a policy shift at that time, marked, a lost opportunity for Latin America; price distortions became more severe in the 1970s and 1980s, and distortive policies had long-run effects on accumulation and growth. In other latitudes, developing economies also industrialised, following similar inward-looking strategies. In particular, the economies of East Asia promoted import substitution industrialisation in the early post World War II period, with policies and instruments similar to those implemented in Latin America. In the 1960s and 1970s, however, the policy menu in East Asia shifted away from inward-looking development and increasingly moved towards outward orientation. Integrating with global markets allowed East Asia to maintain a fast-growing development until the 1990s, a trajectory that contrasts sharply with the dismal economic growth record of Latin America in the last quarter of the 20th century.

Evolution of Politics and Political Establishment in Post-Independent Latin America

Latin America was settled by Europeans, at the end of the Feudal Era, not in a time of early Capitalism, emerging Pluralism, Enlightenment and Modernity, as was the case with the United States, in the late 18th century. Many, who settled, in what ultimately became the U.S., were fleeing the religious and social constraints of Europe. They established small family farms, as in New England and had opportunities to buy cheap land, as the Nation moved to the West. In contrast, the settlers of Latin America, transplanted the Spanish and Portuguese institutions of the Catholic Church, a strict hierarchical and patrimonial social system, dominated by large land-owners and an authoritarian rule. The hierarchical and authoritarian streak in Latin American politics has been incandescent since Independence (1810-1830), even prior. The difficulties in establishing effective dispensations in the immediate half century post-independence, when regional strong men, popularly known as 'Caudillos', exerted and imposed themselves upon the daily vicissitudes, led to an invariable centralisation of political authority conflating with political legitimacy, and the inevitable development of a Corporatist kind of State (where the Government of the day functions by co-opting other stakeholders within the system, such as the Military, the Landed-elite and subsequently, the Unions) towards ensuring order in society. The consequent crass intolerance for meaningful dissent and political pluralism, with its genesis here, continues to persist as an underlying impulse, in myriad areas of contemporary Latin America, despite the rapid strides made in establishing substantive Democracies across the region.

Despite an increasing consensus around a participatory, democratic political culture in Latin America in the past two decades, for much of their history, Latin American countries had no consensus on political culture. There were no widely agreed upon rules of the political game. Elections were seen as only one way to acquire political power; Coups and virulent subversions, were seen as equally legitimate, among some segments of society. The authoritarian and elitist culture of the landed and mining interests, opposed increasing democratisation. Their values clashed with the rise of Radical (socialist and communist), Populist (those, advocating and promoting the interest of the masses) and even western-style democratic values, mooted and piloted by some immigrants after the 1880s and by the 'Middle Sectors' of Society (those between the mass of the uneducated poor and the landed and social elite), who favoured, curtailing the power of the inveterate landed and mining elites. The result was the co-existing of several political cultures, none of which was dominant. These often clashed and produced political instability in many Latin American countries until very recently. Added to this is an all-pervasive culture of political corruption in the form of bribes to public officials, passing contracts to friends and so on.

Unlike in the United States, where the consensus on political culture and the relationship of politics to the economy (political economy), produces a narrow range of political ideologies that drive politics, in Latin America, this facet is in sharp contrast. Here, the fragmented political culture has produced a spectrum of political ideologies, from Marxism and Communism on the 'Left', to Populism and Moderate Social Democracy in the

‘Center’, to Radical and Ultra-Conservative and Authoritarian propensities and proclivities, including Fascism, on the ‘Right’ of the political divide. Many of these ideologies have come to constitute the touchstone and holy grail of Latin American regimes, such as in Cuba, and various brands of authoritarianism and fascism in countries like Paraguay, Brazil and Chile, over the years.

One of the popular visages of Latin America, in Western discourse and in perception on the extant, is of the military; the so-called “Man-on-Horseback,” intervening in politics. In most of the region, after independence, the Military, supplanted the Crown, as the ultimate force in Society. Even today, after almost three decades of a transition towards democratic rule and the discrediting of many military regimes, of the 1970s and 1980s, the military is not far from the political arena and, judging by the past, the region is not free of a return to military rule, someday. (The Coup in Honduras, which deposed President Zelaya in 2009, might seem an aberration; however, it would be premature to conclusively say so). The odyssey of the Military in Latin America, prior to the 1960s, was when they virulently seized power; engineered correctives and then handed the reins of Government, back to Civilians. Post the 1960s through the early 1980s, the military usurped power, for extended periods in time, with a rationale to change the template of “Politics-as-Usual”. This motive of the military has been described as the “Politics of Anti-Politics”; an attempt to subordinate politics, to the technical needs of dealing with existential issues; often averred to as 'Bureaucratic Authoritarianism'. In essence, this was a compact, between the military, the bureaucracy and in some cases the business fraternity, to achieve the various political and technocratic objectives, which the military reckoned, as essential to pursue. Depending on the country, this encompassed, everything, from ostensibly purging radicalism (a euphemism for Communism) to restoring the economy, back on track, to frontally, dealing with poverty alleviation.

Authoritarianism and the tradition of the 'Caudillo,' in all its past and present manifestations; a fissiparous political culture, pitting Authoritarianism against Populism and many radical political ideologies and a broader embrace of the 'Military', as an Agency, on the domestic milieu, has made most Latin American countries, politically tumultuous, undermining political stability and an organic progression to Liberal Democracy. A period of nascent democracy, emergent from the late 19th Century until 1930, was succeeded, by a prolonged phase of authoritarian military rule, as Latin American economies imploded, during the Great Depression. The Second Wave of democratic development, from the end of World War II, until the 1960s, was followed by an authoritarian, extremely repressive period. The period, since the early 1980s, has constituted a so-called 'Third Wave of Democracy.' But the jury is still out, on whether this constitutes an irreversible consolidation of democratic rule or is just another phase in this roller coaster odyssey of political development on the trans-continent.

During the 19th Century, authoritarian political structures, across Latin America, were expressed, in the form of 'Caudillo' styles of Leadership. A lack of a functioning democratic system, which would allow for peaceful and seamless 'Transfers of Power', from one civilian dispensation to another, precipitated a series of Palace Coups and Military Regimes. Confronted, with an ostensible power vacuum, upon the disappearance of patriarchal monarchies at independence, the leaders at the time, sought to acquire legitimacy, through a mix and match of charismatic connect and appeals to tradition, rather than, through the articulation and expression of a coherent Ideology. A 'Caudillo,' which in Latin American popular parlance, broadly represented, a "Strongman", model of government, embodied the use of charisma, rather than an invocation of military force, to keep political elements reigned-in, as also to promote a near unstinted allegiance to a central leader. What was interesting, was that, these Caudillos, came in varied hues and persuasions and harboured myriad ideological stripes, manifesting alternating associations with 'Conservative' or 'Liberal' orientations, on the one hand, and oscillating between 'Civilian' and 'Military' governing configurations, on the other hand. Besides, such Caudillos, also hailed, from either urbane or rustic backgrounds, and inhabited, either a modernising temper or remained anchored in traditional stereotype perspectives.

In the second half of the 20th century, personalist dictatorships morphed into authoritarian military regimes, particularly in the

South American countries of Brazil and Bolivia (1964), Argentina (1966), Uruguay and Chile (1973). These authoritarian regimes, were unparalleled, in their brutality muzzling of internal dissent, through an unabashed recourse to coercive force, and a clinical elimination of political opponents, as evidenced in Pinochet's regime in Chile, as also the crushing of civil society and political movements, witnessed, in the mysterious disappearances of scores of activists and protestors in Videla's Argentina; atrocities, still commemorated by the Mothers of the Plaza de Mayo in Buenos Aires. Apprehending a rising leftist threat, both from electoral coalitions as well as armed guerrilla movements, these authoritarian regimes, sought to redraw the structure of their countries, along more traditional lines. Rather than relying on the personal power of an individual dictator, these regimes instrumentalised military institutions, to exert and sustain vice-like control over society. The resulting 'bureaucratic-authoritarian' regimes fundamentally reordered political and economic institutions, to recast their countries along neoliberal lines, which dismantled the structures of import substitution industrialisation and pursued strategies of externally debt-driven development, which eventually culminated in the crippling Latin American debt crisis of 1982, besides, socio-economic dislocation, in the form of a dramatic widening of the gap, between rich and poor. Such skewed economic reforms were so unpopular that they could only be imposed and sustained, through undemocratic means. Popular reactions to structural adjustments that sharply reduced living standards, led authoritarian regimes, to crack down even more viciously, on their opponents.

Alberto Fujimori's 1990–2000 dispensation in Peru, provides another important variation, on the authoritarian tradition in Latin America. In what came to be known as an 'Autogolpe' (Self-Coup) or 'Fuji-Coup,' Fujimori engineered a stage-managed coup upon himself in April 1992, to shut down Congress and rewrite the Andean country's Constitution. Using the Machiavellian instrumentality of 'semi-authoritarianism,' Fujimori nevertheless accomplished some meaningful policy achievements, including taming inflation and successfully terminating the Shining Path guerrilla insurgency, restoring law and order and reasserting the State's authority over all of Peru so much that despite his apparent violation of Peru's Constitutional Order, it did not denude his popularity. Rather, many observers believed, that the country's crisis, legitimised strong-armed measures. By the turn of the Millennium, however, the crisis had passed, and public opinion oscillated away, from support for his flagrant and impunity-stricken abuses of power. To that end, his subsequent removal from power is seen, neither as a triumph of democracy nor a blow against authoritarianism, but a result of popular responses to a dynamic political situation.

By the end of the 20th century, with a re-emergence of democratic governments throughout Latin America, authoritarianism appeared to be safely buried in the past. Nevertheless, one could point to the persistence of an authoritarian tradition in 'Right-Wing' threats to democratic structures. These "uncivil movements" that use political violence to promote exclusionary objectives do not necessarily seek to overthrow democratic systems, but nevertheless they are able to shape the discourse and practices of democratic institutions. A search for social justice and equality, all too often, continues to be an elusive goal. In subtle, and sometimes not so subtle, ways, authoritarianism is still a force to be reckoned with in Latin America.

Economic Development Strategies – 'ISI' & 'Washington Consensus' on Latin America's Template

Latin America's post-independence development strategies can be segmented into three distinct yet overlapping phases; the period of primary product specialisation (prior to the Great Depression), import substituting industrialisation (beginning in the late 19th century but peaking between 1930 and 1970) and free market economic reforms (dominant after the debt crisis of the 1980s).

From the 19th century through the Great Depression, Latin America remained incorporated into the global economy at the time, as an exporter of primary products and an importer of manufactured goods. This pattern of production and trade had been imposed several hundred years earlier, by the predilections of colonial Spain and Portugal, respectively, but persisted in the aftermath of political independence in the region, due in part, to the heft wielded by the prevailing system of international trade and finance. As industry expanded across Britain, the United States, Germany and France, manufacturers closely aligned with the major banks offered credit to the newly independent countries of Latin America in order to encourage them to purchase the US and European manufactured goods. In addition, the rapid pace of industrialisation in the West, procreated a voracious demand for raw materials from the erstwhile colonies; Latin America, being principal among them. Seeking to capitalise on this surging demand, Latin American nations borrowed heavily towards construction of physical infrastructure, making capital investments in ports, railways and roads, necessary for thoroughfare of such exportable commodities. In theory, Latin America's burgeoning debt would be repaid out of the revenues generated, by an enhanced output and export of primary commodities. However, in practice, such reliance on primary product exports, proved to be a serious economic bane.

Specialisation in primary commodity production rendered Latin American economies dangerously vulnerable to market fluctuations as also to the declining terms of trade for primary products relative to manufactured goods. Following the collapse of commodity prices during the Great Depression, many Latin American countries embarked upon a new phase of economic development, known as Import Substitution Industrialisation (ISI). ISI commenced as an emergency measure adopted by Latin American countries to produce manufactured goods, that could no longer be acquired from beyond their shores on account of a crisis in commodity markets and prices, which had deprived them from hard currency to finance potential imports of manufactured goods. Over time though, ISI became an economic strategy designed to jumpstart industrialisation by supplanting imported manufactured goods with domestically produced equivalents. ISI came about through state intervention in the economy in the form of tariffs and quotas, designed to protect infant domestic industries from foreign competition. Far from being a Latin American innovation, virtually all industrialised countries utilised elements of ISI, to promote the development of a domestic industrial base.

In Latin America, ISI produced a dramatic increase in industrial output, high levels of economic growth and improved standards of living, but did not fundamentally alter the region's specialisation in primary product exports. Because ISI depended on the importation of inputs and machinery, Latin American countries continued to rely on the export of minerals and agricultural commodities to earn precious foreign exchange necessary to keep the ISI industries, operational. Beginning in the 1960s, some Latin American countries (particularly Brazil and Mexico) prioritised the development of an export oriented industry in order to diversify exports and generate additional foreign exchange. While Latin American manufactured exports did increase substantially between 1967 and 1980, nevertheless, the bulk of industrial production continued to be oriented to the domestic market, and the region's dependence on primary commodity exports, persisted, unabated.

Latin America's failure to alter its productive structure, in favour of efficient, internally competitive industries, has been attributed to what is popularly understood to be a 'Natural-Resource Curse.' According to this, countries, with an abundance of natural resources, will be tempted, to simply increase the volume of primary commodity exports, to maintain growth rates and avoid balance of payments crises, rather than undertake more formidable economic restructuring. Indeed, efforts to promote other industries will often provoke resistance, from the agricultural and mineral elites, who profit from primary product production.

The demise and denouement of the ISI strategy was precipitated by the crippling debt crisis of the 1980s. In response to significant petroleum price increases by OPEC, in the early 1970s, many developing countries borrowed money from the major commercial banks to finance the importation of petroleum, machinery and other products necessary for industrialisation. The commercial banks eagerly encouraged massive borrowing by these countries in order to earn interest on the 'petrodollars' deposited in their coffers by the OPEC nations. When additional oil prices in 1979-80 caused interest rates to skyrocket, just as world market prices for primary commodities plummeted, many developing countries, including those from Latin America, were unable to meet their debt repayment obligations. This debt crisis compelled Latin American countries into constant rounds of negotiations with the IMF and the World Bank, for restructuring of loans to facilitate repayment. By the mid-1980s, as many as three quarters of Latin American countries were militating under IMF and World Bank supervised loan repayment programs.

As a condition of IMF and World Bank assistance, developing countries were required to adopt structural adjustment programs consisting of a standard recipe of neoliberal economic reforms designed to reduce the role of the government in the management and operation of the economy, and to afford greater power and resources to the private sector. Known as the Washington Consensus, these reforms included deregulation and privatisation of industry and public services, trade liberalisation, curtailment of government expenditures, elimination of barriers to direct foreign investment and financial liberalisation. With its emphasis on export-led growth and specialisation predicated on comparative cost advantage, the Washington Consensus reinforced Latin America's historic reliance on the export of primary commodities rather than promoting investment in new, dynamic economic sectors. Latin American countries were exhorted to export traditional primary commodities (such as soy and copper), new 'non-traditional' agricultural products (such as strawberries and flowers) and low-tech manufactured goods (such as shoes and textiles) produced in low wage assembly plants known as maquiladoras. In addition, by requiring Latin American countries to open up their markets to cheap imported manufactured goods, the Washington Consensus bankrupted local firms and jeopardised the region's industrial future.

Adherence to the Washington Consensus's prescriptions, resulted, in a significant slowdown in economic growth relative to the 1960s and 1970s, mounting indebtedness, sharp increases in poverty and inequality, and growing social and political unrest. Indeed, Latin American countries were periodically rocked by riots that left scores dead and wounded and produced pillaging or public property in the millions of dollars. Beginning in the early 1990s, grassroots social movements engaged in mass mobilisations, strikes and popular insurrections, to bring down regimes closely aligned and identified with the IMF, the World Bank and major transnational corporations.

During the 1990s, neoliberalism penetrated Latin America, right across the political spectrum. The programme was originally implemented by the Far-Right, in Pinochet's Chile, however, it found other right-wing adepts too, in the form of Alberto Fujimori in Peru, even subsumed forces that had historically been associated with Economic Nationalism: the Institutional Revolutionary Party ('PRI') in Mexico; Peronism in Argentina under Carlos Menem; in Bolivia, the Nationalist Revolutionary Movement, the party that had headed the Nationalist Revolution of 1952, under Víctor Paz Estenssoro. Notwithstanding, Neoliberalism moved on to social democracy, gaining the adherence of the Chilean Socialist Party, Venezuela's AcciónDemocrática, and the Brazilian Social-Democratic Party. It became a hegemonic system, across almost the entire territory of Latin America.

Nevertheless, the neoliberal model failed to consolidate the social forces necessary for its stabilisation, resulting in the early onset of crises, which would check its course. The three largest

Latin American economies were the theatre for the most dramatic crises: Mexico in 1994, Brazil in 1999 and Argentina in 2002; the programme crumbled, without delivering on its promises. The ravages of hyper-inflation were checked alright, but this was only achieved at tremendous cost. For a decade or more, economic development was paralysed, the concentration of wealth grew greater than ever before, public-deficits spiralled, and the great swathe of the population, saw their rights expropriated, most notably, in the domain of employment and labour relations. On top of this, the national debt expanded exponentially and regional economies became highly vulnerable, helplessly exposed to attack from speculators, as each of the three countries, discovered for themselves.

It was neoliberalism's poor economic performance in Latin America, which in most instances, precipitated the defeats of the governments that pioneered it. They include those of Alberto Fujimori in Peru, Fernando Henrique Cardoso in Brazil, Carlos Menem in Argentina, Carlos Andrés Pérez in Venezuela and Gonzalo Sánchez de Lozada in Bolivia; also gone with the wind, were the PRI in Mexico, the alternation of the two traditional parties in Uruguay, and the politicians who tried to perpetuate neoliberalism, even beyond its collapse, including Fernando De la Rúa in Argentina, Lucio Gutiérrez in Ecuador and Sánchez de Lozada in Bolivia.

Demystifying the 'Left' in Contemporary Latin America

A slew of Presidential Elections, across the Latin American landscape, bookended between late 2005 until late 2006, catapulted the idea of the ascension of the 'Left', back into Power; an idea, that subsequently anchored itself in popular imagination and scholarly discourse, alike. Notwithstanding, the narrative of the pervasive rise and resurgence of the Left, stood assailed, by succeeding electoral outcomes across Colombia and Mexico in particular, manifesting that the averred phenomenon of re-emergence of 'Leftist' forces, was by no means pan-region or universal. Nonetheless, the dint of a number of incumbent Presidents and leaders at the helm of regimes through the first decade of the 21st century, describing themselves as 'Leftist' in orientation, and/or stewarding Parties and political outfits, historically defined as the 'Left'; be it the Chilean Socialists, the Partido do Trabalhadores (Worker's Party) in Brazil, or for that matter, the FrenteAmplio (Broad Front) in Uruguay, served to reinforce this unmistakable trend; the genesis of which lay, in the popular election of Hugo Chavez in Venezuela, back in 1998, and which had burgeoned to such proportions, that around the end of 2006, as many as 60 per cent of the region's 570 million populace, saw themselves governed, by popularly elected leaders, to the 'Left' of the political spectrum. A cursory glance at the South American map, around the middle of 2008, would reveal no less than eight out of ten dispensations across South America, being distinctly Leftist, and if one were to add the regimes of Presidents Daniel Ortega in Nicaragua, Rene Preval in Haiti, Leonel Fernandez in the Dominican Republic and Martin Torrijos in Panama, then the sweep of the ‘Left’ in the early 21st century, would be all too pre-eminent.

This however, stood in stark contrast to the foregoing epoch, a time, when much of the region seemed political wedded to scrupulously implementing the radical macroeconomic and institutional reforms, enjoined by the so-called ‘Washington Consensus’ framework. ‘Market Democracy’ was the solitary game-in-town, highlighting the combination of a representative democracy, enacting market-friendly reforms and an open exposure to the trends and forces of an increasingly globalised international arena. Market Democracies were interpreted as the successful result of democratic consolidation, which fructified out of the transition from military regimes of the cold war period to post cold war liberalised states, unfolding across Argentina, Brazil, Chile and Uruguay. After multiple economic gripes and social unrest, followed the electoral success of a number of reformist-platform parties, replacing elements, who had implemented the apparently failed socioeconomic models of the 1990’s and who had consequently stood popularly discredited. However, it did not take long for the deterioration of the multitude of Latin America’s market democracies. Nationalism, state-sponsored development and government controlled market regulation, supplanted the preceding template of market reform in the region.

An operational hypothesis, proffering a viable rationale for the proliferation of Left oriented outcomes at the hustings, over recent years, points to a widespread popular dissatisfaction and resentment with the failure of two decades of neo-liberal economic reforms across the region, in terms of their ability to deliver on broadly shared social benefits, as well as the incapacity of traditional political elites, to respond to demands, for greater access, equity, participation and economic, political and social inclusion, in governance and related processes and mechanisms. There is little controverting that despite the promising economic growth accomplished in recent years, poverty alleviation remains a major challenge (some 40 per cent of Latinos still subsist on less than US$2 a day) and Latin America still counts as one of the highly income-unequal societies in the world, a perceived upshot of the failure of structural adjustment policies in taking-off. In some ways, one could well attribute the rise and resurgence of the Left, to cogent popular disenchantment and disillusionment with the quality and tenor of democracy, the persistence of poverty and inequality, disillusionment with democratic governance, the formidability of establishing efficacious mechanisms for popular representation, participation and accountability, not to mention the dislocating effects of domestic and foreign policy on account of the excesses of Globalisation, with popular perception conditioned to viewing the Left as some kind of an antidote and elixir of sorts. This explains the election of Hugo Chavez in Venezuela in 1998, having gone on to secure successive victories in 2006 and 2012 respectively; the success at the hustings, for the Chilean Socialist Party, first led by Ricardo Lagos in 1999 and later by Michelle Bachelet in 2006; the remarkable victory for Luis Inacio Lula da Silva (Lula) in Brazil, in 2002 and 2006 (an overwhelming 80 per cent electoral mandate), only to be succeeded by DilmaRouseff of the same Workers' Party in 2010. In Argentina, in the midst of the majorfinancial crisis that caused the collapse of the currency and createdhuge dislocation in the economy and polity, Nestor Kirchner of thePeronist Party was elected President in 2003 and his policies proved so popular, that his wife Cristina Fernandez, was easily elected in 2007 and again in 2011. In Uruguay, Tabare Vazquez was elected in 2004 on the explicit promise of undoing many of the existing neoliberal economic policies. More recent administrations include those of Evo Morales in Bolivia (since 2006), Rafael Correa in Ecuador (since 2006) and Nicaragua's Daniel Ortega, elected in 2007, after more than a decade out of power.

Notwithstanding, to summarily think of the emergence of the Left in Latin America as a singular or monolithic entity or for that matter, just a throw-back to the past, would be doing great disservice to the diversity of 'Left' expression, in the region. Despite shared goals of socioeconomic and institutional reforms, the policy-tools and strategies, that the multitude of 'Left' governments, have taken recourse-to, in order to accomplish their national goals, are very eclectic. For instance, what underpinned the Chávez administration of Venezuela and that of Chile's Bachelet, to be clubbed together? The Venezuelan government often asserts its commitment to a radical transformation, of both the political régime and the socioeconomic system, going beyond Capitalism and towards a statist-socialist model dubbed as “21st Century Socialism”. Meanwhile, the Chilean government under Bachelet, maintained its dedication to continuing the political and socioeconomic regime, it inherited, from its democratic predecessors of the 1990s. Beyond these examples and throughout Latin America, the differences in the methods of governance are also apparent. The Kirchner Administration, in Argentina, is sometimes perceived as Left-wing, due to past run-ins with the International Monetary Fund and foreign creditors, as well as previous political differences with the United States, regarding international issues, despite Argentina’s relatively moderate social reforms. In the same vein, Lula da Silva’s Brazilian government was frequently referred to as ‘Leftist’, generally due to the social and political trajectory of most of its leaders, as well some ideological traits of the ruling Workers’ Party, notwithstanding its persistent attachment to orthodox macroeconomic policies. Presidents Lula da Silva (Brazil), Michelle Bachelet (Chile), TabaréVázquez (Uruguay) and Nicaragua’s Daniel Ortega came to power, as the outcome of an electoral competition within a consolidated institutional framework. On the contrary, Presidents Mr. and Mrs. Kirchner, EvoMorales, Rafael Correa and Hugo Chávez, took office in countries, undergoing deep, persistent social and institutional crises, which in a few cases, forced the resignation of previously elected authorities. In the first set of countries, neoliberal reforms predated the ascent to power of the incumbent administrations.

Previously, radical market reforms were implemented in Chile by the Pinochet dictatorship; in Uruguay they were advanced by the traditional two-party system, which was eventually defeated in the polls by Vazquez's FrenteAmplio Party; in Brazil and in Nicaragua, market reform was implemented by the preceding administrations of the 1990s.

Informed analysis, endeavouring to interrogate the dynamics of why Left dispensations have resurfaced, and the mechanics of how such regimes have re-emerged, as also intending to comprehend the hue of social coalitions underpinning them and the kind of policies articulated and adopted by such leaders, have sought to draw distinctions, between an 'Ideological Left' on the one hand, which hems in 'Social Democrats' such as Ricardo Lagos and Michelle Bachelet in Chile, Lula da Silva in Brazil and Tabare Vasquez in Uruguay, all of whom hail from an established political party/working coalition in the political firmament of their respective countries and whose political existence predates the imposition of the controversial neoliberal structural adjustment economic model of the 1990s. This also includes certain populist politicos spearheading labour based political outfits, which leaves a left-leaning dispensation anchored and steeped in traditional Latin American populism, as seen, in Nestor Kirchner's Peronist Party in Argentina or Alan Garcia's Alianz Popular Revolucionaria Americana (APRA) in Peru, for that matter. In stark contrast to this, is a putative 'Populist Left', which encompasses those newly emergent personalised leaders, who through their charismatic leadership, are able to mobilize resounding political support top-down, as witnessed with Hugo Chavez in Venezuela (since 1998) and Rafael Correa in Ecuador (since 2006). Not to be left out, is another variant, describable as a ‘Movement Left’, held-up by the likes of Evo Morales in Bolivia, who emanate out of autonomous yet popular social movements, bottom-up. A more utility driven definition, which would capture the essence of the foregoing, would be to juxtapose these variants, in terms of those who combine social re-distributive goals with market-oriented policies, against those, who singularly advocate cogent forms of state control and economic nationalism.

The common trait, linking these ‘New Left’ Administrations, is their democratic birth; they have all come to power by means of a competitive electoral process rather than through military might. Armed struggle seems to have become a part of the past, proving that there is no better antidote to violent political change than effective political democracy. Like their more conservative counterparts, these Left-wing administrations utilize this consolidation of representative democracy as a system for political competition; yet they have freed the system from an artificial attachment to a specific economic approach such as ‘Market Democracies.’ The implementation of the economic reform agendas that enabled these governments to win elections has further exacerbated confrontations with economic elites, as well as with middle class professionals who are oftentimes well-established in certain government institutions and professional corporations. The Morales administration came into conflict with both the Constitutional and the Supreme Courts, in addition to a number of regional governments and several foreign-ownedoil companies, including Petrobras, the Brazilian state-owned oil company. Similarly,Chávez has struggled repeatedly with the bureaucracy of PdeVSA and the elite owned media (the failed virulent Coup against the Chávez government, in April2002, is widely understood to have been conducted with the involvement of powerful Venezuelan economic elites, allegedly assisted by some foreign governments) the Kirchner administration has battled with some segments of the Judiciary, as well as with the leadership of the Catholic Church; and strained relations between Ecuador‘s Rafael Correa and Ecuadorian Parliament and the Courts are just some of the more noteworthy cases.

The current crop of Latin American reformist governments can be subject todivergent interpretations. At one level, it can be comprehended, as an outmoded remake of the 20^{th} century populist regimes, sooner or later doomed to deliver novel frustrations to their societies, on-account of their unconventional management of economic affairs, overexpansion of state intervention, together with a nationalist insulation from international economic and political trends. Demagoguery, Caudillismo, the manipulation of democratic institutions, and the facetious fuelling of social confrontations, further point to an apparently authoritarian stance of the ‘New Left’. In the most extreme versions, this interpretation depicts some of these regimes — that of Hugo Chávez and EvoMorales, to a lesser extent. An alternative perspective, looks upon the 'New Left' in Latin America, as peregrinating a transitory, initial stage, which will inevitably lead to more rationalperformances, both at the economic and institutional levels. In the meantime, strident rhetoric, nationalistic or socialist language, and social policies excessively generous with the poor have no other purpose than to mitigate the anger or resentment of the poor and other social fractions negatively affected by neoliberal reforms. Moreover, notwithstanding some unavoidable modifications, these policies retain the essential traits set forth by the implementation of the Washington Consensus. Administrations presided over by Tabare Vazquez, Lula da Silva, Nestor and Cristina Fernandez-Kirchner, and most of all Michelle Bachelet, would fit into this sceptical characterisation.

In spite of their differences, both approaches display a heavy ideological baggage, as they rely more on rhetoric, than objective deeds and facts. More specifically, they pay no attention to historical records, to people's memories, to past political experiences and to persisting and unfulfilled expectations and demands. Ultimately, reformist governments of the 'New Left' and the conflicts surrounding them, dramatically portray the still inchoate processes of national and social integration, in their countries. The Bolivian case is quite paradigmatic; initiatives for autonomy or separatism of its more developed regions, now that "the Indians" are in office, witness to protracted territorial as well ethno-linguistic, historical and class conflicts. The Evo Morales government thus faces the many challenges of state-building, not just of State-Reform. To a certain extent, that is also the case of Ecuador. In societies with sounder, long-lasting national integration (such as Chile, Brazil, Uruguay or Argentina), politics is beleaguered by deep social inequalities, aggravated during the years of Neoliberal reforms. Violent street rallies of Chilean workers and middle-class students stood testament to the growing impatience with the Bachelet administration's lethargic and lackadaisical approach to remedying social differences in education, access to basic services, and labour conditions.

Will this turn to the 'Left' endure, is a moot question. While the case has been made for resisting the propensity to classify a broad continuum of the contemporary Left, ranging from Chile's 'Concertacion' to 'Kirchnerism' in Argentina, it behoves that the significant departure of this 'Left' democratic turn from the first wave of democratic governments that propelled to power after the region's progressive transition to democracy through the 1980s, be duly appreciated, for the dint of it not being confined to an ideological straitjacket. Some aspects of the erstwhile 'Left' have morphed considerably, and a veritably different 'Left' has emerged. What one is looking at, is arguably a much deeper and profound transformation in Latin American politics, one which goes well beyond the perfunctory alternation in power, between 'Right' and 'Left', affecting the very way in which politics is practiced and by whom. As the late Brazilian sociologist Octavio Ianni once famously stated, “Latin American elites do not behave as rulers, but as masters.” Thus, Latin America’s reformist democracies are torn between Alexis de Tocqueville’s warnings against majority rule becoming a tyranny upon minorities and the stubbornness and anachronism of domestic elites.

‘China’ in Latin America – The Economics of it All !

Over the past decade, the Peoples’ Republic of China has become an increasingly important economic partner for Latin America, which has seen Beijing’s considerably expanded physical footprint, across the region. However, this unmistakable trend must be qualified and placed in proper perspective. Even as trade and investment links between China and Latin America, burgeon, and though a source of new economic growth for either, it emanates from a very small base, and is nowhere towards displacing or supplanting the latter’s traditional partners, viz., the United States and Western Europe, who are and shall continue to occupy the profile and status of being vital trading partners of Latin America, for the foreseeable future. Besides, the growing mutual bonhomie between Beijing and capitals across Latin America, is as much conditioned by overarching global geo-political and strategic factors, as they are by the mutual potential and opportunities afforded by the bilateral relationship, alone. China has undergone one of the most remarkable trans-formations in history. While Latin America effectively stagnated, during the debt crisis of the 1980s and the dislocating effects of the Washington Consensus policies, through the 1990s, China rode the wave of three decades of sustained robust economic growth, recorded in the annualised range of 8-10 per cent, one, which has seen it emerge as the world's second largest economy and second largest global exporter, propelling close to 400 million of its citizenry out of poverty and ramping up infrastructure in unprecedented fashion. However, Beijing's rise and ascendancy, is only one part of a broader shift towards a world in which center of gravity has shifted East and South, as Emerging Economies acquire progressively greater economic heft. Latin American countries, with its rich endowment of a slew of strategic natural resources (oil, minerals and metals) and blighted by structural problems of poverty (close to 40 per cent still subsist on less than US$ 2 a day), unemployment, stunted infrastructure, etc, finds a feasible suitor in the PRC, at a time when dispensations in the region, avidly seek viable alternatives to the Washington Consensus framework of neo-liberal economic policies to development. Policymakers in Latin America need to view China's growing influence within the context of both current economic patterns and long-term global trends.

Over the past decade and more, mutual trade between China and Latin America has skyrocketed, almost wholly on account of China's voracious demand for new sources of strategic natural resources, which Latin America has in abundance, be they, oil, minerals and metals, to fuel its robustly growing economy, besides, the lucrative relatively untapped markets across a 600 million populace, beckoning, for Chinese companies and brands. Mutual trade swelled, in excess of 1200 per cent, between 2000 and 2010, the kind of accelerated growth, which has made Beijing the leading export destination for Brazil, Chile and Peru and the second most lucrative for Argentina, Costa Rica and Cuba respectively, having compelled the former to designate principals in the latter, such as Brazil, Mexico, Argentina and Venezuela, as its strategic partners in the region, emerging in the bargain, as the region's third largest trading partner. Nevertheless, mutual commercial interchange still, remains small, about a quarter of that of the United States, and is highly concentrated, in resource rich countries and sectors within the region. The fact of 83 per cent of the region's exports to China comprising minerals, metals and agricultural commodities (copper, iron-ore, oil and soya-beans), as juxtaposed against a meagre 5 per cent component of industrial and manufactured goods, is a case-in-point. This apart, close to 90 per cent of Latin American exports to Beijing, emanate from four countries alone, viz., Brazil, Chile, Argentina and Peru.

Although China's demand for commodities has fuelled economic growth in Latin America, anxieties and concerns have been expressed regarding the propensity for the region to be over dependant on natural resource exports to China, because of inherent volatility in commodity prices and reliance on low value added and less labour intensive exports. For instance, the spectre of 81 per cent of Chile's exports to China, comprising copper and copper-ore, a product which is susceptible to unpredictable price swings, is not a desirable orgy; the same predicament is also true for Argentina's soyabean industry, with 74 per cent of the South American country's exports, being destined for China alone. To mitigate the effects of changes in commodity prices, Chile and other resource countries have begun utilizing profits accruing from such exports towards welfare initiatives in education and job and skills training.

Notwithstanding, both China and Latin American countries have undertaken steps to improve market access for either in each other's marketplace. Chile was the first Latin American country to sign a Free Trade Agreement with Beijing back in 2006 and Peru and Costa Rica have followed suit, in 2010 and 2011, respectively. There is good empirical evidence to suggest that bilateral trade has spiked in the wake of setting-up these enabling framework pacts. Chinese brands in consumer appliances, telecommunications and automobile industries have been able to successfully compete in Latin American markets due to their cost competitiveness. However, concerns haven't been far behind, regarding Chinese business practices and their deleterious consequences on local industry and domestic sectors in Latin American countries, particularly clothing and textiles, where the Chinese glut of goods, has been seen to exterminate local producers, in countries like Mexico for instance.

Strong sustained Chinese economic growth has made it the world's fifth top investor country. According to the United

Nations Economic Commission for Latin America (ECLAC), China's foreign direct investment in Latin America reached US$ 15.3 billion in 2010 and US$ 22.7 billion in 2011, up from a much lower level in each of the previous nine years. Yet, this still leaves Beijing, as the third-largest external investor in the region, behind the United States and the Netherlands, and its share of investment trails the intraregional aggregate. Though operating from a relatively small base, Chinese investments in Latin America are growing exponentially, having touched US$ 15.3 billion in 2010 and US$ 22.7 billion in 2011, although again, they are nowhere close to displacing the United States, which is moreover, a key provider of remittances to Latin America, accounting, for as much as 75 per cent of the US$ 60 billion, the region received in 2010, besides being a critical source of foreign exchange, for multiple countries in the region.

Chinese Foreign Direct Investment (FDI) across Latin America, which ranks third behind the US and Netherlands, pursues three key objectives; resource acquisition, market access and efficiency seeking. However, here too, diversification of investments remains elusive, as ECLAC figures manifest, that a staggering 90 per cent of Beijing's deployment of capital is in the resource extractive industries and associated sectors. In 2010 alone, Beijing deployed in excess of 13 billion dollars in pursuance of oil and gas deals across Venezuela, Ecuador and Argentina. This apart, several Chinese companies bidding for strategic contracts in the region, have succeeded in securing such contracts, on account of their ability to source funding from Chinese banks. For instance, the ability of the Chinese firm SinoHidro, to be able to self-finance up to 85 per cent of investment of Coco Coda Sinclair hydroelectric plant through funding solicited from Chinese banks, enabled the company to bypass the local partner requirement and secure a 1.7 billion dollar loan deal from the Ecuadorean government. Although Chinese investment has led to improvement in infrastructure in Latin America, it falls short of local expectations, which would appreciate broad-basing of such investment, away from mining and agriculture, and towards other sectors, in pursuance of long term economic development. Besides resource acquisition investment, Chinese firms are also beginning to expand their operations in the region, through market access investment. For instance, Chery, a leading Chinese automobile manufacturer has invested in Latin America, establishing plants in Uruguay in 2007 and dealerships in Brazil in 2009 and 2010. Through these investments, Cherry has positioned itself to become a lead competitor in the world's fourth largest automobile market, Brazil. Similarly, Lenovo has invested US$ 40 million in Mexico to produce computers, primed for North and South American markets.

The implications of China's rise for Latin Americaare best understood, within a long-term, global framework. China's emergence is only one aspect, albeit a very important one, of the ways in which the rapid rise of emerging economies is reshaping the global economy and prospects for Latin America. Already, in purchasing power parity terms, four of the seven largest global economies—Brazil, Russia, India, and China, are developing countries. If estimates are to be believed, then Mexico will join the bandwagon of the Big Seven by 2030, by which time the US would remain the singular advanced country within the top seven largest economies. The rise of emerging economies other than China will create major opportunities for Latin American countries. Today, about 40 per cent of Latin America's exports go to other developing countries, including China; this figure will surge as developing countries' share of world exports will more than double, from 30 per cent in 2010 to 69 per cent in 2050. Moreover, the rise of regional powers Brazil and Mexico, and their burgeoning middle classes, could be a boon for other Latin American economies. In fact, Brazil already accounts for a quarter of intraregional exports.

The emergence of the developing world and weaknesses in advanced economies; the debt-crisis and an overarching economic sluggishness in the United States, the financial meltdown in the Eurozone, and the fiscal and demographic crisis in Japan, is already constructing a very different economic order, one in which huge new markets and new sources of competition will arise, and one in which power and influence are more widely distributed. China's rise and the broader shift of the world's economic center of gravity towards the East and the South, raise at least three sets of economic policy issues for Latin America to address: comparative advantage, priorities for economic diplomacy, and the region's role in the global system.

Contrary to the popular impression, Latin American commodity exporters cannot be sure that the rise of China and other relatively poor countries will sustain a commodity price boom forever; therefore, diversification of their economies remains a challenge.For nearly all commodities increased demand may well be eventually matched by increased investments in supply and technological innovation that reduces production costs and develops new substitutes—as has happened historically. As business conditions in Russia, Indonesia, Africa, and other natural resource exporters improve, moreover, so too will their capacity to export commodities. Finally, demand for commodities will eventually be held back by the natural shift to services and manufactures as incomes rise, as well as by innovations which reduce the wastage and intensity of commodity use. Latin American resource-based economies may sooner or later need to strengthen their capacity to produce manufactures and services, the demand for which will soar, as the middle class burgeons domestically and in other emerging markets. At present, nearly 90 per cent of Latin America's exports to China are in mining and agriculture. Although the region's terms of trade have improved, on average, by nearly 4 per cent annually between 2002 and 2010, compared to 0.5 per cent a year between 1995 and 2001, there is no guarantee that the recent favourable trend will persist indefinitely. Given the profound structural changes in global demand and supply implied by the rise of the emerging powers, and the uncertainties inherent in predicting commodity prices, Latin America's development strategy should be robust to a number of plausible scenarios. Examples of policies that could underlie such a strategy include investing in education, strengthening governance, improving the business climate, and enhancing the capacity to innovate.

Although the relative size of the U.S. economy is expected to decline over the coming decades, the United States is projected to remain an important destination for Latin America's exports even in 2050. Similarly, the importance of individual European economies, in terms of trade and investment, will decline over time; however, the European Union as a trading bloc is likely to be among the region's major partners. Thus, while Latin American countries will need to reorient their economic diplomacy towards emerging powers such as China, India, Russia, and Indonesia, including fostering trade and investment agreements, relationships with Europe and the United States will remain critical. And as Latin American economies become richer and more diversified, major opportunities are likely to arise for them to spur regional integration, especially as Brazil and Mexico are on their way to becoming two of the world's largest economies.

For their part, Latin American countries are becoming more influential on the world stage. Brazil and Mexico are already playing a prominent role in the G20, the new premier forum for global economic decision-making, of which Argentina is also a member. But as their economic power continues to grow, they will have to assume greater responsibility in shaping and contributing to the international system. These countries need to define their own vision of how the global trading system, financial regulation, migration policies, development assistance, and efforts to mitigate climate change should evolve. Countries such as Brazil (as well as China and India) sometimes present themselves as leaders of the developing world and voices of the poor, in contrast to advanced countries. However, as developing economies become the largest and most powerful, they will be forced to seek allies among the like-minded, be they rich or poor, if they are to pursue their interests effectively.

Latin America has traditionally been regarded as a backyard of the United States, a perception which dates back to the unveiling and proclamation of the Monroe Doctrine of 1823 and which subsequently got reinforced, through centuries long pervasive clout of Washington, over the politics and society of the region. During the bipolar Cold War, the US stood accused of propping up multiple dictatorships and authoritarian regimes, upending democratic dispensations in the process, as also of imposing controversial neo-liberal economic reforms on an economic space ill-equipped to absorb the same. The US remains Latin America's biggest military and economic partner, dominant by a long shot. American soft power, though impugned in many quarters in recent years, nevertheless, still operates in the region, in myriad ways and exerts an influence on social consciousness. Beijing has no illusions about real American power in the region; neither does the former evince any interest in military confrontation with

Washington in Latin America. Beijing's emphasis is on subtle containment of Washington through cultivation of multifaceted engagements with multiple Latin American countries and basing these relationships on underpinning slogans of South-South Cooperation, Democratization and Multilateralism of the World Order, etc.

The ideological kinship often talked about between a Communist PRC and Leftist or Left-leaning leaders in multiple Latin American countries, is a convenient foil to construct such relationships, and does not point to any kind of dogmatic brethrenship. As for Latin America, it perceives a political dividend in engaging Beijing too, given its trenchant desire to break out of the mould of the US and Western Europe and diversify its international diplomacy by building enduring partnerships in the dynamic and economically vibrant Asia Pacific, be it with China, Japan, South Korea and India, among others. However, pragmatic remains the underpinning for all protagonists concerned – Washington remains sentient of increasing Chinese political and economic presence in the region, however, is not unduly perturbed, given its inveterate standing; Beijing is aware of the formidable domineering presence of Washington and prefers subtle measures at curtailment of American strategic influence; and Latin America finds it convenient to play one against the other and accrue optimum from the relationships. Venezuela's Hugo Chavez for instance, makes a big song and dance of his affinities with Beijing to leverage his anti-American rhetorical crusade, yet,is pragmatic enough, not to endanger his oil supplies to Washington, even as he courts Beijing and other capitals, to diversify his global hydrocarbons exports.

Petro-Politics and the Changing Power Relations in Latin America

There are many tensions among countries in the region, when it comes to energy sources and the energy market. The push of the United States for energy independence, and the pull of Latin American sensitivity and resistance, make for a problematic mix; yet, despite their differences, Venezuela has continued to abidingly supply the United States with some 15 per cent of its oil imports, while Caribbean nations have benefited considerably, from Caracas's munificent policy of supplying them with Oil, at concessional prices. But there are also differences among Latin American, and especially South American countries, on how best to deal with energy supply and demand. Chile, one of the fastest-growing and most dynamic economies in the region, does not possess any oil and /or gas supplies to speak of, while its neighbours have plentiful of gas. Even then, Bolivia refuses to sell gas to Chile and there are signs that Peru might follow suit and Argentina, running out of gas supplies for its own burgeoning domestic demand, is violating existing contracts with Chile and cutting-off its supplies.

On the other hand, Brazil's recent discovery of major offshore oilfields, with the potential for launching that country as a major oil producer, has come to underscore the irony of a region, which could be self-sufficient in energy, but cannot get-its-act-together, so-to-speak, in fruitfully harnessing its endowments, with the consequent opportunity costs for all involved. Brazil, in any event, is very much at the vanguard on this particular issue, with a publicly owned but publicly traded company, PETROBRAS, that is well managed and able to generate the capital it needs, for prospecting and investment in new fields. In stark contrast, the Mexican oil company PEMEX, hampered by bureaucratic controls and the financial needs of the Mexican government, which gets some 40 per cent of its revenues from PEMEX, has little wiggle-room, for allocating a larger share of its funds, towards further exploration in the Gulf of Mexico. In a testament to the foresight of its energy policies, Brazil is also at the forefront, in terms of alternative energy sources, with its development of biofuels and sugar-based ethanol (a much more efficient source of fuel than the corn-based one used in the United States), in a pioneering programme that started in the early 1980s and is now flourishing, given Brazil's seemingly limitless amount of arable land for such crops.

Energy, in many ways, has come to constitute a key driver of the contemporary international agenda, with the wherewithal to alter the distribution of power; away from the transnational corporations, which had many more trump cards in their hands when the main driver of this agenda was globalisation per se, towards the nation-state, whose demise has been heralded so often, but which stubbornly refuses to exit the stage. As energy sources, by definition, are to be found in particular territories, in comparison to the regular production of goods and services, which can be easily shifted from one country to another, they are bound to fall more easily under the control of sovereign states. Yet, in the past, oil and gas companies tended to develop as enclaves, giving fewer benefits to the populations of the countries in which they operated, thus generating considerable ill-will. It is no coincidence then, that perhaps the three most militant left-nationalist governments in South America today – those of Venezuela under Hugo Chavez, Bolivia under Evo Morales and Ecuador under Rafael Correa – are to be found, spearheading oil and gas rich states, which have made the recovery of those resources and the channelling of the benefits to be derived from them to their populations, a cornerstone priority. The so-called 'Resource-Nationalism', is not a random phenomenon; it emerges from specific conditions that allow it to mature and develop. In South America, it is the Andean nations that have had particular difficulty in adapting to the demands of a rapidly changing world economy; not surprisingly, now that demand for some of the commodities with which they are richly endowed is picking up, they quite legitimately want to make the most of it.

It may be said, that Latin America is passing through a period of shifting alliances, the creation of new strategic networks and the modification of existing cooperation structures. This process reflects changing economic and power resources as well as the election of politicians with new visions on economic and foreign policy. The story starts with the election of Hugo Chávez in Venezuela at the end of the 1990s. At the beginning of his Presidency, the idea of a Latin American Bolivarian movement seemed to be quite farfetched, and in any case, more rhetoric than real politics. During his second term however, buffeted with augmented oil revenues spurred on by surging commodity prices through the first decade of the new century, and a phalanx of 'Leftist' governments, in Bolivia, Ecuador and Nicaragua, his international ambitions as well as profile in the region, metastasized. The sobering news for him however, is that growth rates in Latin American economies are moderating in the range of 4-5 per cent, even though they showed remarkable resilience in staving-off the pernicious implications of the western economic and financial crisis, particularly in the Eurozone. The promising flip side is that income distribution in Latin America is improving very modestly and poverty rates, though high, are showing definitive signs of modulating.

As the developments of recent years have demonstrated, Energy has become one of the key currencies in Latin America politics. To paraphrase Chilean political scientist Genaro Arriagada's succinct analysis, on Latin American Petro-Politics; "Potential confrontations over oil and gas supplies and transportation networks have become geopolitical flash points. … As new reserves are discovered and old ones exhausted, the balance of power among states evolves." This explains why gas-rich Bolivia, long regarded as just the poorest kid on the block and eternally dependent on foreign aid, is now a more important actor in Latin American politics, than in the past. Generically speaking, oil exports and accruing revenues are the favoured instruments, of Venezuelan foreign policy. This impelled an emboldened Venezuela, to spring a surprise on peer South American countries, with the proposal to create, together with Bolivia and Argentina as partners, a regional 'Gas Producers' OPEC', to be called Organización de PaísesProductores y Exportadores de Gas de Suramérica (OPPEGASUR). At the same time, Mexico is suffering from the decline of its oil reserves. This makes it more difficult to compete with Venezuela in Central America and the Caribbean. Brazil,for its part, is playing the card of bio-diesel and ethanol, to counter Venezuelan influence in Latin America. Brazil, but also Argentina and Chile, are increasingly considering the option of nuclear energy to secure their energy supply and to reduce the dependency from energy imports (including from the Latin American neighbour countries). In the medium term, these developments could also bring back the issue of nuclear proliferation back on the political agenda in Latin America.

On the one hand, energy is a dividing element and a power resource in Latin American politics. In a survey last year, three quarters of Latin Americans polled, were anxious that the competition for energy resources could result in more conflicts and could even spark wars between countries. On the other hand, energy resources constitute an important inducement for economic cooperation, in a region, where other economic links are often not cogent enough to provide sufficient dynamism for economic integration projects. The first South American Energy Summit (held within the framework of the South American Community of Nations) on the Venezuelan island of Margarita during April 2007, constitutes a good illustration of both of the above mentioned tendencies. At the Summit, all South American Presidents participated, with the exception of Peru, Surinam and Uruguay, who were represented by their Foreign Ministers or Vice-Presidents. Among the issues discussed, was the production of ethanol fuel in the region, over which the countries have differing views. It was agreed, that a new South American Energy Council (SAEC), headed by the energy ministers of the 12 countries, would be created to co-ordinate energy policy, while the prospect of a future South American Energy Treaty (SAET) was also raised.

Before the Summit, Chávez and Fidel Castro had criticised the joint initiative of Brazil and the United States, to promote the production and use of ethanol and other bio-fuels, in Latin America and the Caribbean.While Chávez's criticism focused on the danger that the production of bio-fuels (especially from corn), could increase the prizes of foodstuff for the poor; an apprehension shared in some quarters, his real target seems to have been Brazil's strategy to utilize ethanol as an instrument to counter Venezuelan petro-politics and to find common ground with the US, on this score. Eventually, however, the Venezuelan government had to retract, because bio-fuels are an attractive alternative for many Latin American countries – especially those without petroleum or natural gas reserves. So the final Declaration of the Energy Summit included both, the announcement of a more intense cooperation in the petroleum sector as well as the promotion of renewable energies and bio-fuels. The members created a South American Energy Council, integrated by the Ministers of Energy of each country, which was to develop a common strategy and action plan, even as the prospect of a future South American Energy Treaty (SAET) was also raised.

Latin America in the Global Space

It isn't lost on anyone to recall the fact that Latin America has traditionally been regarded as a backwater of sorts in geopolitical terms. Often ignored or overlooked, on account of its seemingly detached geographical coordinates, straddling two expansive ocean-bodies, it has endured anything and everything from rank indifference to benign neglect. So much so that despite recording promising growth numbers across the region during the first decade of the 21st century, at a time when Western OECD economies have been either sluggish or ailing, disparaging characterisations of Latin America being the 'Lost Continent' or a 'Loser of Globalisation', have been ubiquitous.Latin America has undergone radical political, economic and social changes during the last two decades. The region is no longer the stereotype of either populism or economic mismanagement, much less for conventional understanding of being a region in democracy-deficit or marked by stunted economic growth and social lacerations.

As the world's center of gravity moves east and south and as emerging economies and their multinationals take the lead, global corporations can no longer overlook Latin America, or do so at their own peril. It is indeed possible to articulate a more beneficent view with regard to Latin American development in the last years and the role of Latin America in international politics. Changes in international trade and politics have engendered and procreated, new foreign policy options for Latin America, within the international system. Latin America as a region is riding the crest of the current cycle in the global economy and a flourishing demand for natural resources and agricultural raw-materials, fuelling growth in emerging Asian economies. From the region's standpoint, this immutable reality has fostered and facilitated the supplementing of the traditional 'Atlantic-Triangle' (LA-EU-US) with a 'Pacific Triangle' (LA-ASIA-US), beholding manifold diplomatic options for the protagonists and principals within the region. While the FTAA Project some would say is dead-in-the-water, the region has been courted into mutually beneficial Free Trade Agreements and associated arrangements at a bilateral level with the hegemon to the north, the United States, reinvigorating the Western Hemispheric economic and commercial relationship. Notwithstanding Latin America's significant oil exports to the US, it's the emergence of Brazil as a pioneering powerhouse in both hydrocarbons and non-conventional sources such as bio-diesels and ethanol, which has Washington forging a new strategic alliance with this South American regional power, a cornerstone brick within BRICS.

At a time when South-South cooperation is being kindled, of course, with some hold-overs from the past, some Latin American countries have re-invoked Third World solidarity, which has seen the foray of states like Iran into the Western Hemisphere, creating new challenges for American hegemony in the region. The international financial institutions lost influence in Latin America. The high oil and allied commodity prices have emboldened the likes of Chávez in Venezuela to become oblivious and impervious to external financial pressures, with the Argentine government even managing to clear its debt with the IMF. Similarly, Bolivia and Ecuador, two of the poorest countries of the subcontinent, have been able to challenge the Washington-based IFI's, in a way, that in the 1980s would have been inconceivable and termed suicidal. Brazil, as the region's heavyweight has assumed and is disposing a global role in promoting the cause of emerging economies, whether in regard to democratisation and multilateralism in international decision-making and global governance, or in advancing and articulating the concerns and interests of the developing comity of nations, through participation in plural forums like the G-20, BRICS, IBSA, BASIC and the G-04, etc. After more than a decade of waning influence Russia is staging a comeback in Latin America and has become one of the major suppliers of weapons to the region, through Bolivarian partners in the region. In sum, Latin America seems to be a kind of Cinderella in the process of conversion from neglect to appreciation. And there is more than one prince courting the bride.

But the changing international environment influences Latin American countries in different ways. As external developments interact with endogenous processes, Latin America has becomemore heterogeneous and politically more fragmented. The continent speaks with many voices which more often than not are rather dissonant. It has become unclear, who is speaking authoritatively on behalf of Latin America and who are the appropriate interlocutors in Latin America for outside actors. Both, the new international insertion as well as the internal divisions have implications for Europe’s foreign policy towards Latin America.

But it would also be a mistake to argue that the region has entered a smooth path towards development. Many problems remain, including social tensions, imperfect political systems and structural constrains on economic growth. In addition, Latin America is perhaps the only region of the world where an ideological race is alive. Alternative development models are still competing in a way that is somewhat reminiscent of the Cold War, including its corollary of an arms race. While some countries are committed to market orthodoxy and responsible social policies, others proclaim a new form of socialism. In this latter group, anti-market policies and populism have become effective political strategies, especially when combined with swelling revenues from commodity exports. But the region shares more than just a common culture. A combination of factors, of which culture is probably the least important, resulted in Latin America's "development problem", which is essentially the combination of low economic growth and high inequality.

However, low growth is not the only problem. Of the fifteen most unequal countries in the world, as many as ten belong to Latin America. Compared to Latin America, the average income Gini is eight points lower in Asia, 18 in Eastern Europe and Central Asia and 20 in the developed countries. More relevant, the level of inequality in Latin America is higher than predicted by its GDP per capita: the Gini coefficient is around 10 points higher in Latin America than in the rest of the world, after accounting for per capita GDP. There is wide debate on when the region became so unequal. Some authors, such as Jeffrey Williamson of Harvard University, believe that inequality in Latin America was not higher than in other parts of the world from the post-conquest decades following 1492 to the mid-19th century. Here again the 19th century appears to be culprit, especially the first decades after independence. This fact is often ignored in the bicentennial celebrations currently taking place throughout the continent. Two centuries of entrenched inequality suggest that change will be slow and not necessarily easy.

Another feature that is particularly relevant and not independent from the previous discussion is Latin America's high dependence on commodities. As stated in a forthcoming

World Bank publication, "the mural of the economic history of Latin America and the Caribbean has been painted in the colors of its commodities." From the gold and silver that attracted the conquistadores, to the sugar and coffee plantations, copper and coal mines, to the "black gold," commodities have defined the fortunes of the region and will continue to do so in the foreseeable future. Whether this is part-effect, part-cause of the development problem continues to be debated, but the profession is gradually leaning towards the view that natural resources may indeed have a positive impact on growth, when properly managed. There is little doubt that commodities have been more a blessing than a curse in the last decade, which explains much of the favourable recent economic performance in the region.

The dependence on commodities explains why Latin America is highly influenced by events in China. In fact, the correlation between export prices in Latin America and industrial production in China is close to 60 per cent. The greater dependence on China has some risks, not only because the Chinese economy can overheat, but also because Latin American governments are losing degrees of freedom in their interaction with China. Recent threats by China to end its imports of Argentinean soy oil in response to anti-dumping measures adopted by Buenos Aires give a sense of the problems that lie ahead. Also, Latin American governments are becoming increasingly aware that the appreciation of their domestic currencies vis-à-vis the US dollar is a serious problem mainly because China's currency does not appreciate.

One final commonality, impacting Latin America, is the fact that the political systems have become more open and pluralistic. During the last two decades most countries reformed their constitutions to increase political participation and representation, including Chile and Brazil (1989); Colombia (1991); Paraguay (1992); Peru (1993); Argentina, Guatemala and Nicaragua (1994); Venezuela (1999); Ecuador (2008); and Bolivia (2009). Although the effects of these reforms on institutional performance have been varied, social policies and social expenditures have gained preponderance across the region. There have been successes, such as increased in enrolment rates in primary and secondary schools, but many problems remain such as low educational quality and low enrolment rates in pre-primary and tertiary education, especially for the poor. On the positive note, a large number of Latin American countries have implemented social interventions through programs based on conditional cash transfers (CCTs), which have become a model for the rest of theworld. The existing evaluations suggest that these programs, however small, are effective ways of redistributing income to low-income households, while at the same time providing the incentives for investing in human capital.

To conclude, Latin America is rapidly becoming an attractive investment destination. Households, firms and governments are not excessively leveraged, explaining the very limitedcontagion in the aftermath of the Lehman debacle. The same applies to recent events in Europe, which until now have not had a significant impact on spreads on Latin American sovereign and corporate bonds. This suggests that the region is now perceived as a better asset class than a decade ago. However, countries in the region will follow divergent economic growth paths in the next few years. Some countries will consolidate growth with equity while others are heading to economic disaster, repeating a cycle of short-lived economic expansions followed by protracted contractions that is well known to Latin America.

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