ISSN(Online): 2319-8753
ISSN (Print) : 2347-6710

International Journal of Innovative Research in Science, Engineering and Technology

(A High Impact Factor, Monthly, Peer Reviewed Journal)

Visit: www.ijirset.com

Vol. 6, Issue 7, July 2017

The Advent of Globalisation: Footprints in Latin America

⁎Dr. Aprajita Kashyap

Assistant Professor, CCUS & LAS, School of International Studies, JNU, India

ABSTRACT: Globalisation has reduced degrees of freedom for developing nation states to protect or preserve their democracies. These states in the economic sphere do not have the wherewithal that is so crucial to have a claim over their own resources. The resources are the only sector that give these countries a comparative advantage to assert their position in which they are latecomers in terms of economic development. Indeed, their rights, space for autonomy to formulate policies are significantly diminished even in the social and cultural spheres. This is due to unfair rules of the game and economic backwardness that has alsoaccentuated social exclusion. The result is a world comprising of unequal economic society of immigrant groups, minority communities or ethnic groups. For pursuit of national objectives, often the international factors become the determinants. In terms of outcomes of globalisation, positive or negative, Latin America and Caribbean countries are no exceptions. For Latin America the 1980s were dubbed as "lost decade" characterised by volatile economic indicators that were marked by excessive reliance on export of primary productsand monoculture economies. The nascent fragile democracies in Latin America and the Caribbean during the 1990s witnessed a distinct improvement in terms of economic indicators, and some scholars opine that this was perhaps even better than the 1970s. At least17 countries were able to raise their average annual growth rate in the 1990s (average per capita income growth was close to 1.5 percent per annum in the 1990s); 24 countries showed an overall reduction in the volatility of their growth performance; and nearly 13 countries achieved higher and stable growth(Eduardo 2004). The most prominent cause of the debacle, the inflation, was tamed and went down to single digit levels after decades of having hovered around double or even triple digit. There was substantial growth in export of manufacturing products and capital inflows due to in-roads made by MNCs making the balance of payments positive.Poverty levels significantly declined in the 1990s despite the fact that 36 percent of the Latin American population still remained poor. (Eduardo 2004).Commensurate with the bettereconomic performance, social progresswas witnessed resulting in substantial improvement in the United Nations Development Programme's Human Development Index.

For Latin America globalization, driven by market forces, enabled technical progress which was responsible for dismantling of geographical barriers of distance. The widespread access through communication technology has enabled social movements to mobilise public opinion and, therefore, has broadened and strengthened political democracy. Public mobilization became very effective in dislodging the authoritarian regimes. The empowerment of citizens through information and communication technological advances created space for political dissent by the Latin American population. The neoliberal policies despite all their disadvantages and criticisms, managed to bail out Latin American economies from deep indebtedness The changes in the culture of Latin American polities have been not in terms of the more obvious cultural manifestations of clothes or music, but in relation to a new cultural understanding promoted by the spread of neo-liberalism. At the level of "common sense" understandings and perceptions that deep changes occur in particular the activities of groups within civil society, showing how social movements have developed and adapted to the exigencies of globalizing liberalism (Taylor 1999:271).

Latin America gains from globalisation

The outcomes of Latin America being part of the process of globalisation is a subject that has resonated widely in the academia.There have been deliberationsamongst economists attributing globalisation to have put the region on track of rapid growth and social development. There are still others who attribute the prudent governmental policies for the

ISSN(Online): 2319-8753
ISSN (Print) : 2347-6710

International Journal of Innovative Research in Science, Engineering and Technology

(A High Impact Factor, Monthly, Peer Reviewed Journal)

Visit: www.ijirset.com

Vol. 6, Issue 7, July 2017

emergence from the cesspool of economic debacle.During the late 1980s and early 1990s an increasing number of Latin American countries embarked upon market-oriented reforms under 'Washington Consensus' that emphasised on efforts to reduce fiscal imbalances and inflation, open the economy to international trade, deregulate investment and business sector, develop domestic capital markets and privatize the unwieldy State-owned enterprises(Corden 1989b). In addition, there was an effort to reallocate public expendituresthrough welfare schemes(like *Bolsafamilia and fome zero programmes* in Brazil) aimed towards the poorest segments of society. (Williamson 1990).[1]

In contrast with the Alliance for Progress, the Washington Consensus was not an officially sanctioned economic program.[2] It was rather a collection of loosely articulated ideas aimed at modernizing, deregulating and reforming the Latin American economies. The Washington institutions – the U.S. Treasury, the World Bank and the International Monetary Fund – had little to do with the launching of these market-oriented reforms. Clearly, these reforms were not imposed or forced upon the Latin American governments but were rather home-grown and Latin America's own response to economic crisis. In fact, the Washington institutions were sceptical – and in some cases openly opposed – to some of the reform proposals.

Strikingly, the question that evokes curiosity is not the genesis of the reform ideasbut why virtually entire Latin American nations, with the exception of Cuba, embarked upon this reform effort (Edwards 1995).Perhaps, it was thought that once the Latin American economies got rid of decades-old protectionist practices, their inefficient local industries would be forced to compete internationally and consequently productivity would increase, so would exports and growth rate.

In the 1950s and 1960s, isolation was the rule in Latin America; now openness and connectedness became the order of the day. A quantum shift in overall productivity was possible as producers previously shut out of international markets were exposed to and even went all out to seize new opportunities. Advent of globalisation brought in new technologies that enabled large volume of information at lower transactional costs, removal of barriers to entry of goods and services, increased competitiveness and raised investments through borrowing and institutional investment viz., FDIs.Especially, the new technologies could have the capability of changing the face of commerce by increasing virtual interface for interaction and influx of capital and labour. Geography no longer remained an insurmountable barrier to the movement of people and goods. It was now possible for work to be brought to the workers and each time they did not need to migrate in search of work.

In essence, the Latin American experience during the 2000s provides a dialectical relationship between globalization and democracy. Most countries embraced globalization starting around 1980, some like Chile did it with enthusiasm, while others like Argentina or Brazil did it under pressure from IMF or World Bank or other lending agencies. The outcome was the 'lost decade' and even with re-democratisation and efforts towards economic corrections, the 1990s witnessed a slow recovery. In the perception of the people, the lost decade was a consequence of the forces of globalization.

Latin America's contribution to the World

The world has gained from the ideas, resources and culture from Latin America and the Caribbean. Liberation theology, a synthesis of Christian theology and Marxist socio-economic analyses that emphasizes social concern for the poor and the political liberation for oppressed peoples gained prominence during the 1950s and the 1960s. It was the political praxis of Latin American theologians, such as Gustavo Gutiérrez of Peru, Leonardo Boff of Brazil, Juan Luis Segundo of Uruguay, and Jon Sobrino of Spain, who popularized the phrase "Preferential option for the poor." Majority

[1]*Bolsa familia* one of the most popular cash-transfer schemes in Latin America started in 2003.*Fome zero* was another programme initiated by Lula in 2003 to eradicate hunger and extreme poverty.

[2]Alliance for Progress, established by the United States and 22 Latin American countries in the Charter of Punta del Este (Uruguay) in August 1961, centred on the maintenance of democratic government and the achievement of economic and social development, agrarian reform, improvement of health and welfare, stabilization of export prices, and domestic price stability. The program was dissolved in 1973 by the Organization of American States.

ISSN(Online): 2319-8753
ISSN (Print) : 2347-6710

International Journal of Innovative Research in Science, Engineering and Technology

(A High Impact Factor, Monthly, Peer Reviewed Journal)

Visit: www.ijirset.com

Vol. 6, Issue 7, July 2017

of the rum is produced in Caribbean. Brazil's gasohol or bio-diesel invention has become the main driver of the quest for renewable sources of energy. Chocolate also has its origin in Latin America. When Cortes met with Montezuma, the Emperor of the Aztec Empire in 1519, he was presented a drink '*xocoatl*' (bitter water) that was a spicy blend of chillies, vanilla and ground cacao beans, was called. Cortes soon learned that the cocoa bean was a valued means of currency, its pods utilized to purchase a variety of goods. When Cortes returned to Spain, his ships were heavily laden with gold and silver but also, amongst the cargo was the cocoa bean. Once this magical bean made its way to Europe, its evolution included the addition of sugar which led, ultimately to the creation of, what we now call today, chocolate.

British fast food restaurants and grocery chains, including Tesco, Morrisons and McDonald's, buy their chicken from Cargill, which feeds its poultry with imported soy, much of it apparently coming from the Bolivian Amazon and Brazilian Cerrado.Brazil is the biggest producer of soy consumed in the United Kingdom marketed by Cargill. Although soy is commonly associated with milk and meat substitutes, in Britain the vast majority is fed to animals, making up to one-fourthof British chicken feed. Mexican food, Caribbean music(calypso and chutney) and dance(samba, salsa), the exotic beaches of the Caribbean Islands are among the other popular gifts to the world.

Whither Globalisation

The "dawn of political democracy" in Latin America coincided with the advent of the so-called era of economic globalisation(Narayanan 2004:172). Several of the empirical studies suggested that there exists direct positive relationship between economic globalisation and political democracy. One such celebrated study based on an analysis of 100 sample countries including the countries of Latin America argued: "One way to view the findings is that political freedom emerges as a sort of a luxury good and if economic freedom were to be established... then growth would be encouraged and the country would tend eventually to become more democratic on its own" (Narayanan 2004: 173). Yet other studies supporting this view suggest that globalised economic institutions, that comprise of the multinational corporations, tend to ensure that certain democratic conditions exist before they are willingly inclined to invest their capital and technology thereby seeking such pre-conditions as a democratic system (Narayanan 2004: 173). The human rights violations have been witnessed in sweat-shops subsidiaries of transnational corporations located in Mexico, Central America and the Caribbean that employ*maquiladora* labour. Critical human rights questions such as the right to health, working conditions and gender discrimination have been raised (Narayanan 2004). The indiscriminate exploitation of mineral and other resources that are mired in forced migration and displacement of the indigenous people in the Andean and Amazon regions is another sector that has been subject to the negative impacts of the process of globalisation.

If Latin America and the Caribbean have failed to grasp these new opportunities, then the region would face a future of low productivity and this would ultimately lead to their lagging behind the highly developed economies because there are two sides to every modernisation and development. Rather than going gung-ho over the benefits that accrued out of adoption of globalisation, words of caution were being dished out by agencies, importantly ECLAC. Moreover, greater international capital mobility has increased the vulnerability of relatively small, open economies to shocks caused by deficient domestic policy or factors beyond their control. For instance, integrated capital markets are prone to higher exchange rate volatility. Moreover, countries face structural changes and transformations that carry substantial costs and dislocationssuch as unemployment in certain sectors that must be accounted for and mitigated by the policymakers. The political difficulties and the political will required to move this process forward several countries in the region are evident by the demonstration of mixed results in coping with the short-term costs of adjustment.

Latin American governments have had little option but to embrace the structural adjustment demanded by globalizing, neo-liberal economics, and the advent of NGOs has allowed them to accommodate pressures from the grassroots society. This stability is not an insubstantial benefit given the fragility of many such democracies. Consolidating the new democracies has been guided by a liberal (and often neo-liberal) blueprint that, again brings back memories of colonisation (Taylor 1999: 294). Neo-liberal globalization in Latin America often find acceptance or rejection with the ordinary people who receive, adapt, remold and accommodate new ideas from above. In the process, there is an impact

ISSN(Online): 2319-8753
ISSN (Print) : 2347-6710

International Journal of Innovative Research in Science, Engineering and Technology

(A High Impact Factor, Monthly, Peer Reviewed Journal)

Visit: www.ijirset.com

Vol. 6, Issue 7, July 2017

on the indigenous political. The essence of the argument is that in globalisation the Latin American civil society has had a far proactive role than simply being the recipient of ideas in economy, education or in democracy.

Consequently, the big question is whether Latin America and the Caribbean can harness the new opportunities made available by the onset of globalisation, and simultaneously safeguard their economy, society and culture against the onslaught by the forces of modernization and westernization.Undoubtedly, if the countries implement appropriate and sustainable macroeconomic policiescomplemented by social measures, the process of globalization would work in state's favour. As far as the society is concerned, effective and well-targeted social safety nets can provide safeguards against excessive social costs and, additionally, would help spread the net benefits of globalization, thereby ushering in social equity.

Clearly, the structural reforms and stabilisation programmes were not imposed upon the Latin American governments, they were rather largely home-grownand were Latin America's own response to the 'lost decade'. At the end of the road, however, the question is not the genesis of the reform ideas, but why did so many counties – virtually all of the Latin American nations, with the exception of Cuba – embarked on this reform effort. Trade reform and freer trade were at the heart of the Washington Consensus reforms. It was thought that once the Latin American economies got rid of decades-old protectionist practices, their inefficient local industries would be forced to compete internationally. As a result of competition, productivity would increase, exports would expand, and faster growth would follow in short order.

The dampener to the votaries of adoption of globalisation is that current economic growth rates are still not enough to achieve social goals. Equity that holds the key to ensuring sustainable growth is still lacking. The region has not been witnessed to be harnessing the full benefits of the "new globalised economy"(Samir 2014).

Analysing globalisation's impacts on Latin America

All of the sudden it appeared as if, after the 'lost decade', the Latin American economies were ready to take off. Many countries – including the three largest ones, Argentina, Brazil and Mexico – had adopted rigid exchange rate regimes, and had allowed their currencies to strengthen significantly (Williamson 1990). While adopting modernization reforms, the pace at which the different countries proceeded varied. While Argentina, Brazil, Mexico and Chile made sizeable gains, the vast majority of countries like Bolivia, Peru, Uruguay, Paraguay and Colombia made progress in fewer areas: fiscal deficits were reduced; tax reforms were implemented; import quotas were relaxed and import tariffs were lowered; and state-owned enterprises were privatized.

Latin America has been affected negatively by globalisation because its governments will do most anything to raise the standard of living (not to mention their own GDP's). What most scholars such as Bouvier (2002) and her contemporaries discovered is that globalisation was not as malignant as its detractors claimed, rather, Latin America is not ready to incorporate financially or culturally.Though it has the potential to benefit Latin America, globalisation is still a concept designed by those in power to exert a level of financial control that would erstwhile be unacceptable and deemed as a form of imperialism.

In the entire process of ushering in globalisation, what is desirable is the creation of strong and modern institutions that would encourage the rule of law, protect property rights and reduce the extent of corruption which plagues most LAC countries.Firstly,they need to foster good governance and transparency in economic policymaking. Secondly, countries must continually modernize their regulatory framework since information technologies pose new challenges for national regulators. Thirdly, the demands of a knowledge-based economy make it essential to invest heavily in education. Great strides have been made in the region on increasing coverage in primary schooling, now the policymakers need to focus on improving the quality of higher education.Fourthly, they need to establish a reliable, cost-efficient infrastructure especially in the areas of power, telecommunications, banking, and transport. The effort should be to ensure private sector participation that may lead to benefits for consumers and increasing competitiveness.

ISSN(Online): 2319-8753
ISSN (Print) : 2347-6710

International Journal of Innovative Research in Science, Engineering and Technology

(A High Impact Factor, Monthly, Peer Reviewed Journal)

Visit: www.ijirset.com

Vol. 6, Issue 7, July 2017

Finally, there needs to be contingency mechanisms to cushion economies against the adverse effects of fluctuations in the international economic environment to avoid any crisis like situation. To safeguard against shocks, stabilization funds should be contemplated to smoothen price fluctuations for commodity exporters.

References

1. Andrés Solimano(2004),"Globalization, History and International Migration: A View from Latin America",*Working Paper No. 37*.
2. Bouvier, Virginia Marie (2002),*The Globalization of U.S.-Latin American Relations: Democracy, Intervention and Human Rights*, Westport, Connecticut: Greenwood Publishing Group.
3. Corden, M.(1989),*Debt Relief and Adjustment Incentives. In J.A. Frenkel et al., (eds.), Analytical Issues in Debt*, Washington, D.C.: International Monetary Fund.
4. Czaika, Mathias and Hein de Haas (2014), "The Globalization of Migration: Has the World Become More Migratory?"*International Migration Review*, 48(2):283-323.
5. Eduardo, Aninat (2004), Latin America and the Challenges of Globalization *Reforma*: IMF.
6. Edwards, Sebastian (1995),*Crisis and Reform in Latin America: From Despair to Hope*,Oxford: Oxford University Press.
7. Edwards, Sebastian(2008), "Globalization, Growth and Crises: The View from Latin America", *NBER Working Paper* No. 14034.
8. Harris, R. L. (2002), "Introduction: Globalization and Globalism in Latin America: Contending Perspectives. *Latin American Perspectives*, *29*(6):5–23. http://www.jstor.org/stable/3184993
9. Narayanan, R. (2004), " Process of Economic Globalisation and Protection of Human Rights in Latin America",*India Quarterly*, *60*(1/2): 171–191. http://www.jstor.org/stable/45069683
10. Nayyar, D. (2015, "Globalisation and Democracy", *Economic and Political Weekly*, 50(19): 47–54. http://www.jstor.org/stable/24482257
11. Paul, Lamy and Armony,Victor(1999), "Latin American Culture and the Challenge of Globalization"CIENCIA ergo-sum, 6(3): 243-252
12. Samir,Amin,(2014)https://monthlyreview.org/2014/12/01/latin-america-confronts-the-challenge-of-globalization/ accessed on 22 February 2017
13. Taylor, L. (1999),"Globalization and Civil Society—Continuities, Ambiguities, and Realities in Latin America',*Indiana Journal of Global Legal Studies*, *7*(1), 269–295. http://www.jstor.org/stable/20644727
14. Williamson, J.(1990),*Latin American Adjustment: How Much has Happened?*, California: Institute of International Economics.