

# Latin america transformed

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This work focuses on four different areas for understanding the dynamics of Center America and the Caribbean. The first is the comparative evaluation of development policies in the region prior to neoliberalism. The second involves analytical work that combines the nature of the neoliberal model applied in the Caribbean and Central America. The third is the study of the role of migration and trading blocks in contemporary Caribbean and Central American development. The fourth considers the Cuban exception as a socialist state in a capitalist sea.

The republics of Central America and the Caribbean share many historical characteristics. All of these countries formed part of the Spanish colonial system for three centuries or more. However, both regions have inherited highly unequal distributions of agricultural land (Gwynne & Kay 104). Although the countries spun out of the Spanish colonial orbit at different times and in different contexts, Spanish colonialism established important elements of coherence that helped lay the foundations for the challenges of nation-state construction after independence. Furthermore, Central America and the Caribbean have shared, since the late nineteenth century, the strong political, social, and economic influence of the United States and the development of agro-export economies.

Either through the direct creation of classic enclave economies (mining, sugar, timber, bananas, and so on); the development of export infrastructures; or the less visible participation in the production and marketing of other products, such as coffee, cattle, or food, foreign - especially U. S., German, and English - entrepreneurs helped connect the region firmly to the North Atlantic economy.

Beginning at the end of the nineteenth century, national elites struggled to channel and contain social and political movements in order to promote the kind of order and progress they and foreign investors depended upon and also to construct memories, histories, and images of nations that were functional to their political and economic projects and their dreams of national power and stability. At the same time, foreign political and economic control and their own internal weaknesses and contradictions led them to seek, at least rhetorically, national unity and independence and to make strategic concessions to popular classes in an attempt to form nationalist or populist alliances. This kind of opening both influenced the ways popular struggles came to be defined and created situations in which popular forces could effectively make their voices heard in the national political arena.

CBI should be seen as a vanguard policy for a reconstituted US regional hegemony under neoliberalism (Gwynne & Kay 105). Caribbean governments in the context of their efforts at promoting economic and social development and with the external debt crisis hanging heavily over their heads had been stressing the need for a meaningful, coordinated program of emergency assistance in the form of aid and market and investment preferences. Indeed as early as 1979, Edward Seaga, then the opposition leader of Jamaica, proposed the need for a mini-Marshall Plan and a Puerto Rico-style relationship between the US and the Caribbean. CBI could therefore be regarded as a response to those appeals.

The most salient studies in Cuban history written in the 1970s and 1980s focused on the transition from slave labor to free labor in Cuba's plantation economy and were led by the research of Manuel Moreno Fraginals into <https://assignbuster.com/latin-america-transformed/>

Cuba's plantation sector and Rebecca Scott's work on the abolition of slavery and its impact. Since then, studies have addressed issues of racial and ethnic formation and identity, immigration, and social banditry, as well as the women's and labor movements.

Jorge Ibarra has begun a process of revision and reconsideration of the classic themes of Cuban historiography, including the island's social structure. Since the nineteenth century Cuba has essentially had a one-crop (sugar cane) exporting economy with the concomitant vulnerabilities of output and price fluctuations and deteriorating terms of trade (Gwynne & Kay 118). Cuba is now almost totally isolated and potentially a source of future conflict and violence. Cuba has ceased to be the totalitarian state it once was as the state itself was severely weakened by the collapse of the Soviet Union in 1991.

Spurred on by the international climate favoring regional trading blocs, Middle American countries have recently formed the Association of Caribbean States, but beyond several regional summits have taken no firm steps towards region-wide economic integration (Gwynne & Kay 100). The Association of Caribbean States (ACS) encompasses 200 million (plus) inhabitants of the region and, along with free trade arrangements between CARICOM and Venezuela, Colombia, and the Southern Cone countries, represents the consolidation of a Caribbean strategy to participate as fully as possible in the movement toward hemispheric free trade.

Ironically, the Caribbean is moving in the direction of the foreign conception of the region in that U. S., European, Japanese, and other external policy-

makers have long dealt with the Caribbean programmatically as a seamless, if culturally diverse, unit. Regional academics and policy-makers, however, depart from this programmatic view in recognizing that certain aspects of sub-group uniqueness must still be maintained. For example, the existing Caribbean Community (CARICOM) integration area will for the foreseeable future co-exist with the ACS.

For both the Caribbean and Central America, the version of import substitution adopted to a large extent involved US multinational corporations (MNCs) relocating production facilities within the region to serve customers there, rather than a dramatic expansion of domestically-owned industries (Gwynne & Kay 100). Both liberal, free-market rhetoric and collective bodies of capitalists (domestic holding companies and multinational corporations) spearheaded the drive to enter foreign areas. The ideology praised individualism and free market values, but the actual agencies of penetration were collectivized planning organizations. U. S. businessmen and politicians looked first to Central America for markets because that region had long been expected to become a closer economic partner.

But U. S. officials conducted little study of the Central American economic situation and entered into no systematic consultation with Central American leaders because the U. S. vision expressed in the doctrines of Manifest Destiny and the Open Door was restricted to resolving U. S. domestic problems, not meeting Central American needs. The Americanism initiated in the 1880s, which was expected to create the market conditions necessary to assure U. S. commercial expansion, also exposed fundamental differences between the U. S. and Central American visions. While the United States

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proposed mainly commercial programs, the Central American delegates often struggled to include political, social, and cultural affairs.

Among the alternatives available, it seems that the neoliberal model has begun to prevail. This model, which is well known and well supported from outside, substantively modifies the structure of Central American countries. Its hallmark is the absence of attention to social aspects. In the case of Central America, it eliminates what little economic equilibrium had existed before, producing a growing concentration of wealth in the hands of the few, and a progressive pauperization of the rest of the population. Consequently, it will crumble democracy throughout the region.

Neoliberalism puts pressure on already highly-trade-dependent Middle America to export more (Gwynne & Kay 104). The progress or modernization pursued by the Latin American governments required increasing sums of money to import the machinery, railroads, luxuries, and technology that would be used to try to transform their nations into replicas of the European nations the elites and middle class so much admired. To earn that money, the Latin Americans increased their exports, the foods or minerals they traditionally had sold abroad. The export sector of their economies received the most attention.

In that sector, they increasingly concentrated investments, technology, and labor, leaving the domestic economy weak and increasingly inadequate. The number of those exports was limited. The highly prized railroads, built at staggering expense, opened new lands for exploitation but always were linked to the export sector, rushing the material products of the interior to

the coastal ports where ships waited to transport them to Europe and the United States. Most of the modernization concentrated in the export sector. It contributed to some impressive growth but did little to develop Central America. In fact, modernization contributed to deepening dependency.

Central America and the Caribbean is a region of small, economically vulnerable and trade-dependent countries surrounded by larger and more industrialized countries that are moving more aggressively towards economic integration (Gwynne & Kay 99). From one perspective, global transformations create challenges and opportunities for policymakers who can adapt to changing environments and prudently recalculate basic questions of survival, viability, and effectiveness. There is reason to believe that this process is under way in Cuba, though the nature of these calculations and their long-term consequences are unknown. For example, Cuba must carefully calculate its interests in a context of rapidly changing balances and one in which its currency - defiance, moralism, anti-imperialism- has lost much of its value.

Systemic reasons rooted in a command model and a series of blunders and poor decisions by government largely explain Cuba's economic predicament. It is increasingly recognized in Cuba itself that its substantial economic, financial, and trade dependence on the former communist world actually deprived it of the advantages that would have accrued to it had relations been expanded with more capitalist countries.

Unfortunately, Middle America denotes a region anxious about, and reacting somewhat defensively to, hemispheric movements towards trade alliances to

its north and south. Spurred on by the international climate favoring regional trading blocs, Middle American countries have recently formed the Association of Caribbean States, but beyond several regional summits have taken no firm steps towards region-wide economic integration (Gwynne & Kay 100).

The revival of the integration movement has been encouraged by the perceived world wide trend to form trading blocks spearheaded by the European Community (EC). This development led to a perceived need in the United States, Canada, and some Latin American countries to form a hemispheric economic block in order to counterbalance the strengthened European integration movement. Once the NAFTA movement got underway, some LAC countries realized the need to participate in it to avoid the possible negative economic effects that NAFTA may have on their economies.

The Central American Common Market (CACM) consists of five countries with a long history of linkages: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica (Gwynne & Kay 121). Together, the original CACM members experimented with the development strategy known as Import Substitution Industrialization, or (ISI). This strategy called for a change in the nature and structure of demand - away from imported consumer goods and toward imported industrial goods, which could then be used to produce domestically the same goods that would formally have been imported. During its initial stages, ISI was considered quite successful and was often credited with the economic "boom" that swept the region at the time of its inception.



In reaction to neoliberalism, a growing number of people have tried to emigrate to North America and Europe, where about 5 million Caribbean islanders have gone since 1945 (Gwynne & Kay 120). For example, Salvadorans initially migrated to San Francisco, while Hondurans migrated to New Orleans. Migration has been such an integral part of the Eastern Caribbean culture that almost every Eastern Caribbean citizen has a relative or friend living in a major country.

This factor is significant when analyzing both the political and economic system of the Eastern Caribbean. Since 1979 there has been significant changes in migration patterns and, notably, in the volume of people leaving Central America. Not surprisingly, Nicaragua and El Salvador, both of which suffered tremendous damage from war and social unrest, witnessed one of the most dramatic migrations of their people to other Central American countries, Mexico, the United States, Canada, and elsewhere. To cite an extreme example, for every five people born in St Kitts and Nevis and alive today, two now reside in the United States (Gwynne & Kay 120).

Neoliberalism, in particular, has made a major contribution to the dynamic and contradictory processes of globalization in the Caribbean and Central America. One important conclusion that comes from this study is that the neoliberal structural adjustment programs are very limited. Although export agriculture has produced some wealth, it has also created massive structural problems of inequality, and it has not achieved self-sustained, modernizing growth over the long run.

In conclusion, a feature of Caribbean and Central American migration that deserves further exploration and research is the potential for continuous and circular migration, principally between the islands of the Caribbean and the United States. This phenomenon has important implications for labor markets in regions of origin and destination. Many of the people now returning to their homelands are bringing with them the wealth of accumulated knowledge and experience. This should significantly enhance the level of human capital in these Central American economies and serve as an important element for the growth and development of the region.

### **Works Cited**

Robert N. Gwynne, Cristóbal Kay. Latin America Transformed: Globalization and Modernity. Arnold: London, 1999.