Latin america’s access to international capital markets: good behavior or global …

Countries

Latin America gained independence in early 19th century. From that time on, it showed active participation in international business endeavors through borrowings. The active participation of Latin America in international capital markets started when independence wars emerge in the history of the region. The series of borrowings by Latin America to international capital markets was stopped when several Latin American countries defaulted in its payments.

Hence, international markets disappeared before the Latin American countries as a source financial aid. In the year 1970, Latin America participated again in having access to international capital markets. But, that participation became short-lived due to the fact that Mexico defaulted in its financial obligations with international capital markets. As a result, all Latin American countries lost access to international borrowings.

There are three main questions that trigger the people's minds in relation to the research study. The first question is anchored on whether or not the erratic international capital markets affect the boom-bust pattern in Latin America's participation in international borrowings. The second question is posed on whether or not the volatile nature of Latin America's economies caused the boom-bust pattern in Latin America's participation in international borrowings.

And the third question pertains to whether or not international primary gross issuance is vital to Latin America's economic condition. In line with that, a collection of issuance data for twenty Latin American countries was completed which resulted to the discovery of three groups of typical

economies. The first group of typical economies pertains to those Latin American countries with active participation in international capital markets which include Argentina, Brazil, Chile, Columbia, Mexico, and Venezuela (Fostel & Kaminsky, 2007, p.). The second group of typical economies is one with more limited access to intentional borrowings which is composed of Bolivia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Panama, Peru, and Uruguay (Fostel & Kaminsky, 2007, p. 1). The third group of typical economies is one without participation in international markets and with no international issuance bond and equity which is composed of Haiti, Nicaragua, and Paraguay (Fostel & Kaminsky, 2007, p. 1).

The first group is the focus of the research study for the purpose of examining whether or not good behavior or global liquidity is the cause of the boom-bust pattern of Latin America's participation in international capital markets business activities. Basically, the research paper revolves around the explanation on Latin America's access to international markets. The performance of the trade account and the development of financing in soaring, average, and stumpy income countries are discussed with clarity.

Besides, the skillful presentation about the evolution of transfers involving official and private capital flows is apparent. The in-depth discussion about the three international capital markets like bonds, equity and syndicated loans of which some Latin American countries gained access provides readers the necessary knowledge about the topic. The data presented by the researchers withrespectto international gross issuance among the countries that belongs to the first typical economies is useful in understanding the

development of the participation of Latin America in international capital markets.

Hence, the research paper is successful in giving complete and reliable information regarding Latin America’s access to international borrowings. Finally, global liquidation may be considered vital to access in international capital markets for Latin American countries, but still good behaviors matters most. This fact was exemplified by the positive performance of Argentina, Brazil, and Chile in terms of financial obligation payments during the 1990s (Fostel & Kaminsky, 2007, p. 1). The result of such superior performance is eventual macroeconomic stabilization.