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Latin American Responses to Globalization in the 21st Century

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Latin America's Political and Economic Responses to the Process of Globalization

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Changes in the global system

In order to identify the characteristics of the actual phase of historical capitalism that is typically denominated “globalization,” a few reflections are first required. From a historical systemic and structural theoretical and methodological perspective, the world has been characterized by globalization from the creation of the world system, based on the First Economic Order that came out of the European expansion between the end of the fifteenth century and the beginning of the sixteenth century.

What we today identify as “globalization” is just the most recent phase of capitalist history in which the globalization of capital coincides with a system of ideas that did not exist in the previous phases and which was made possible thanks to the development of systems of information, telecommunication, and informatics. These new systems were generated by the technological revolution following the capitalist crisis of the 1970s, which was reflected in the questioning of the Fordist model of production and the welfare state. This questioning stemmed from the crisis in capital accumulation. The 1980s, however, saw a change in the regime of accumulation. The previous intensive regime of industrial capitalism was transformed into a new regime characterized by transnational capital mobility and the constitution of a historically new international bloc of social forces centered on the United States or, in other words, a period of new North American hegemony. To sum up, the 1980s saw the emergence of a new international bloc based on the growing structural power of internationally mobile financial capital (Gill, 1986; Gill and Law, 1989; Bernal-Meza, 1991, 2000). The responses to the crisis of Fordism and the welfare-state arrangements in the developed countries

came to be known as the “third industrial revolution.” It implied new dynamics of global capitalism’s expansion, which accelerated with the disintegration of the Soviet bloc and the ensuing disintegration of the Union of Soviet Socialist Republics (USSR). From then on there was a growing emphasis on an economic policy approach more in line with the interests of transnational finance capital. This was expressed through enhanced coordination of the macroeconomic policies of the seven most industrialized countries and the acceptance of a framework of thinking that fitted the international financial regimes (International Monetary Fund (IMF), World Bank) and was translated into the greater use of conditional lending and structural adjustment packages in dealings with Third World economies. This new structure was consecrated in what came to be known as the “Washington Consensus,” which enabled the states to apply neoliberal policies of structural adjustment, privatization, deregulation, and cutbacks in their social policies. These policies opened up a phenomenal transfer of riches from the developing countries to the central capitalist economies that were dominated by transnational finance capital. In Latin America this phase was expressed through the foreign debt crisis. The epitome of the foreign debt crisis, the 1980s came to be known as “the lost decade.” The Latin American foreign debt, which at the end of the 1960s totaled \$23 billion, had grown to \$318 billion by 1981 and to \$423 billion in 1990 (Bernal-Meza, 1991).

The logics of “globalization” required a new international context, which was provided by the fall of socialism and the end of the Cold War. While this new global order of unipolarity was coming into being, the Latin American governments undertook the implementation of different variations of the neoliberal model, and Latin America, from Mexico to Argentina, obtained a high degree of homogeneity in economic adjustment policies, deregulation, and privatization as well as in foreign policies. The foreign policies were particularly similar in their acceptance and support of North American hegemonic visions of “globalization” in the unilateral opening up of Latin American economies, in state reforms,—which in this case meant substituting the structures of the developmental state with those of the neoliberal state. The countries also concurred in seeing “open regionalism” as a way to promote regional integration. All these Latin American countries adopted foreign policies that they themselves called “pragmatic” and “low-profiled” (Bernal-Meza, 2009). However, between the end of the 1990s and the start of the new century a new wave of crises, which in many cases were unprecedented in terms of their depth, swept the region. Venezuela, Bolivia, Ecuador,

and Argentina were the most severely hit, while Brazil, Mexico, Peru, Uruguay, Paraguay, and the Central American countries were also seriously affected.

Against this background, new national social and political alliances in the region spurred a new panorama of diverse forms of “leftist” government and the return of nationalist policies. The novelty of it all was the tendency of new governments’ being dominated by socio-political forces rooted in indigenous and peasant masses, as in the case of Bolivia, Ecuador, and Paraguay.

In short, there was a sudden emergence of new governments with reactive political visions centered on the strengthening of the state and the return of economic nationalism; the presence of different models or types of state that were not convergent—in terms of either development policies, policies of international integration or foreign policy—led to the implementation of individual state policies that were not articulated in the region or in sub-regions as a whole. As a result, regional leadership became an object of dispute, and projects of integration and cooperation tended not to converge.

In the meantime, China’s re-emergence as one of the key actors on the political and economic global scene toward the late 1970s has been widely noted all over the world as one of the most important events in modern history (Xing, 2010). The “rise” of China thus introduces a new set of dynamics into the global context in which Latin American nations must chart their course. China’s impact on the world system has become greater only in the twenty-first century, as when China was admitted as a member to the World Trade Organization (WTO) in 2001 (see the discussion by Steen Fryba Christensen in this volume). To some, China is mostly a source of new economic and political opportunities, while to others the country presents new risks of increased Latin American dependency and de-industrialization. China’s share of global manufacturing exports has risen steadily throughout its reform process and its international competitiveness in this area is a major competitive challenge for the Latin American manufacturing sectors. From 3.7% of global manufacturing exports in 1995, China’s share rose to an impressive 15.9% in 2009, while Latin America’s share remained relatively stagnant (Gallagher, 2010, p. 5).

It seems fair to say that among all the main factors that may help us understand the crises of contemporary capitalism—including the financial crisis that started in 2007—it is the dominance of finance capital over productive capital that stands out as a prime factor (Rapoport and Brenta, 2010).

Global system in the first decade of the twenty-first century

A context consisting of an international political system in transition, important determinants of unipolarity and hegemony, and a process of globalization dominated by finance capital have created an extremely complex situation for developing countries. The characteristics of the present historical phase of capitalism—where the combination of the globalization of capital and the globalization of a system of ideas enables countries with the largest economies to dominate others—increasingly limit the alternatives for an individual way out for developing countries, with the exception of the largest developing countries such as China, India, and Brazil.

The crisis phase initiated in 2007 has shown once more the difficulties of controlling nationally and internationally mobile finance capital because of the hegemonic bloc that dominates the international system to serve its own interests. We are in the presence of a financial system that is much broader than the traditional banking system and which has developed greatly under the protection of the financial deregulation and internationalization facilitated by neoliberal globalization; this has put the Bretton Woods system under critical pressure, but governments of the central countries are unwilling to restructure. The crisis of multilateralism gives momentum to the development of counter-powers such as the BRICs and South Africa that seek to participate in global economic governance without changing the rules. These new alliances weaken the projects of regionalization, such as those encountered in South America. They are counter-hegemonic alliances, but at the same time they implicitly recognize the hierarchical structures of global economic governance as evidenced in their support of and loans to the IMF.

Transformation of the international agenda

The end of the Cold War implied the weakening of questions linked to security issues and a strengthening of the themes considered “low politics.” This led to a situation where a new kind of diplomacy—economic diplomacy—came to occupy the place that had formerly been occupied by the diplomacy of “high politics.” As this change occurred, more countries were able to participate in multilateral negotiations. However, owing to the characteristics of states and their political systems, developing countries for the most part do not enjoy conditions that enable them to confront multilateral negotiations on an equal footing.

Characteristics of international trade

Considering the techno-industrial development and its long-term impact on the specialization in international trade, it seems reasonable to conclude that the argument in favor of free trade derived from the theory of specialization in international trade cannot be sustained (as Raúl Prebisch rightly demonstrated). Comparative advantages have remained relatively stable over time. Countries with low incomes specialize in products intensive in land; middle-income countries specialize in products that require the intensive use of labor, and high-income countries are characterized by their intensive use of technology and labor. The ascent heralded by the theory of specialization occurs only to the extent that countries are transformed into producers with an intensive use of human capital, which is expressed in the intensive use of technology. The participation of intra-industrial trade in total trade increases with the level of income. Since the economy of a country diversifies more when income increases and given the greater trade volume between rich countries, the flows of bilateral trade become more intensive in intra-industrial trade and at the same time income per capita tends to become more equalized (Gullstrand and Olofsdotter, 2007).

So, although developing countries experienced major growth in their participation in world exports in the 1990s, this development does not seem to have had an effect on the structure of global specialization in general. While these general tendencies correspond to Latin America's experiences, China has been successful on this point with its continuously expanding participation in global manufacturing networks.

Impact of technological development

While trade negotiations in the WTO involved disputes between agricultural protection and demands for the opening up of the industrial sector, the scientific-technological development followed its own logic of such magnitude that as new technological developments were applied to industry and services, developed countries were faced with a new series of problems. Thus, as the technological gap widened, the developed countries started to press for including Trade Related Aspects of Intellectual Property Rights (TRIPs). Six countries—the United States, Japan, France, the United Kingdom, the Netherlands, and Germany—today produce 83% of global technological innovations and possess more than 90% of global patents (Oppenheimer, 2010). In Latin American countries, however, only a few countries such as Brazil, Mexico, Argentina, and Chile have the capacity to adapt technologies.

The rest are simply at the mercy of technology imposed from the outside. The United States registers 77,000 patents every year, South Korea, 7500, Brazil 100, and Argentina 30 (Oppenheimer, 2010).

A synthesis of the Latin American sub-system

It will not be possible to give a complete picture of the whole Latin American region due to its great heterogeneity. Instead the path chosen in the analysis next has been to single out a number of significant, contrasting country examples. The Latin American scene is currently characterized by a degree of heterogeneity that is much greater than has been seen during the past 50 years. A number of factors at the systemic, regional, and national levels contribute to this heterogeneity. At the systemic level a number of global governance issues dealt with in multilateral negotiations are in need of reform, but these reforms are not forthcoming. We are referring here to the UN reform at the political level, to the stalled WTO international trade negotiations, and to negotiations on climate change. Also, some countries are finding it harder to engage in scientific-technological cooperation since the incorporation of TRIPs into international trade negotiations. Furthermore, Latin America faces challenges associated with the growing convergence of political and trade interests between the United States and the European Union (EU). Finally, relations between the United States and different Latin American countries now vary substantially after negotiations on a Free Trade Area of the Americas were abandoned.

At the regional level we find very different types of state or, in other words, states that pursue quite different foreign policies and strategies for economic growth. Chile finds itself with a “logistical” type of state that promotes global free trade. Brazil pursues a development state path with the ambition of gaining political prominence in the international system. Venezuela and Bolivia are strongly state-directed economies aiming at national development. Argentina has an industrialist policy with strong state control and protectionist tendencies. Finally, Peru and Uruguay are examples of states in transition from neoliberalism. There are five strategies of international trade integration in Latin America: Mercosur’s, the Andean Community’s, Caricom’s, Chile’s, and finally Mexico’s with its involvement in the North American Free Trade Agreement (NAFTA). At the same time, the South American region has three different integration projects in place that are not necessarily compatible, namely Mercosur (Mercado Común del Sur (Common Southern Market)), Unasur (Unión de Naciones Suramericanas (Union of South American Nations)) and ALBA (Alianza Bolivariana para los

Pueblos de Nuestra América (Bolivarian Alliance for the Peoples of our America)). Foreign policy orientations are also heterogeneous. The Kantian approach of seeking harmonious international relations that dominated in the 1990s has been abandoned and instead we see a number of countries, such as Brazil, Venezuela, Argentina, and Bolivia, stressing the need for enhancing their own power in order to cope with an international political setting dominated, as they see it, by conflicts of interest. The governments of the latter three lack a strategic policy vision of their position in relation to the region and the world and have relations with other governments in the region that are either distant or conflict-ridden. We also see disputes for regional leadership where Venezuela is willing to pay the price of leadership, whereas Brazil is not. And, finally, at the national level we see a strengthening in the role of the state and foreign policies that are guided more by nationalist orientations than in the 1990s. This has also led to disputes over leadership between Brazil and Venezuela.

Identifying the main components of political heterogeneity in Latin America in 2010: Ideal type states

The substitution of a neoliberal ideal type for the “developmental” state was followed by new different responses: at different points in time, two countries (Chile and Brazil) advanced toward the ideal type of the logistical state (Cervo, 2008), whereas others such as Argentina returned to differentiated forms of the developmental state. Still others, such as Bolivia, Ecuador, and Paraguay, started a process of state construction on new social bases consisting primarily of peasants and indigenous masses. As for Venezuela, it is in transition toward a type of state capitalism. Finally, some countries, for instance Peru and Colombia, have attempted to maintain a heterodox mixture, combining the neoliberal state with the developmental state.

Logistical state

This post-developmental model of integration in the world economy, which was formulated theoretically by Amado Luiz Cervo, aims at overcoming the asymmetries between nations by elevating the national situation to that of the advanced countries, by transferring the responsibilities to societies from the former “business state,” and at the same time by helping society realize its interests. The *logistical* state imitates the behavior of advanced nations, particularly the United States. Its foreign policy component, in the area of international economic relations, points toward reducing technological and financial dependency, and

promoting innovation in production and other initiatives that reduce its external vulnerability. Internally, the model seeks to strengthen the national structural economic nucleus in order to promote its internationalization. Cervo stresses that the ideology underlying this model combines a liberal orientation in external economic relations with a developmental orientation of the state toward the interior of the economy. The aim is to advance in the construction of power resources and to use them in order to create competitiveness (Cervo, 2008, pp. 85–7).

Construction (or reconstruction) of a state based on new social classes and ethnic groups

As the most relevant and surprising example has been Bolivian, special emphasis is given to this case. Particularly in Bolivia, but also to some extent in the case of Ecuador and Paraguay, a reformulation of the vision of the state was carried out by the newly elected government together with its popular-indigenous base, opposed as it was to the realist conception of the state and its Hegelian roots, which is dominant in Brazil and other countries of the region.

The arrival of the government of Evo Morales in January 2006 profoundly modified the context of bilateral relations between Brazil and Bolivia as well as the context of intra-regional relations. The reconstruction of the state carried out by the Morales government implied the adoption of a collective decision-making form based on criteria of representation that benefited the great majority of the population of indigenous origin, which had until then been excluded from existing power structures. One of the instruments used to provide resources for the project of a new state was the policy of nationalization (basically in the area of hydrocarbon and energy), which enabled the state to regain its control over energy resources and refineries and limit the interests of Brazilian capital (Petrobrás).

The nationalization of the oil sector affected not only bilateral relations with Brazil but also the region's integration into the global economy. It implied the inclusion of the energy theme as a priority in the South American agenda and modified regional thematic priorities, influencing also the international relations of other countries, as in the case of gas-related relations between Argentina and Chile. Owing to other external factors such as the increase in international prices and the fall of oil and gas production in Argentina, the producing countries (Bolivia, Venezuela, and Ecuador) became the center of diplomatic attention on the issue of regional integration. Although the logic of decision-making and political management in Bolivia quickly differentiated Morales

from the rest of South American governments and their realist visions of power, it was his nationalization of the oil sector that sparked the first disputes with Brazil since the conflict over Acre.

Argentine neo-developmental model

The social, economic, and financial deterioration that followed in the wake of the implementation of the neoliberal model in Argentina threw the country into a serious development crisis in 2001–2. Argentina saw its poverty indicators skyrocket and its gross domestic product (GDP) fall by double digits. The country became a catastrophic example of the disasters that neoliberal strategy could provoke. The opposite happened in Chile, which prospered in the 1990s while pursuing a neoliberal strategy supported by a broad national consensus during the democratic governments of the Concertación coalition that took over power after Pinochet's authoritarian regime.

From 2003, after the heterodox leadership of Eduardo Duhalde, Argentina returned to a new form of the developmental state. Néstor Kirchner and later Cristina Fernández de Kirchner led the country in the reconstruction of a national capitalist model based on private and state capital. In order to restore the state in its role as a dynamic actor and promoter of economic growth, the model of development and integration into the international economy moved toward a type of open-economy nationalism or free market nationalism; it returned to the active participation of the state known from the industrialist past through the nationalization of companies that had been privatized in the 1990s and through the creation of new public companies. Moreover, the government attempted to promote the formation of new private economic groups that would respond favorably to the long-term objectives of the government. Under this model, the market stopped playing the role of assigning resources and wealth as the state resumed some of its redistributive functions dating back to the pre-1976 period, and which governments between 1984 and 1989 had unsuccessfully attempted to restore.

Venezuela in transition toward state capitalism

Under the domination of the so-called socialism of the twenty-first century and sustained by a set of ideas that are still not clearly defined but are centered on "Bolivarianism" and pushed forward by its president Hugo Chávez, Venezuela is in the process of creating a model of state capitalism based on the nationalization of private companies of both national and foreign ownership in areas considered of strategic importance to the political aim of creating a "Bolivarian State."

Paradigms of foreign policy

Argentina: Open economy nationalism or free market nationalism

The model of development and the international economic insertion of open economy nationalism or free market nationalism that has characterized the governments of Néstor Kirchner (2003–7) and Cristina Fernández Kirchner (2007–) in terms of an economic policy paradigm has not had a clearly defined expression in terms of foreign policy.¹

The rupture with the foreign policy approach of peripheral realism pursued in the 1990s, which expressed the international worldview of the neoliberal state, has been clear in three aspects:

- The vision or idea regarding globalization—in which we include the type of relations pursued with the IMF, the World Bank, and the WTO. In this respect the governments between 2003 and 2011 were unwilling to make agreements with the IMF that implied IMF supervision of national economic policy, and they likewise rejected IMF suggestions about policy modifications. With regard to the World Bank, these governments adhered to the views expressed by the former Vice-President of the World Bank, Joseph Stiglitz, who criticized the bank's favoritism towards developed countries at the expense of developing countries.² As for the WTO, negotiations in the Doha Round were rejected as long as there was no positive revision in terms of benefits for developing countries, and Argentina took part in the formation of the G-20 alliance opposed to the protectionist policies of the largest industrialized countries (United States, EU, Japan). When Brazil later changed its position, Argentina maintained its alliance with India and China.
- The degree of economic openness,—where Argentina has pursued a protectionist economic policy, even with regard to intra-Mercosur trade, and has accepted only regionalist projects with a protectionist character.
- The type of relations with the United States and its hemispheric project the Free Trade Area of the Americas (FTAA),—where Argentina was part of the group that was most opposed to the North American project (together with Venezuela and Brazil). Argentina maintained a policy toward Washington in which confrontations and criticisms of the US government's hemispheric and global policies have predominated. Similarly, it opposed the posture of the United States in hemispheric themes such as the political conflict in Honduras and the situation regarding military bases in Colombia, and it adhered to

the defense of those countries most criticized by the United States, such as Bolivia, Venezuela, and Cuba. Considering its position on *regionalism* and the role of alliances, Argentina has essentially maintained its preference for Mercosur and it has given special emphasis to its bilateral relations with Brazil.³

Chile: Logistical state, multilateralism, open regionalism, and realism

The democratic governments of the 1990s to the present all abandoned Chile's "high profile" foreign policy that had been its diplomatic tradition⁴ until 1973. The Concertación governments turned Chilean foreign policy into a policy of the commercial state, which in a sense was taken over from the military regime and its *pragmatic realism* posture. This explains the absence of new and original formulations (Bernal-Meza, 2005, p. 290).

On the issue of international insertion, Chile pursued a policy of open regionalism. In its international economic strategy, Chile has deepened its neoliberal reforms of the 1970s following a strategy of bilateral free trade with various countries. Chile's regional activism in the region has followed the idea that it should convince its regional associates to share its more pragmatic version of integration (Bernal-Meza, 2009).

Brazil: Continental regionalism and power accumulation

The analysis of the guiding principles behind Brazil's foreign policy should be seen in conjunction with the state paradigm that dominated in the period analyzed. In this case the predominant paradigm was the one that the country maintained between 1930 and 1989, denominated "the Developmental State."

With regard to Mercosur, the first challenge was to move from a closed economy to a more open economy with international competitiveness, and to increase their negotiating power in international trade negotiations and extend markets through *economic integration*. The construction of a broad geo-economic zone in the Southern Cone was part of a strategy of hemispheric political positioning: it gave Brazil prestige and power and allowed it to take on a leadership role toward the United States and its hemispheric initiatives, particularly the creation of the FTAA. These elements were sufficient to sustain the aspirations of the Brazilian leading classes seeking to achieve the recognition of Brazil as a regional power.

However, the foreign policy paradigms backing this aim have not been homogenous. Thus, while Cardoso sought international recognition by participating in the multilateral vision of former President Bill

Clinton, a vision based on a Kantian neo-idealism, Lula da Silva has sought international recognition on the basis of a realist vision of world politics, according to which the main powers are rivals in a contest for world power, and his government has not recognized the existence of an explicit unipolar situation.⁵ His government has increased its leadership aspirations, now to a global level, under the *realist* vision that sought to assure Brazil's ascent in the hierarchy of world power and to position the country strategically in the international system, in particular on the United Nations Security Council (Bernal-Meza, 2006). But, at the same time, the Brazilian political leadership recognizes that such a position presupposes a favorable environment that supports Brazil's power projection. This type of environment should be assured through a network of integration and regional cooperation with Brazil as its central axis.

With Lula, Brazil became the only South American (and Latin American) country to adopt realism as a paradigm for foreign policy after the concept had been abandoned by Brazil itself, along with Argentina and Chile, in the latter half of the 1980s. In the light of the paradigm of realism, the delimitation of the "spheres of influence" became a matter of evident fact: according to the Brazilian view, there are two areas of influence in the Western Hemisphere; one headed by the United States and comprising, among others, Mexico, Central America, and the Caribbean, and another led by Brazil, comprising the South American nations. With the return of realist thinking, the new foreign policy saw the international system as a power game confronting the most powerful actors in the system. Multilateralism left the realm of utopia and was transformed into an exchange of interests to be distributed according to the results of trade negotiations. For this purpose it was crucial to rebuild coalitions and alliances among similar countries. Taking over the thinking of Celso Lafer, the future of global scenarios will adjust to a vision of a world order in which one sees the loss of unilateral hegemonic stability as an opportunity for Brazil to reposition itself and gain recognition as an emerging global power. The ideal model of the "logistical state" presents itself as the key instrument for obtaining this reintegration into the global power order.

Thus, in recent years Brazil has combined an active participation in multilateral forums with the promotion of its national interests from a *realist* perspective. What is new is that Brazil is combining its drive for power measured by the accumulation of military capacity with a strategy founded on "reciprocal multilateralism" (Cervo and Bueno, 2008). This two-throated strategy shows that Brazil has come to take a dominant

position in the diverse domains of international relations, ranging from the area of regional security to the domain of finances.

Venezuela: Bolivarian foreign policy

Venezuela's international policy, which is sustained by the paradigm of "Bolivarian revolution," is expressed through different means: a foreign policy directed at specific governments, an oil policy, and a strategy for economic cooperation. One of the objectives is the formation of a regional and international anti-North American front and the support political movements and governments that are aligned with its vision. The Bolivarianism promoted by the Chávez government considers that the present projection of the thinking of the Liberator (Simón Bolívar) is a struggle against the renewal of "Monroeism" and its instruments such as the Organization of American States (OAS), the FTAA project, and the Inter-American Treaty of Reciprocal Assistance. They see the globalization process as an unavoidable challenge that presents enormous risks to the countries of Latin America. To confront these risks, Venezuela defends the mechanism of integration through regional blocs, which justifies its promotion of the Bolivarian Alternative for Latin America and the Caribbean, ALBA.

Colombia: Support for respite polum: Alignment and subordination

Columbia's internal situation, marred by the presence of guerrilla groups and drug cartels, has impeded the Colombian state from exercising its dominance throughout the national territory and has created (also given the predisposition of the traditional dominant political sectors in the country for maintaining a tacit alliance with the United States) a situation where Colombia maintains an international situation guided by no foreign policy except for its alliance with the United States. In other words, the traditional power groups have defined that, in the context of internal deterioration and of difficulties with the Venezuelan government, the best alternative is "not to have a foreign policy." Instead, it turns its international projection toward supporting the hemispheric and global strategies of the United States.

Responding to the challenges of globalization through regionalism

Latin American regional integration was initially embarked upon in the 1960s during a period in which Latin American countries generally pursued policies of import substitution and industrialization. In the

historical period that concerns us here—the period starting at the end of the Cold War—regional integration initiatives were promoted alongside neoliberal strategies of openness, deregulation, and privatization. The regional approaches of the 1990s are therefore generally referred to as “open regionalism” or “new regionalism.” The hope was that the combination of neoliberal reform policies along with regional initiatives would help promote renewed economic dynamism in a region that had experienced the “lost decade” in the 1980s due to the constraints provoked by the external debt crisis and the collective responses of the private and official creditor community. Among all the regionalist projects it is the creation of Mercosur, a free-trade agreement signed in 1991 by Argentina, Brazil, Paraguay, and Uruguay, and which was transformed into a customs union in 1995, that stands out together with NAFTA between the United States, Canada, and Mexico. In addition to these initiatives, regionalist projects were revived in the Andes region and in Central America (Christensen, 2007b).

However, the regional scene changed character around the turn of the millennium with the advent of financial instability and economic stagnation in a large number of Latin American countries. Particularly Argentina, Uruguay, and Venezuela experienced severe difficulties, but also Brazil, Paraguay, Bolivia, and others experienced unsatisfactory development results, whereas a few countries, particularly Chile and partially Colombia, fared more favorably. As a result, Latin American regionalism of a new and more heterogeneous type emerged.

Three main tendencies stand out. Two of these put no emphasis on free trade in contrast to the neoliberal tendencies of the 1990s, whereas the third tendency couples an emphasis on free trade with the United States with a strategy of diversification in particular toward Asia and Latin America.

The first regional grouping is ALBA, an initiative led and largely financed by Venezuela as part of its regional and geopolitical strategy, where it seeks to build its “own” group in order to promote its Bolivarian views and protect itself from the United States. ALBA, formulated by Chávez from December 2001, stems from Simón Bolívar’s project of creating a Latin American and Caribbean Confederation and is definitively a counter-hegemonic instrument. It is not so much an initiative of economic integration as an attempt to relaunch the Liberator’s idea of creating an American Confederation made up of the republics that gained independence from Spain to constitute a common front against the economic blocs of Asia, Europe, and North America. With this idea Chávez meant to reduce the political power of the United States in

Latin America and to weaken its efforts toward hemispheric economic integration through FTAA. Chávez proposes to convert Latin America into one single bloc with a greater negotiating capacity.

Second, Mercosur changes character in the aftermath of the development problems experienced by its members in connection with their neoliberal strategies of the 1990s. It becomes less focused on liberal aims of free trade and a so-called “perfect customs union” and comes to form the central axis of a regional integration scheme, Unasur, at the continental level of South America. Unasur is largely a Brazilian geo-politically oriented initiative through which Brazil seeks to enhance its leadership role in “its” region while striving for a more prominent role in the global hierarchy of states (Guimarães, 2006), and in its competition for influence in the region with particularly the United States (Christensen, 2007a; Bernal-Meza, 2010); but it is also part of Brazil’s geo-economic strategy to give particular emphasis to infrastructural interconnectivity and energy cooperation. All South American nations are members of Unasur, but since they pursue quite different paradigms in terms of development strategy and foreign policy orientations, it hardly represents a common world vision. As discussed by Christensen in this volume, the unofficial leader of Unasur, Brazil, pursues a strategy of diversification in its economic as well as its political relations with extra-regional partners as part of its economic and political international strategies. This fact has created some skepticism as to Brazil’s intentions in the region.

Last, a group of countries, Mexico, Chile, Peru, and Colombia (and also Central America) have emphasized free-trade agreements with the United States, thus continuing the neoliberal orientations of the 1990s. At the same time, however, these countries are also increasingly following Chile’s lead toward economic diversification through free trade agreements with other partners, in particular with China and other Asian countries.

Globalization and development outcomes in the first decade of the twenty-first century in Latin America

In this analysis we have distinguished between two distinct phases of globalization and responses to globalization by Latin American countries. The main arguments have been that the external debt crisis and the end of the Cold War were responded to in a relatively homogenous way by Latin American countries, namely through neoliberal economics and pragmatic or, one could also say, “passive” strategies of alignment

with the United States and the greater Western world. However, as this strategy in many cases produced quite unsatisfactory results in terms of economic development, a new and more heterogeneous phase ensued, as discussed previously. Some countries such as Chile, maintained their neoliberal orientation on account of their successful experience with neoliberalism in the past. This took shape mainly its relatively successful export-oriented strategies which Chile began implementing already in the 1980s, thus ensuring it a less problematic outcome in 1990 and a much lower degree of external economic vulnerability than many other Latin American countries, which were experiencing deep economic crises (Argentina, Brazil, Peru) experienced. Also, Chile did not pursue an all-out neoliberal strategy, as it implemented policies of control with capital flows in the 1990s (Bernal-Meza, 1995), thereby assuring itself of greater overall stability than in the countries that were hit by new economic crises in the late 1990s.

The new orientations were generally successful in promoting economic recovery and new economic dynamism as well as greater economic stability, thanks to the combination of economic growth and current account surpluses that most countries enjoyed in the period between 2003 and 2007. This combination had for the most part eluded Latin American countries in the twentieth century where growth had typically been associated with current account deficits. According to the Economic Commission for Latin America and the Caribbean, the period 2003–7 was the most favorable period in the world and in the region (CEPAL, 2010, p. 9).

Thus, this newfound development success was not only a result of a heterogeneous set of appropriate homegrown development models and strategies; it was helped along by a propitious external environment. From the Latin American perspective, China's economic dynamism came both as a challenge and as an opportunity. A challenge because of its strong competitiveness in the manufacturing sector and an opportunity because of its huge and rising demand for natural resources, which was enormously profitable for exporters of natural resources due to soaring prices until the financial crisis in 2008. This particularly benefited South American economies, although Argentina and Brazil, as the most developed economies in the manufacturing sector in South America, also faced stark competition from China. For Mexico and Central America, China's economic expansion has mostly been seen as a challenge due to their strong specialization in manufacturing exports. The region's huge trade deficits with China bear witness to its poor competitiveness (CEPAL, 2011).

Several South American countries therefore saw the Chinese export market grow strongly throughout the first decade of the twenty-first century, and today China has become the largest export market for Chile and Brazil and has also moved up the ladder in the case of most other South American countries. Therefore, China's rise has been helpful in promoting stability and growth in the short run, although it has also exposed Latin American countries to the risks of Chinese policies that hurt Latin American interests, as in the case of the barriers imposed on Argentine soy exports to China in 2010.

The international financial crisis that broke out in the United States in 2007 led to a reduction in primary product prices, although prices are now on the rise again. The impact of the financial crisis was felt in Latin America at the end of 2008 and in 2009 and provoked economic stagnation in many countries, in part in response to protectionist tendencies in developed countries. In this context, China and Asia came to be of increasing importance to many Latin American economies as export markets and thereby acted as a useful stabilizing factor. However, there is a pronounced North-South trade pattern between almost all Latin American countries and China to the advantage of the latter. China's importance in the structure of particularly South American commodity exports makes these countries particularly exposed to decisions in Chinese trade policy.

The relations between China and Latin America are essentially guided by objectives emphasized by China but not shared by the Latin American countries. Thus China uses the attractiveness of its market as a foreign policy tool and as a source of power in bilateral relations.

Conclusions

During recent years, developments in Latin America, and particularly in South America, have left the impression that the region, both Latin America as a whole and South America, are experiencing a process of differentiation and fragmentation that is challenging its characteristics as a homogenous sub-system of similar elements in terms of development strategies, international insertion, and international political alliances. The emergence of new governments with reactive political visions centered on the strengthening of the state and the return of economic nationalism; the presence of state models or types that are not convergent led to the implementation of individualized state policies, thereby disarticulating the region or the sub-regions as a whole; competition for regional leadership and the impulse given to projects of integration

and cooperation which did not converge led to this fragmentation. As a Brazilian analyst has pointed out, Latin America in the twenty-first century presents a diversity that is difficult to coordinate both in the economic and in the political realm (Cervo, 2009, 85).

Latin America of today finds itself submerged in a situation of heterogeneity expressed through its different state models, different ways of integrating in the international system, through different models of regionalism and different foreign policies with regard to relations with the United States, multilateralism in the UN and the WTO and with respect to “globalization” (understood as more or less openness). All this makes it extremely difficult to confront the world system with a united vision.

Notes

1. See, for instance, the different perspectives of Busso, 2006; Cisneros, 2006; Corigliano, 2008; and Simonoff, 2009).
2. For instance, with regard to the promotion of globalization and its relation to the opening up and deregulation of peripheral economies, environmental policies, the transfer of nuclear waste to countries of the Third World, etc.
3. See, for instance, the coinciding vision of Simonoff, 2009.
4. Cf. Bernal-Meza, 1989a; Bernal-Meza, 1989b.
5. For a broader presentation of these views, see CERVO, 2002; Bernal-Meza, 2002; Bernal-Meza, 2006; Bernal-Meza, 2008.

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11

China and Latin America: What Sort of Future?

William Ratliff

The explosive expansion of China into Latin America and the Caribbean (LAC) during the early years of this century has raised many hopes and some fears that would have seemed unthinkable a few decades ago. China's metamorphosis into becoming the world's largest and most rapidly developing economy is manifest in its soaring bi-lateral trade, its foreign direct investments (FDI), and the scope of political and commercial visits made in both directions across the Pacific. China will be a challenge for Latin Americans, but it can be constructively transformative in most countries if people and their leaders take responsibility for making it so.

In November 2008 China put Sino-LAC relations in a broad "strategic" perspective by releasing a *Policy Paper on Latin America and the Caribbean* (Policy, 2008), following similar papers on the European Union (EU) in 2003 and Africa in 2006. In this document China proclaimed that the entire region is of "strategic" importance to the People's Republic of China (PRC), meaning mainly that sales in the region, and particularly the purchase of natural resources, are becoming critical in Beijing's eyes (Xiang, 2008, p. 52). The Central Committee of the Chinese Communist Party (CCP) editorialized on November, 17 that the *Policy Paper* signaled a "new chapter of China-Latin America relations." Chinese Latin Americanists noted that for the first time the Chinese government was looking at Latin America as a whole in "strategic" terms (Hsiao, 2008; Jiang, 2008b). The Chinese Foreign Ministry's Latin America Bureau chief Yang Wanming reported that the *Policy Paper* was put together during an extended period of time after informal consultations with Latin American leaders (Hsiao, 2008). In early 2009 a foreign affairs expert at the China Institute of Contemporary International Relations wrote that a multi-pronged foreign policy program like that outlined in the *Policy*

Paper would enable China to “seize the high vantage point [in handling] the future world order.” He added that China wanted to “show its hand early” in international relations so as “to send out China’s voice, maintain China’s image, and extend China’s interests” (Lam, 2009b).

Since it is impossible to be “up-to-date” on breaking news in a book devoted to current Latin American responses to globalization, I often use the *Policy Paper* as a framework for my analysis, though moving beyond its sometimes propagandistic yet instructive content. I begin with a focus on Chinese views, interests, and activities in Latin America and then move on to what many Latin Americans think about China’s rapid expansion in the region and the PRC’s actual or potential impact on security, politics, economics, and cultures in the region. In the end, I attempt a more holistic look at the interrelationship between these two distinct regions.

China’s foreign relations and the *Policy Paper*

In his report to the 17th Congress of the CCP in October 2007, President Hu Jintao stressed that “scientific development and social harmony” are essential to the construction of “socialism with Chinese characteristics” and China’s international relations (Hu, 2007). China “is ready to carry out friendly cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence,” says the 2008 *Policy Paper*. Many Chinese officials today imply incorrectly that PRC foreign policy since 1949 has *always* been based on the “Five Principles” that gained international attention in 1955 when then-Premier Zhou Enlai advanced them at the Asian-African Conference in Bandung, Indonesia. The five principles are: mutual respect for each other’s territorial integrity and sovereignty; mutual non-aggression; non-interference in each other’s internal affairs; equality and mutual benefit; and peaceful coexistence. These are principles that generally appeal to governments and peoples who have experienced colonialism and imperialism, including Latin Americans. But as Professor Zhao Suisheng notes: “Chinese leaders believe in a set of principles in international affairs, but consideration of its national interest causes Beijing to make pragmatic compromises” (Zhao, 2006, p. 15). More bluntly, Edward Friedman writes that the CCP “tends to act on narrow notions of political realism packaged in a public relations discourse of eternal continuities and unchanging, principled behavior” (Friedman, 2010, p. 1).

As the Cold War was ending, Deng Xiaoping laid out a “low profile” approach to foreign policy in China, sometimes termed “*tāo guāng yǎng*

hui,” meaning to “hide brightness” and “nourish obscurity.” Though these terms may seem conspiratorial to many foreigners, they largely meant that China would emphasize developing foreign trade but would otherwise avoid foreign entanglements so that leaders could focus on developing the domestic economy. But Chinese policy has become much more assertive in recent years, made possible by China’s “fast-growing economic and military might but also the decline of the US’s international influence in the wake of the Iraqi and Afghanistan crises and the meltdown of its financial institutions” (Lam, 2009c). Also, the United States and the EU have increasingly urged China to become more active in “resolving” such crises as Iran, North Korea, and the global financial meltdown. In the end, China intends to become a major force—perhaps *the* major force—in the world, though this is played down for now by its political leaders.

The foundation for the PRC’s recent expansion into Latin America and the world is China’s stunning rise from nearly two centuries of internal chaos and international occupation and humiliation. The recovery is particularly manifest in economic statistics that compare China’s conditions in 1978, when market-oriented reforms began, to conditions 30 years later. According to President Hu, during those years China’s gross domestic product (GDP) grew from 1% of the world economy to more than 5% and its share of global trade increased from less than 1% to approximately 8%. Thus China seems to have demonstrated that sustained, rapid economic development under elitist leadership, with heavy international involvement in investment and trade, can both dramatically reduce poverty levels and improve living conditions for a majority of a nation’s people. China’s experiences attract attention, as do those of other East and Southeast Asian countries, because they stand in stark contrast to the absence of such sustained growth in most of Latin America (Arias, 2011). And China’s success has benefited others. The UN’s Economic Commission for Latin America and the Caribbean (ECLAC) reports that Latin America’s relative escape from the worst of the global financial crisis was due in significant degree to trade with China (Xinhua, 2009; Fundação, 2010).

But even though links to Latin America have burgeoned in the past decade, they lacked the kind of focus PRC leaders consider optimal. The *Policy Paper* is an effort to provide such a focus by outlining goals, relationships, and programs. Economics is important, but so are expanding China’s political stature and ability to influence world developments. For the first time China formally proclaimed its intention ‘to build and develop a comprehensive and cooperative partnership featuring

equality, mutual benefit and common development' in Latin America. This is how Hu addressed the Peruvian Congress on November 20, 2008 (Hu, 2008a). The *Policy Paper* sets out four broad goals promoted by policies and ties in the following fields: political, economic, cultural-social, and "peace, security and judicial affairs." The goals enumerated are (1) to promote mutual respect, trust and "understanding and support on issues involving each other's core interests and major concerns;" (2) to deepen economic cooperation that benefits both sides ["win-win"], with China and Latin American nations each leveraging "their respective strengths;" (3) to expand cultural and people-to-people links that will "promote development and progress of human civilization," and (4) to insist on the "one-China principle"—that the island of Taiwan, though now called the Republic of China (ROC), is a province of the PRC—as "the political basis" for cooperative relations. This is the current short version of the aforementioned Five Principles and it is not surprising that these goals are attractive to many in Latin America.¹

Latin American reactions to the PRC

Latin Americans have many reasons for looking favorably on the global emergence of the PRC, but there are some concerns as well, many of which are discussed later. Perhaps the main incentives are:

- Many governments and people in LAC are glad to have an alternative to Washington after a century of strong US political, economic, and even military involvement in the region. US leaders and people do not take LAC as seriously as they do Europe, Asia, or the Middle East. And yet the US economic links are deeper in Latin America than in any of the aforementioned regions, as are the rapidly deepening demographic ties. Thus, in the past decade, perceived national interests and globalization generally have prompted Latin Americans to develop economic and political relations actively with other countries, including European and Asian nations and, above all others, China. A move toward greater independence from the United States has brought also the Bolivarian Alternative for the Americas (ALBA), a regional trade organization founded by Venezuelan President Hugo Chavez with a distinctly anti-US flavor, and in 2010 the Community of Latin American and Caribbean States, which excludes the United States and Canada. In spite of a decline in US acceptance in parts of LAC, regional polls show fairly close "approval" ratings for the United States and China (Latinobarómetro, 2008; Oppenheimer, 2009).

- All countries are eager to derive economic advantages from the PRC, though not all of them reap them equally, as discussed below, and a major part of those polled in Argentina (52%), Brazil (62%), and Mexico (41%) considered China's economic growth good for their country (Pew, 2010). China has become an important trading partner for most Latin American countries seeking to expand exports of primary products and commodities as well as of some manufactured goods and services, and some Latin American businesses have tried with limited success to build markets for their goods in China. The Latin American hope is that Chinese trade and investments will feed historically unstable economies and enable them to prosper without the ups and downs of the past. Today the economic growth rate in much of Latin America is higher than it has been for many years and LAC has suffered less from the economic crash into 2011 than most other regions, in large part because of trade with the PRC.
- Most Latin Americans welcome Chinese FDI in infrastructure, and in exploration for and production of key resources, as well as economic and technical assistance in varied fields, especially when attached with fewer "strings" than traditional US assistance, though by no means *without* strings, as I discuss below. However, the record of Chinese investment from 2000 to 2010 has been mixed (see below).
- Some Latin Americans may look increasingly to China for ideas and assistance in governance, that is, how to draw up and implement a development plan under elitist leadership, which has for centuries been the norm in Latin America, as it has been, usually in a much more authoritarian form, in China. This Chinese (or Vietnamese) "model" has become more attractive to some Latin Americans since the somewhat unsuccessful "Washington Consensus" market reforms in the late twentieth century—particularly since the global financial crisis was sparked in 2008 by a profligate and irresponsible United States and developed Western world generally. To many in Asia and Latin America, the generalized self-interested abuse committed by Western institutions crippled these institutions' credibility.
- Many Latin Americans feel some degree of kinship with China because, like LAC, it was occupied by Western nations before recovering its independence. But this kinship is apparent only given contrasting histories, institutions, and cultures.

The breakdown of "winners" and "losers"—economically, politically, and culturally—will shift over time with changing conditions in China and the world but, above all, according to how wisely the Latin

Americans take advantage of—or due to their own decisions and actions are *abused* by—China’s presence.

Early Sino-Latin American links

Any survey of Chinese relations with Latin America should at least mention four earlier real and/or alleged links between the regions. First, roughly ten thousand years ago those who are now Native Americans migrated from Siberia or even China across the Bering Land Bridge, or traveled by sea, into the western hemisphere. Second, there are the possible “discovery” of the Americas by a sixth-century Buddhist monk named Hui Shen on a trip to Fusang, as described in the sixth-century Chinese histories, or by a Ming dynasty fleet in the early fifteenth century, more than half a century before Christopher Columbus. These possibilities are much more widely accepted in China than in the West. Third, there is the trade that began in the early Spanish colonial empire and continued for more than three centuries by means of the Manila Galleons (Schurz, 1939).

Finally, there was the confluence of interests in the mid-nineteenth century that brought the first formal bi-lateral relations between the Chinese and several Latin American governments. This occurred mainly as a result of two developments, one in China and the other across the world. First, in China millions of people were increasingly being ravaged by chaos, poverty, and death, tens of millions dying in the Taiping Rebellion (1850–64) alone. This resulted from domestic decay and conflict as well as from foreign invasions. Second, there was a search for subservient labor in the Americas, beginning with the first Chinese taken to Trinidad by the British in the first decade of the nineteenth century. Several decades later the trade became serious when Latin American elites sought plantation workers to replace the by-then outlawed slaves. Thus, in 1847, began the importation of several hundred thousand indentured laborers from southern China. Historically, Chinese Imperial governments had been indifferent to the lives of Chinese who went abroad because in the words of historian Edward Dreyer: “Overseas meant out of mind, as far as official China was concerned” (Dreyer, 2007, p. 185). The Qing dynasty ignored the brutalizing of its nationals in Latin America for several decades, but by 1874 abuses had become so bad that Beijing was forced to establish formal relations with several countries to negotiate better treatment for Chinese workers. The first country was Peru and then Brazil, Mexico, Cuba, and Panama. In most cases these early “overseas Chinese” laid the foundations for subsequent Chinese communities in the Americas (Hu-Dehart, 1995; Meagher, 2008). In the 1930s and 1940s

the Republic of China on the mainland under Guomindang leadership opened relations with additional countries. The first country to recognize the PRC, which was established in 1949, was Castro's Cuba in 1960 and Allende's Chile in 1970.

The stages of PRC relations with Latin America

Chinese-Latin American relations are best broken down into four periods. The first, 1949–60, was anti-United States but broadly conciliatory toward most other countries and groups, with active programs of “people's” or “cultural” diplomacy to cultivate contacts. A few Latin Americans—including political, labor, and cultural personalities—almost immediately began traveling to China and goodwill increased throughout the decade, until China turned in on itself during the Great Leap Forward and particularly the Cultural Revolution, when links virtually stopped (Ratliff, 1969). During the second period, the following decade, China urged the overthrow of an increasing number of Latin American governments by guerrilla warfare, the antithesis of the Five Principles.

In the third period, from the early 1970s until Mao Zedong's death in 1976, the PRC had a belligerent posture toward the Soviet Union, a pragmatic relationship with Washington, and reduced its support for guerrilla warfare in Latin America. Prior to US President Nixon's trip to China in 1972, only few LAC governments had established formal relations with the PRC, in large part in deference to US wishes. But the trip spurred renewed interest among Latin Americans and China set up diplomatic relations with a number of Latin American governments, including the military regimes in Chile and Brazil, the latter demonstrating Beijing's political pragmatism (Ratliff, 1976, pp. 7–26, 87–98).

The fourth period, emphasized here, favored cooperation with not only Latin American states but also with the United States. China began with reforms under Deng Xiaoping in 1978 and has continued ever since, accelerating them considerably in the mid-1990s and during the 2000s (Ratliff, 2009a). Today, cultivating “soft power,” in addition to economic links, is an essential part of the Chinese foreign policy “package” that is welcomed, with reservations, almost everywhere in the western hemisphere (Ellis, 2011).

Political relations in Latin America

More than two dozen Latin American chief executives from the entire political spectrum visited China between 2001 and 2011. Top Chinese

leaders have also visited Latin America, starting with Premier Zhao Ziyang (to Mexico, 1981) and President Jiang Zemin (Brazil and Cuba, 1993), and lately President Hu Jintao in April 2010. A turning-point occurred in November 2004 when the PRC president led a large delegation of PRC officials and businessmen to Brazil, Argentina and on to the 12th Asia-Pacific Economic Cooperation (APEC) summit in Santiago, Chile. In September 2005 the president took a smaller group to Mexico. While other political, economic, and military officials toured Latin America over the next couple of years, the stakes shot up again in November 2008, when Hu participated in the first round of the G20 global financial crisis talks in Washington before visiting Costa Rica, Cuba, and Peru, and attending the 16th APEC summit in Lima. Vice-President Xi Jinping, Hu's successor in 2012, spent two weeks in Mexico, Jamaica, Colombia, Venezuela, and Brazil in February 2009, and visited Cuba, Uruguay and Chile in June 2011. Most of these and other high- and medium-level visits are used to cultivate relations with chief executives, national legislatures, political parties and leaders of all persuasions, in and out of power, as well as exchanges with assorted committees, local governments and international political and economic organizations.

China has encountered political challenges in Latin America over the past decade. Beijing's economic interests are now best served by regional stability, which is needed to facilitate the efficient implementation of business contracts. Some Latin American countries largely manifest this stability, others do not, but China is in touch with them all. Among the former are three of China's largest trade partners of recent years: Brazil, Mexico, and Chile. Among the latter are several overtly anti-US governments whose actions sometimes more closely parallel China's past than its present. This group is most closely associated with Venezuelan President Hugo Chavez, who has on occasion been a more outspoken champion of Chairman Mao than most current Chinese leaders. These latter countries are usually the ones most torn by political and social instability, with messianic leaders promising to right long-term wrongs with populist economic policies that current generations of Chinese leaders know will fail. While more of these regimes would weaken US competition in the hemisphere—which China would welcome—they would also create greater regional instability and complicate the delivery of resources to China.² Therefore relations with these individuals, parties, and governments must be carefully calibrated so as to avoid spill-over friction with the United States. Accordingly, unlike Russia, China has not overtly challenged Washington by selling sophisticated

arms in Latin America. In fact, in Lima President Hu praised President George W. Bush for his active efforts to improve Sino-US relations even though the image of the United States in LAC plunged to its lowest point in years during the Bush administration.

Cuba and Venezuela are special cases for China. To satisfy long-term energy needs, China has pledged many billions of dollars for the recovery, refining, and delivery of Venezuelan oil, a Chinese commitment that began even before Hugo Chavez took power, and China has made investments in other unstable populist countries (Ellis, 2009, chapter 5; Pomfret, 2010). The relationship with Cuba began decades earlier and included 25 years of hostility between the mid-1960s and the late 1980s. But most Chinese leaders appreciate Castro's diplomatic recognition of Beijing in 1960 and his strong support for the Tiananmen repression in 1989 (Cheng, 2007; Ratliff, 2004). Though some Chinese Latin Americanists (but not political leaders) say that Cuba must make major political changes to escape from its current economic malaise, they too admire Cuba's stubborn refusal to give in to Washington. Chinese analysts also think Cuba has a unique geopolitical importance to Beijing's competition with Taipei. Chinese leaders thus support Cuba in part in retaliation for US support of Taiwan's breakaway from China. (Ratliff, 2006b). Thus in recent years China has become second only to Venezuela in propping up the moribund Cuban state and will help develop Cuba's apparently significant oil resources.

“One China” in the Americas

Another very specific PRC goal is promoting the so-called one-China policy—that mainland China (PRC) and Taiwan (ROC) are both part of a united China. As of early 2011, 12 of the 23 countries still recognizing Taipei as the capital of China were in the western hemisphere and 11 were in the Caribbean Basin. For several decades Beijing and Taipei courted these countries by “checkbook diplomacy,” such as the handing out of cash payments, favorable trade agreements, foreign aid, or the construction of sports stadiums. The “one-China” case was restated with direct reference to Latin America in the 2008 *Policy Paper*.³ On his visit to Costa Rica in 2008, Hu launched negotiations for China's first Free Trade Agreement north of the Panama Canal.

Since the inauguration of Ma Ying-jeou as president of the ROC in May 2008, the PRC and the ROC have declared a “diplomatic truce,” pledging to halt the dollar diplomacy as part of a broader program of improving cross-strait relations. In December 2008 Hu said Beijing would discuss reasonable arrangements for the island's participation

in international organizations, so long as doing so does not create an impression of “China and Taiwan” as permanently separate entities (Hu, 2008b). Top ROC diplomats say off-the-record they are sure the understanding will last only as long as Taiwan is under the leadership of moderates such as Ma.

Economic relations

Most analysts consider Chinese policy toward Latin America mainly in terms of trade designed to secure and maintain support for sustained domestic economic development in China. For geographical and geopolitical reasons, Latin America will for some time remain less important to China than Asia, the Middle East or Africa, unless there is a marked decline in Sino-US relations, at which time its geo-strategic significance would greatly increase. Hu devoted much attention to economic issues in his address to the Peruvian Congress in 2008, as did Xi Jinping during his trips to Latin America in 2009 and 2011. Hu said China and Latin America should optimize trade and increase investments. He emphasized that both sides should enhance communication and coordination in their stances on such global issues as climate change, food security, energy and finance, and multilateral trade. This sounds like a major theme of interest to China, namely “multilateral trade and financial institutions and regimes with a view to promoting South-South cooperation, bringing about a more just and equitable multilateral trading regime and ensuring a bigger say and greater role in decision-making for developing countries in international trade and financial affairs” (Hu, 2008a). The *Policy Paper* promises customs cooperation, discussions with Latin Americans about “ways to relieve their debts as China’s ability permits,” and economic and technical assistance “without attaching any political conditions.”

China’s new commitment is most clearly seen in foreign trade, which grew 13-fold during 1995–2007, and though it dipped to \$118.2 billion in 2009 (from \$140 billion in 2008), that was a much smaller decline than that which had occurred between LAC, on the one hand, and the United States and the EU. Bi-lateral trade surged to \$180 billion in 2010. The three largest trade partners were Brazil, Mexico, and Chile, though the trade has primarily benefited countries selling raw materials (for example Argentina, Chile, and in some ways Brazil), which the PRC is mostly interested in. The greatest imbalance has been Mexico’s \$8.4 billion trade deficit with China. As one US analyst has noted, “Chinese goods are often dumped without duties into foreign markets and ‘anti-China

sentiments are rising'" (Shambaugh, 2008), as are suits before the World Trade Organization (WTO). However, by 2010 rising wages in China and Mexico's proximity to the United States were leading more companies to invest in Mexico again (Leveille, 2010; Lange, 2011). China's purchases of natural resources and farm goods are expected to help boost Latin America's economy from 4% in 2010 to as much as 6% in 2011. Yet *The Los Angeles Times* reported in February 2011 that "The loss of manufacturing jobs to cheap Chinese imports is raising howls of protest across Latin America," though some in Brazil and other countries acknowledge that domestic factors in this phenomenon often outweigh international ones (Colitt, 2011; Kraul, 2011).

China's first Free Trade Agreement (FTA) in LAC was in 2006 with Chile, while its highest quantity of trade is with Brazil. China is now the main foreign trade partner for Chile, Brazil and Peru. China and Peru concluded an FTA during Hu's visit in 2008 and negotiations began in late 2008 for an FTA since concluded with Costa Rica. Typical events to promote links were the China-LAC Business Conference in Chengdu in October 2010 and the Latin America-China Entrepreneurs Summit in Bogotá, Colombia, in November 2009. Like the previous 2008 summit in Harbin, China, the session involved hundreds of business leaders from China and most Latin American countries.

It is very difficult to determine the levels of Chinese FDI, loans, and aid to LAC. Loans are reported on periodically but not all promised loans are delivered, much to the perplexity of Latin Americans. A misunderstanding during Hu Jintao's 2004 visit led to ridiculously high Latin American expectations with respect to Chinese FDI and thus disappointment with what actually occurred. Chinese FDI has been a murky affair in part because of disingenuous Chinese state reports. For example, PRC officials have said that more than \$23 billion FDI had been placed in Latin America by the beginning of 2007, but a major portion of that went to tax havens in the Caribbean from whence it could be reinvested in China with preferences Chinese law allows for foreign firms (Xinhua, 2008b). On the other hand, UN trade official Osvaldo Rosales stated in late 2008 that Latin American countries have undercut themselves by not proposing enough properly evaluated investment projects for China to invest in (Painter, 2008).

Above all, China wants to invest in production, domestic transportation, and the international shipment to China of Latin America's natural resources and commodities. Most Latin American countries of all sizes have already benefited from Chinese investments, as they did in the past from UK and US investments in resources and infrastructure,

though the potential liabilities are similar in the end, no matter what is said now about “no strings.” During 2009–10 some of China’s allegedly promised loans and investments included \$20 billion to Venezuela’s energy sector, a \$12 billion loan to Brazil’s national oil company for offshore exploration, and up to \$20 billion in investments in Argentina, half each in oil and railroads, in addition to the latter’s access to Chinese currency to pay for imports without having to use US dollars (Romero and Barrionuevo, 2009; Hook and Webber, 2010).

There have been many tensions and some outright conflicts between Chinese business persons working in Latin America and both governments and local populations, with Chinese entrepreneurs complaining, for instance, about Latin America’s social instability, corruption, and inefficiency (Jiang, 2008b). In late 2009 American business consultant John Price ticked off Latin American conditions that concern Chinese and other potential foreign investors that include corruption, criminality, tax evasion, labor abuses, fraud, inadequate transportation facilities, and the lack of security. These problems are particularly discouraging, incomprehensible, and ultimately perhaps intolerable to many Chinese, who in recent decades have become used to a more vigorous work ethic, more stable national conditions, and a more compliant and efficient workforce (Price, 2009; Ellis, 2010). Serious tensions are found from Peru to Argentina due to mining, agricultural, and other agreements the Chinese have signed with Latin American governments that locals believe violate their rights and interests and businesses consider unfair because of contraband, dumping, and China’s subsidies and undervalued currency (Cordero, 2010; Grain, 2011; Kraul, 2011).

Cultural and social relations

Latin American and Chinese analysts frequently note the challenge of understanding across cultures. One of the latter wrote that if China wants other peoples to admire PRC “socialism,” the country “must let the whole world hear the stories that Chinese citizens have to tell about their democracy, liberty, human rights, and rule of law” (Lam, 2009a). Most Latin Americans are not very impressed by what they have heard of China’s accomplishments in these fields. And China’s actual attention to improving the PRC image is not as serious as one would expect. Programs in place and/or reportedly being developed range from cultural exchanges of people to cooperation in healthcare, social security, disaster reduction and poverty alleviation, environmental protection, consular services, media activities and tourism. The longest single entry in the *Policy Paper*

focuses on cooperation in science, technology, and education, which are critically important to Latin American nations if they are to become more productive and competitive in the modern world.

A high-profile international cultural program is named after the Chinese philosopher Confucius. The program consists of so-called Confucius Institutes and more informal Confucius Classrooms around the world, including some in Latin America. These are intended to teach Chinese language and traditional culture to local residents and to cultivate cross-cultural goodwill. The program is a bit embarrassing for the CCP since Confucius was excoriated by the party under Mao Zedong.⁴ Confucius is now in vogue, however, for at least two reasons. More open-minded leaders today recognize that Confucius and his tradition still have something to say to contemporary Chinese. Also, leaders know that resurrecting this pre-eminent figure in 2500 years of Chinese history gives the PRC a cultural legitimacy not conveyed by the CCP slogans.

In January 2011 the program's (outdated) website reported 282 institutes and 272 classrooms established in 88 countries *as of the end of 2009*, while *China Daily* (December 13, 2010) reported 322 institutes and 369 classrooms in 96 countries, of which about 25 were not yet in operation. In early 2011 there were about 22 institutes in ten Latin American countries: Mexico (5), Peru (4), Brazil (3), Chile (2), Argentina (2), Colombia (2) and one each in Cuba, Costa Rica, Ecuador, and Jamaica. There were about eight classrooms, six of them in Chile.⁵ The small number of institutes in Latin America shows that communicating with Latin Americans is still not a high priority in Beijing. The United States, with half the population of Latin America, has about three times as many institutes. And in the United States these institutes supplement the dozens of universities and research institutes with strong China programs, in stark contrast to Latin America, where serious academic programs are almost nonexistent. Argentine Juan Gabriel Tokatlian puts Latin America's cultural dilemma clearly when he notes that, "one of the greatest challenges for Latin America is to preserve and deepen democratic values internally" while taking advantage of the opportunities offered across the field by the emerging China (Tokatlian, 2008, p. 64).

Peace, security, and judicial contacts

On these issues, the *Policy Paper* says, "The Chinese side will actively carry out military exchanges and defense dialogue and cooperation," including "in the non-traditional security field," and assistance with the development of armies in the region, though details are seldom reported.

Qian Lihua, the director of the Foreign Affairs Office of the Chinese Defense Ministry, said these exchanges are “entirely normal,” and added: “China has always firmly adhered to the principle of benefitting regional and global peace and stability, never targeting any third party” (a clear reference to the United States) “and never endangering the interests of other countries” (*China Daily*, 2008). In late 2008 Xinhua reported that China had “carried out military exchanges and cooperation” with 18 Latin American countries, especially high-level professional and academic exchanges and personnel training (Xinhua, 2008c).

Xinhua seldom mentions China’s military links with Cuba, though many high-ranking Chinese military officers have visited the island and the training of high-level Cuban military and Interior Ministry (MININT) officers has been common. A top priority has been training personnel and providing defense technologies for Cuba’s Air and Air Defense Forces (DAAFAR), among them DAAFAR chief Pedro Mendiando Gomez (Ratliff, 2006a; Horta, 2008; Watson, 2010).

China has become increasingly active in judicial cooperation in criminal and civil matters, including extradition and combating transnational terrorism and organized crime (Gill and Huang, 2009). The PRC has sent police units to Haiti since 2004 to support the UN Stabilization Mission and began sending support personnel after the 2010 earthquake that devastated the small nation.

What about the United States?

When calculating their national interests, Chinese and Latin American leaders must factor in the United States, still the overwhelming political and economic power in the region and adamant about its interests in the hemisphere. The United States has long verbally—though not always in action—supported democracy and economic prosperity in Latin America. But in recent years the United States has so emphasized terrorism, illegal immigration, and the drug war that many Latin Americans believe their main interests have been sidelined. Washington’s relative popularity in the region during the 1990s was in important ways reversed in the new millennium for various reasons, among them the “Washington Consensus” reforms of the 1990s, the policies of the George W. Bush administration and the collapse of the US financial system in 2008. President Obama was initially very popular, but disappointment with his inaction in the region quickly set in. Some US policies in Latin America, such as the American Service-Members Protection Act of 2003, themselves worsened relations and

threw open the door to Chinese and other international links in the region (Watson, 2008).

China's expansion into Latin America must be seen in the far broader context of Sino-US and Sino-global relations, as Chinese do more clearly than most Latin Americans. This is because what China does in Latin America is a very small part of the PRC's activities in the rest of the world. Professor Xiang Lanxin has written that China's move into Latin America was "largely motivated by the pressing issue of energy security" and yet, as important as economic factors are, the "key foreign policy dilemma" for the PRC around the world is the United States. This makes geopolitical factors "the primary drivers of Chinese policy toward Latin America" (Xiang, 2008, pp. 45, 49ff.). At the suggestion of Hu Jintao, since 2006 the United States and China have conducted high-level annual exchanges involving each country's officials dealing with Latin America. The objectives include helping the two governments anticipate possible sources of friction and cooperation.

In March 2008 Thomas J. Christensen, then US Deputy Assistant Secretary for East Asian and Pacific Affairs, testified in Washington that, whereas the United States and China have some different perspectives, "In general, we believe that China's economic engagement with the developing world is a net positive for China and for the recipient countries, which need assistance, investment, trade opportunities, and expertise" (Christensen, 2008). Today many in US political and academic circles share this largely positive perspective on Chinese involvement in Latin America, though some analysts are more cautious when contemplating the longer term (Friedman, 2010).

Is China a security threat to the Americas?

What do Latin Americans think about China's possible impact on their national security? Polls conducted by the BBC in 2004–5 and the Pew Center in 2010 found most Argentines, Brazilians, and Mexicans had a negative opinion on China's military growth (Pew, 2010). Actually very few Latin Americans who make or influence policy think *seriously* about China at all (Romero, 2010). Over the past century Latin Americans have been mainly concerned about the United States.

Most Chinese deny that the PRC ever has or will pursue "imperial" or "hegemonic" policies across the globe. Though it is true that China's historical experience is significantly different from that of the West, China's borders have swelled and receded repeatedly during periods of dynastic strength or weakness since the country was first united in

221 BC. At its weakest, China was ruled for centuries by foreigners. At its strongest, the country consisted of everything under Beijing's control today and much of current Vietnam, Korea, Taiwan, and/or the northern and northwestern steppes as well as the seas off the eastern and southeastern coasts of the country. But China has never tried to colonize *beyond* this "Greatest China," even when it had the power and opportunity to do so in the early fifteenth century. Even when Mao Zedong called for the overthrow of governments in Latin America, it was mainly for ideological rather than economic reasons.

Many Western countries have a very different record with Western colonialism and exploitation (Ratliff, 2007). Relevant examples begin with centuries of Spanish and Portuguese colonial rule in Latin America and Asia and continue with Western occupations of many Asian countries well into the twentieth century, including key parts of China from the mid-nineteenth to the mid-twentieth centuries. China argues that the United States is still preventing the reunification of China by its defense of the "renegade" province of Taiwan. Other examples of what is perceived as aggressive Western military intervention abroad are attacks on Kosovo/Yugoslavia by Bill Clinton and on Iraq by George W. Bush, each with some, but limited international support.

In the end, if we take history as a guide, China and Latin American countries have more reason to worry about possible US intervention than Washington does to fear any such actions from China or Latin America. But a new factor has become important in this equation. While during most of its history China was politically, economically and strategically self-reliant and inward-looking, it had no strong incentive to even consider intervention beyond "Greatest China." This is no longer the case. The goal of continuing domestic economic growth and prosperity has for the first time in millennia made China widely dependent on other parts of the world. This new dependence has been pushing Chinese leaders to broaden their defensive perspective (Huang, 2009; Ellis, 2010).

Does China threaten economic development and democracy?

As with the United States, Latin America's predominant culture derives from Western European roots. But Latin America's foundations come from a paternalistic Iberian branch of Western culture that has been resistant to political and economic ideas and policies that serve the material needs and wishes of the people. Latin America was colonized by Spain and Portugal precisely to be drained of its resources and labor

for Iberian interests, and so it was for three centuries. However, LAC's failure to accomplish more than it has during two centuries of independence is not the fault of the United Kingdom in the nineteenth or the United States in the twentieth centuries; and to suggest that China will be responsible for shortfalls in the future is disingenuous (Harrison and Huntington, 2000; Wiarda, 2001; Oppenheimer 2005, 2010; Vargas Llosa, 2005; Arias, 2011). The buck on Latin America's present and future stops in Latin America (Mahbubani, 2004, p. 247).⁶

In response to US concerns about possible Chinese direct interferences with Latin American politics, a high-ranking Chinese official said that US concerns are quite “unnecessary” since “a stable and prosperous Latin America is in the shared interests” of both countries (Slavin, 2006). A high-ranking CCP official told me in 2007 that China is quite happy with Latin America's paternalistic political institutions, which make it easier to honor trade agreements.

Does this mean Beijing will never get involved in Latin American politics? No, because as links and investments expand amidst world challenges, China will have an increasing stake in responsible and responsive Latin American governance so as to guarantee the efficient delivery of goods and secure the safety of its nationals working abroad.⁷ Chinese analyst Jiang Shixue has written that even by 2008 Chinese and Latin American political leaders regularly exchanged “views on strategies to improve governance, the management of party affairs, political modernization and socioeconomic development” (Jiang, 2008a, p. 35). If Latin American leaders ask Chinese advisers about policies and institutions that seem to produce well in China, or perhaps even how to maintain domestic order, we may be sure Chinese officials will answer them—as the *Policy Paper* says they will—and China's suggestions are not likely to stress Western-style democratic solutions.

In the wake of recent economic and political crises in the Western and Arab worlds, closer ties with China may encourage a system that puts substantial power in the hands of the state in addition to some private-oriented persons. But, as always, it is the Latin Americans themselves who must decide which way to tilt politically and economically. Much of LAC has done well in recent years, despite the global financial crisis, and the region as a whole experiencing an estimated 4% in PPP-weighted growth during 2010–2011. But for this to become a long-term blessing Latin Americans must learn to take full advantage of the good years. Osvaldo Rosales of ECLAC has warned: “The key question is whether South American countries, especially, are taking advantage of [their] commodity export boom to invest in key areas, such as

infrastructure and education. My impression is that we are not doing it" (Oppenheimer, 2011). Major portions of LAC are still distinguished above all by world-record rates of poverty and inequality.

Conclusions

As of 2011, China's activities in Latin America have been predictable, coming as they have from a large, rapidly modernizing ancient nation striving diligently to overcome two centuries of domestic decline and humiliation, and eager to become a major global player. China's links to Latin America thus far have been pragmatic and focused on what Chinese leaders think LAC can contribute to China's continuing domestic growth, and increasingly as the years have gone by to enhancing its global clout. China recovered more quickly than most from the financial crisis that began in 2008, but big questions remain as to its future. A real slowing of China's growth could have a serious impact on China itself and on Sino-US and Sino-Latin American relations. A long-term downturn in China or an eruption of remaining domestic problems—from terrible environmental pollution to increasing inequality and intense nationalism—could make currently touted "harmonious" relations considerably less sustainable at home and abroad. One must remember that Chinese "solutions" to crises are sometimes extreme—only 40 years ago China was in the middle of the Cultural Revolution—and that leadership reactions in times of crisis cannot be foretold. In 2011 the PRC cracked down on perceived "dissidents" and sought to block access to news on uprisings in the Arab world, fearing that the latter developments might stir up similar actions among Chinese.

But assuming (1) substantial international recovery from the financial crisis, (2) a continuation of something like China's current development trajectory, and (3) tolerably good Sino-US relations, Latin America should be able to benefit much from China ties in the years ahead, if national leaders and people begin thinking strategically and acting wisely. Latin American elites will certainly benefit from China's economic involvement by simply fulfilling agreements reached with Chinese businesses, as they have in the past from other foreign investments and ties. But the Latin American people generally will be long-term winners only if their own governments invest heavily in physical and high-quality intellectual infrastructures and programs for the future, as the Chinese in most respects have done at home. If this does not happen, most Latin American countries—and not just the current "losers" in Sino-Latin American trade—will remain exploited for

their natural resources. If Latin Americans choose to continue on this route, many will have a bleak future and the temptation will be to shift the old cry from “Yankee Go Home” to “China Go Home.”

The prospects for cooperation or conflict between China, the United States, and Latin America will in large part depend on the willingness or refusal of one or all sides to pursue constructive policies, particularly the United States and China at a global level. If the Sino-US relationship goes sour, Latin America will be drawn into more and nastier foreign feuds than it ever even dreamed of during the Cold War era. That needn't happen, but the buck for that future stops with all of the parties involved (Ratliff, 2009a).

Notes

1. Just as the *Policy Paper* was being released, China became a donor member of the Inter-American Development Bank, an organization the PRC had for decades called a key weapon in the arsenal of “US imperialism.” Almost half of its initial rather modest contribution of \$350 million was earmarked for micro-enterprises and small and medium-sized businesses which Mao for so long excoriated.
2. Privately one top Chinese analyst characterized Venezuelan “socialism” by quoting a popular Chinese idiom 挂羊头, 卖狗肉 (*guà yángtóu, mài gǒuròu*), that is, to “hang out a sheep’s head [in a butcher shop window] but sell dog meat inside,” meaning advertising a quality product—socialism—but selling a shoddy one.
3. On this, the *Policy Paper* says: “The one China principle is the political basis for the establishment and development of relations between China and Latin American and Caribbean countries and regional organizations. The overwhelming majority of countries in the region are committed to the one China policy and the position of supporting China’s reunification and not having official ties or contacts with Taiwan. The Chinese Government appreciates such a stance. China is ready to establish and develop state-to-state relations with all Latin American and Caribbean countries based on the one-China principle.”
4. In 1971 Lin Biao, a Chinese general who clawed his way up to just below Mao Zedong in the Chinese power hierarchy, died under mysterious circumstances flying to the Soviet Union after allegedly trying to overthrow the Great Helmsman. China’s big guns were turned on him: “The bourgeois careerist, conspirator, double-dealer, renegade and traitor Lin Piao was an out-and-out devotee of Confucius ... He used the doctrines of Confucius and Mencius as a reactionary ideological weapon in his plotting to usurp Party leadership, seize state power and restore capitalism.” Publisher’s note, *Criticizing Lin Piao and Confucius: Selected Articles*. Peking: Foreign Languages Press, 1974. More than 200 pages were published to prove that Confucius “stubbornly supported the slave system.” p. 1.
5. The website of the organization in charge of the Institutes (Hanban) has long been unreliable. The numbers on the Chinese- and English-language websites are about the same, though they are usually about 18 months out of

- date, while efforts to run a Spanish-language website have been a disaster. In January 2010, for example, the Spanish website named only five “Institutos Confucio en Suramérica,” all of which were in Russia and Central Asia. In January 2011 there was no Spanish website at all.
6. In the first of his “Ten Commandments for Development,” Singapore senior diplomat and educator Kishore Mahbubani said: “Thou shalt blame only thyself for thy failures in development. Blaming imperialism, colonialism, and neo-imperialism is a convenient excuse to avoid self-examination” (Mahbubani, 2004, p. 247).
 7. It is very difficult to know how many Chinese are living and working in individual foreign countries. For example, when conflict erupted in Libya in February–March 2011, news agencies reported the evacuation of more than 35,000 Chinese from that country (Xinhua, 2011).

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12

South-South Relations in Brazil's Response to the Challenges of Globalization

Steen Fryba Christensen

Introduction

Under the governments led by president Lula and the Worker's Party (PT) from 2003 Brazil has been pursuing a foreign policy strategy in which South-South cooperation has become a centerpiece in its responses to the challenges of globalization. South-South cooperation refers to cooperation at two levels, namely the regional Latin American level and the extra-regional level. This aspect of Brazil's foreign policy differs substantially from the strategies pursued by the Brazilian governments in the 1990s, when Brazil emphasized its relations with the United States, the European Union (EU), and its regional partners in Mercosur while it de-emphasized relations with Africa, China, and other developing countries (Cervo, 2003, pp. 5–7). The most salient aspect of this foreign policy shift has been the strong emphasis put on relations with extra-regional countries such as China, India, and South Africa.

But why has Brazil introduced such a shift in its foreign policy orientation, and how should we understand Brazil's foreign policy strategies in the light of the challenges of globalization? These are the main questions that I address in this analysis. I argue that the shift in foreign policy orientation is a consequence of a combination of factors. First of all, dissatisfaction with the development results produced by the foreign policy and development strategies that were pursued in the 1990s, second, by a change in government, and, third, as a response to changes in the international economy, particularly the rising importance of China and more generally Asia. Brazil's aims with its foreign policy shift under the leadership of president Lula's PT-led coalition government are threefold: to improve national economic development, to strengthen Brazil's position on the international political scene, and

to contribute to changing the global order toward one of multi-polarity and de-concentrated global power. The idea is both to create a more balanced world economy through the economic strengthening of Brazil and the developing world and to increase the voice and representation of the developing world on the international political scene, particularly in multilateral negotiations with relevance to global economic and political governance. Foreign Minister Celso Amorim (2010, pp. 231–2) has recently argued that Brazil under Lula has been attempting to build a fairer and more democratic world order.

The focus on Brazil's own responses to globalization reflects the view that the impact of globalization on countries in Latin America, as elsewhere, is not produced directly. Such national strategies are important for development outcomes. William Ratliff makes a similar point in this volume when he argues that the impact of China's rise on Latin America is largely determined by the quality of Latin American countries' own responses and institutions.

The chapter is organized as follows. In the first section, I briefly explore the historical background of Brazil's international relations and strategies after the election of Lula as Brazil's president. In the second section I analyze Brazil's development strategies and international relations with an emphasis on extra-regional South-South relations and strategies. Finally, a conclusion is drawn.

Historical background

During the twentieth century Brazil was the world's third-fastest growing economy until 1980 (Abreu, 2002, p. 15). This success was assured by pursuing an economic development strategy of import-substitution and industrialization characterized by a strong state presence in the economy, high tariff barriers, and a foreign policy with a Third Worldist orientation (Lima, 2005, p. 35; Lima and Hirst, 2006). However, a series of developments in the international context, such as the oil crises of the 1970s, led to a growing foreign-debt burden and to severe external economic vulnerability and economic stagnation.

Faced with the crisis context, the otherwise successful strategy came under increasing criticism, and a widely shared belief that the strategy had exhausted its usefulness emerged (Lima and Hirst, 2006, pp. 21–3). The dominant interpretation was that Brazil's way to get out of its difficulties was to win international confidence through a combination of neoliberal policies of economic openness, privatizations, prudent fiscal policies as recommended by the International Monetary Fund (IMF) and

the World Bank, and a foreign policy with an emphasis on cooperative relations with the United States and the European Community, and on active and constructive engagement in multilateral institutions. Mercosur, the regional integration project founded in 1991 by Argentina, Paraguay, Uruguay, and Brazil, was seen as a way to increase Latin America's negotiating power in international trade negotiations (Cervo, 2003). A coalition of the centrist Brazilian Social Democratic Party and the right-wing liberal PFL was voted in on a policy platform like the one just described. However, after some initial success in assuring economic growth, the stabilization of inflation, and a reduction in poverty, Brazil faced financial instability as a consequence of growing foreign debt and the subsequent rise in external economic vulnerability. This led the government of President Cardoso to devalue the Brazilian currency, the real. The hopes attached to the real plan—the financial plan that had helped bring Cardoso to power—were not fulfilled. This led to some rethinking toward the end of the Cardoso government about how to respond to globalization. Cardoso criticized the asymmetrical outcomes produced by globalization, and a new emphasis on cooperation with South America and larger emerging countries was introduced (Lessa, Couto, and Farias, 2009). His government was also successful in getting a law of fiscal responsibility passed in 2000 in an attempt to create stability and new economic growth (Castro, 2009). The renewed development problems, however, contributed to weakening the popularity of the government and paved the way for a change of guard in the 2002 elections, in which Luiz Inácio “Lula” da Silva of the PT became president in a coalition government of the leftist PT and the Liberal Party (PL).

During the election campaign, Lula criticized Cardoso's policies for their neoliberal orientation, for lacking a national development project, and for endangering Brazil's sovereignty. He strongly criticized the US proposals for the Free Trade Area of the Americas, arguing that it should be seen as a policy a US annexation of Latin America rather than as a free-trade agreement (Bandeira, 2003, p. 154). International financial markets reacted with nervousness at opinion polls that had Lula winning the election, and Brazil's risk rating surged to more than 2000 basis points (BCB, 2003). Lula responded to this by writing a “Letter to the People” on 22 June in which he promised a change from the neoliberal course while also declaring that Brazil would honor its debt obligations and pursue a cautious policy in order to reduce the external economic vulnerability if he became president (Lula, 2002). This cautious posture helped assure access to IMF financing but was criticized by some on the political left as proof of PT subordination to the IMF and imperialism, and as a drastic political and ideological shift

when compared to the PT's historical agenda (Coggiola, 2004). However, as argued by Jorge Almeida (2002) it was exactly the moderate discourse and policy approach exemplified by the alliance with PL that helped to assure a broader electoral basis of support for Lula's candidature.

Brazil's development strategies and international relations after 2003

The Lula government's overall policy orientation has been evaluated very differently. Some see it as representing continuity or even as a deepening of the neoliberal model (Coggiola, 2004) while others find that Lula's policies represent an important reorientation (Lima and Hirst, 2006; Christensen, 2007). There were clear elements of continuity in macroeconomic policy and economic openness. Support for economic openness has grown under the Lula government. Eighty-eight percent of the foreign policy elites in a study by Amaury de Souza from 2008 thus supported the policy of economic openness (Souza, 2008, p. 6). The concept of "foreign policy elites" refers to political, business, academic, union, and non-governmental organization (NGO) elites who take part in discussions about Brazil's foreign policy. Sean W. Burges (2009, pp. 195–6) argues that a broad consensus in favor of neoliberal policies has emerged in Brazil, although the neoliberal orientation has special Brazilian characteristics. For instance, there is support for active State involvement in the economy and for a significant social orientation. This position is valid. Continuity in economic policy principles is definitely clear, but the changes are also significant. I find that the overall balance of the economic and foreign policy strategies of the Lula government marks an important reorientation and that this reorientation is particularly clear in the area of international relations and with regard to the new emphasis on South-South cooperation, which aims at changing the globalization process so as to safeguard the interests of Brazil and other developing countries. It is important to notice that a significant part of Brazil's South-South cooperation deals with economic aspects such as export diversification and the search for influence in global economic governance in multilateral negotiations with the help of South-South coalitions.

Brazil's regional South-South relations and its North-South relations

Almeida (2006) argues that from the outset the foreign policy of the Lula government emphasized the historical priorities of the PT, namely South-South cooperation and a progressive social agenda. These aims

were advanced through a combination of a number of foreign policy initiatives and a strategy to diversify exports and economic relations with a particular emphasis on trade with the South. In the following, I briefly analyze Brazil's relations with Latin America and leading developed countries in order to account for how Brazil's extra-regional South-South relations fit into Brazil's general position within the international economy and the interstate system.

At the Latin American level Brazil has particularly emphasized relations with South America. From the Brazilian perspective, South America could be used as a platform for Brazil's aims in two ways, namely as a platform for Brazil's competitive insertion into the global economy as the Cardoso government had already emphasized in its national development plan for the period 2000–3 (Lessa, Couto, and Farias, 2009, pp. 95–6), and, second, as a platform for Brazilian regional leadership of the South American continent.

Already in 2003 Mercosur and the Andes Community made a trade agreement and shortly after this an agreement was reached for South America as a whole, leading to the creation of the regionalist scheme of Unasur that, contrary to Mercosur with its focus on trade, from the outset focused on cooperation in infrastructure regarding transports, energy, and telecommunication (Lessa, Couto, and Farias, 2009, pp. 96–102). Arguably, Brazil's main interest in South America is economic. South America makes up the bulk of Brazil's exports and investments in Latin America. Taken as a whole, Latin America functions quite well for Brazil from an economic perspective. Approximately 80% of Brazil's exports to the region were made up of manufactured products in 2009, compared to just 44% in total exports (BCB, 2010). Similarly, Brazilian outward foreign direct investment (FDI) has risen substantially in recent years, with much of it going to South America (Cervo, 2010, pp. 22–5). As argued by Sanahuja (2009), Unasur satisfies a wide number of interest groups in Brazil, from agro-industry to the oil and industrial sectors. The leading national industrial business organization CNI sees South America as strategically important from the perspective of the industrial sector (CNI, 2007, pp. 9–11).

It is often argued, however, that Unasur is largely a political project of the Brazilian government. In the strategic thinking of Secretary-General of Foreign Affairs Samuel Pinheiro Guimarães (2006), political unity in South America is seen as a way to contribute toward a multipolar global order in which South America would be one of the power poles. He sees Mexico and Central America as part of the US sphere of influence. Under the Lula government, Brazil's geostrategic aim has thus been to assure Brazil's

leadership of South America in its competition with the United States for influence in the region (Christensen, 2007, pp. 145–6; Bernal-Meza, 2010, p. 202). In 2009 Unasur agreed on the creation of a common South American Defense Council, adding a security dimension to the regional project. Brazil's defense minister Nelson Jobim has argued explicitly that South American security should be a matter for South America, thereby showing that Brazil's aim is to avoid US military involvement in security issues on the South American continent (Einaudi, 2011, p. 7). Thus, Brazil challenges the European view of Latin America as the sphere of US influence that Mendizabal and Edwards refer to in this volume. In the military area, Brazil has furthermore accepted responsibility for leading the peace mission Minustah in Haiti since 2004 and has played a mediating role in a long range of conflicts in Latin America during the Lula government's tenure. Brazil's many initiatives and its role in conflict mediation as well as the fact that it made up more than 55% of South American gross domestic product (GDP) in 2007 has assured it a regional leadership role, as argued by Armijo and Burges (2010, p. 14). Relations with South America, however, are not unproblematic for Brazil. Brazil is met with some skepticism in the region because of its aims of becoming a global power (Vigevani and Ramanzini Jr, 2009, p. 83), the fragmented character of development and foreign policies in South America (Cervo and Lessa, 2010, pp. 5–6), and also simply because of differences of interests and the significant economic and power asymmetries between Brazil and its South American neighbors.

In its relations with the North, Brazil has focused on trade issues. FTA negotiations have not moved forward since 2003, and EU-Mercosur trade negotiations have not made any headway since 2004. Bahadian and Lyrio (2008, pp. 202–5) explain that the main reason for the lack of agreement in FTA negotiations in 2003 was the unrealistic posture of the United States. It pressed for common rules in the area of government procurement, investment, services, and intellectual property, where the United States is competitive, but was unwilling to negotiate liberalization in the agricultural sector, anti-dumping policies, and the reduction of agricultural subsidies. The problem is basically the same between the EU and Mercosur. Critics of the government's trade policies find that there is an exaggerated preference for South-South cooperation and an unwillingness to pursue North-South trade agreements, which is something that harms Brazilian development (Veiga, 2009). However, in the 1990s resistance to the FTA was also widespread among NGOs, unions, and in the business sector, and the Cardoso government was the main obstacle to the US agenda, according to Albuquerque (1998). In Souza's 2008 analysis,

elites show a low preference for negotiating free-trade agreements with the United States and the EU (Souza, 2008, p. 55). Instead, trade with the North is negotiated multilaterally in the WTO. Guimarães (2003) sees the WTO as an important organization for the advancement of Brazil's interests. The Cardoso government was successful in its negotiations with the United States in a controversy regarding AIDS medicine in 2001: Brazil successfully defended its right to use obligatory licensing for medicines in situations of public health emergencies against a US complaint that the law infringed multilateral intellectual property rules (Oliveira, 2005, p. 58). Similarly, the Lula government won two cases it opened at the WTO, one against US cotton subsidies and another against EU sugar subsidies, arguing that the subsidies distorted trade in the agricultural sector, causing rural poverty in developing countries. In the case of sugar, the main organization of Brazilian sugar growers, UNICA, was active in providing relevant arguments (Análise, 2006). In the case of cotton, Brazil represented itself as well as poor West African countries, arguing that US subsidies to cotton growers hurt producers in developing countries, leading to poverty (Guadagni and Kaufmann, 2004).

Brazil's extra-regional South-South relations

The priority given to South-South cooperation has been part of the re-emergence of the North-South cleavage along with the centrality of the development theme in Brazilian foreign policy (Oliveira, 2005, pp. 56–7). While some analysts describe Brazil's international relations as balanced, the emphasis on South-South cooperation having been combined with good relations to the United States and the EU (Pecequillo, 2008), this analysis emphasizes the priority given to the strengthening of economic and diplomatic ties with countries in the South. Coalition-building with other southern countries has been an important aspect of this tendency, as has been the diversification of Brazil's commercial and economic relations with the South. These elements have been instrumental in Brazil's attempts to increase not only its own influence but also that of the developing world as a whole and to assure the relative economic strengthening of the South so as to position it to contribute to the development of a more balanced world order (Amorim, 2010). Thus, although Brazil maintains friendly and cooperative relations with the dominant countries in the North, a Third Worldist orientation can be detected in Brazil's South-South relations.

In its national development plan for the period 2004 to 2007, the Lula government emphasized the need to increase Brazilian exports as a way of reducing its external vulnerability. As Table 12.1 shows, Brazil did succeed in increasing its exports substantially in the years of the Lula government.

Table 12.1 Brazilian exports (billions of US dollars)

Year	Exports
1997	53.0
2002	60.4
2008	197.9
2009	153.0

source: Developed by the author, based on the Central Bank's Annual Reports (BCB, Annual Reports 1998, 2003, 2009, and 2010).

The policy document emphasized the need to diversify its economic relations, with an emphasis on South America, the other BRIC countries and South Africa (Lessa, Couto, and Farias, 2009: pp. 98–100). In a speech, in which he summed up the foreign policies of the first five years of the Lula government, foreign minister Celso Amorim argued that the government had indeed put emphasis on South-South trade in its policy practice and that this had helped Brazil expand its trade links with the South, thus benefiting Brazilian manufacturing exports (Amorim, 2007). Brazil's strategies and priorities during the past few years have been influenced by changes in the international system such as the emergence of China as a decisive new power, growing international commodity prices, and the stronger centrality of countries such as India, Russia, and South Africa in world development as well as by the growing Brazilian trade with countries that used to be unimportant to Brazil's trade (Vigevani and Ramanzini Jr, 2009, p. 77).

The aims of the diversification strategy as well as South-South political cooperation are threefold, namely to enhance national economic development, to promote a reduced concentration of power in the world, and to increase Brazil's influence on the international political scene (Lima, 2008). On the economic front, the diversification of exports has been promoted as a way of stabilizing the economy and setting in motion a process of stable economic growth with the aim of improving popular living standards and reducing inequality and poverty. This agenda has been very successful. Poverty has been reduced significantly and economic inequality has also been reduced (Neri, 2009) and exports have grown vigorously with a strong tendency towards diversification. While 38.5% of exports went to non-OECD countries in 2002, these countries accounted for 57% in 2009, according to Celso Amorim (2010, p. 216). The tendency is that Asia and Latin America are becoming increasingly important, whereas the relative weight of the EU and particularly of the United States has fallen.

Table 12.2 Regional distribution of Brazilian exports (%)

Year	United States	EU	LAIA/LAC	Asia	Other
1997	17.7	27.4	19.8	14.6	20.5
2002	25.7	25.0	16.3	14.6	18.3
2008	14.0	23.4	25.9	18.9	18.9
2009	10.3	22.2	23.3	25.8	18.4

Source: Developed by the author, based on the Central Bank's Annual Reports (BCB, Annual Reports 1998, 2003, 2009, and 2010).

Figures for Latin America are not directly comparable because statistics for 1997 and 2002 refer to the Latin American Integration Association while the 2008 and 2009 figures refer to the somewhat larger grouping of Latin America and the Caribbean (LAC). However, LAIA includes the bulk of LAC markets. It is particularly noteworthy that the relative weight of the United States has fallen strongly whereas the relative weight of Asia has grown significantly in the Lula period, not least following the outbreak of the financial crisis (see Table 12.2). In fact, Asia is the only growing destination for Brazilian exports in the crisis year 2009 (BCB, 2010, p. 104). China is particularly significant in the Asian category and from a participation of approximately 4.2% of total Brazilian exports in 2002 (BCB, 2003, p. 149), China accounted for approximately 13.2% in 2009 (BCB, 2010, p. 118), surpassing the United States, which has historically been Brazil's largest export market. The growing weight of Asia is associated with a tendency toward primarization of Brazilian exports as Brazil exports mostly primary goods to China and Asia—exactly the opposite of the case with Latin America, as noted earlier. Critics of the Lula government see the reduced weight of manufacturing from 54.7% in 2002 to 44.0% in 2009 (BCB, 2010) as a problem because it signals a lack of emphasis on more advanced exports. On the other hand, the strong primary exports to Asia have helped Brazil build up record levels of international reserves and can be seen as a significant factor in Brazil's growth success.

Brazil has pursued its South-South cooperation strategy through very active diplomatic relations with the developing world and by using a variety of channels. Bilateral strategic partnerships, innovative alliances such as the trilateral IBSA Dialogue Forum (India, Brazil, and South Africa), the G20 coalition of developing countries in WTO trade negotiations, and the cooperation among BRIC countries (Brazil, Russia, India, and China), stand out as possibly the most significant. Other initiatives are also important, though. These include active diplomacy

with Africa, Asia, and different countries in the Middle East, and they generally have both economic and political aims. On the political front, Brazil's ultimate aim is to gain a permanent seat on the UN Security Council as well as to gain influence in global economic governance. On the economic front, the aim is to assure Brazil's economic development and a more balanced global economic development. It is important to note that the economic strengthening is both a goal in itself and a political tool for promoting Brazil's own influence and that of the developing world on the international political scene.

In what follows, the most significant aspects of Brazil's extra-regional South-South cooperation are analyzed. Emphasis is on the South-South coalition-building efforts that have been a decisive aspect of Brazil's foreign policy strategy from 2003, as well as on relations with individual countries and regions.

IBSA

In June 2003 Brazil, India, and South Africa formed the IBSA Dialogue Forum in order to pursue a number of aims, particularly through their joint strategic articulation in multilateral organizations. From the outset, two of IBSA's main objectives have been to promote the reform of the UN Security Council and to promote the millennium development goals (MDGs) set up after discussions in the UN in 2000. IBSA members wish to be included as representatives of the developing world in order to democratize the UN, and to work for the principle of multilateral solutions and against such unilateral actions as the US invasion of Iraq in March 2003 (Visentini and Silva, 2010, pp. 60–2). Similarly, the IBSA countries have been focused on strengthening their influence in the WTO multilateral trade negotiations (Rodrigues, 2010, pp. 54–6), and they put the issues of poverty and hunger on the international political agenda (Roett, 2010, p. 134) by creating a fund at the UNDP against poverty and hunger (incidentally joined by Spain, France, and Chile (Visentini and Silva, 2010, p. 60)), thereby demonstrating their common aim of a more social orientation of the globalization process. More recently, the IBSA countries, along with China, concerted their positions on responses to the global problem of climate change at the COP 15 meeting in Copenhagen in December 2009 as they negotiated jointly in the BASIC group (Amorim, 2010, p. 236). The IBSA Dialogue Forum should be seen as mainly a joint political initiative aimed at negotiating with the traditionally dominant powers in multilateral forums. In this way it responds to the perception that the member countries share problems and have similar interests in a number of multilateral negotiation

processes and the idea that these interests can best be advanced through South-South coalitions (Rodrigues, 2010, p. 46). Apart from the emphasis on systemic issues, the three countries have also made agreements among themselves in the areas of trade and technological cooperation, and Brazil further hopes that this cooperation will prove helpful in promoting Brazilian exports more broadly in Africa and Asia (Oliveira, 2005, pp. 61–2) and contribute to the Lula government's goal of creating a new international trade geography. However, from the outset mutual trade was very low among IBSA members, and although it has grown with the help of IBSA cooperation, there is a low degree of bilateral complementarity (Rodrigues, 2010, p. 63).

The G20

The IBSA countries are all members of the G20 coalition that was formed during the WTO negotiations in Cancún, Mexico, in September 2003. Clearly the G20 formation responds to IBSA's aim of influencing international trade rules. Brazil and India are leaders of the G20 (Rodrigues, 2010, p. 60) that today has 19 members: 5 from Africa, 6 from Asia, and 8 from Latin America (Visentini and Silva, 2010, pp. 58–9) plus China. The G20 coalition, and Brazil's leadership in this coalition, is an example of Brazil's desire to become a global player (Saraiva, 2007, p. 56). G20 has a narrow and well-defined agenda, namely that of pursuing liberal trade in the agricultural sector. The aim is to open up northern agricultural markets, put an end to export subsidies and bring down domestic subsidies in the agricultural sector in the developed countries. The G20 position was defended as development friendly and as a means of reducing poverty in the developing world. Thus it is noteworthy that although it can be argued that the G20 is an example of Brazil's neoliberal agenda, the formation of the G20 is an example of the institutional entrepreneurship of Lula's Brazil and of its assertive and autonomous foreign policy aimed at advancing the interests of Brazil and the developing world jointly in a South-South coalition.

The EU and the United States responded negatively to the creation of the G20, seeing it as the reason why negotiations were stalled in Cancún; and following the negotiations in Cancún, the EU and the United States sought to break the coalition by using threats of sanctions. As a result, some of the initial members—Colombia, Peru, Uruguay, and Guatemala—decided to withdraw from the coalition (Pecequillo, 2010, p. 139; Visentini and Silva, 2010, pp. 58–9). This exemplifies the difficulty Brazil faces in its competition with the United States for regional leadership.

Shortly after the negotiations in Cancún, Celso Amorim (2003) argued that he expected the creation of the G20 coalition to play a decisive role in introducing a less autocratic multilateral trade system and that it would help farmers in developing countries. Arguably, the G20 has been successful since it has survived the pressure from the developed world, and although no final agreement has been reached, Brazil has avoided an agreement that might have been negative seen from its own perspective. It has been successful in its trade actions against the United States and the EU in the agricultural area, as mentioned earlier, and negotiations have continued with India and Brazil as key negotiators for the G20. In July 2008, Brazil agreed to a compromise solution suggested by Pascal Lamy. However, India and China could not accept the solution because it did not allow sufficient leeway for protecting infant industries (Roett, 2010, pp. 137–8). The same was the case with Argentina, which was upset by Brazil's failure to coordinate with its largest Mercosur partner (Sanahuja, 2009). This example shows that although the G20 shares certain interests, coalition members also have divergent interests (Rodrigues, 2010). On the other hand, the G20 has been successful in articulating its interests with other developing world groups (Visentini and Silva, 2010, p. 59) and today it is an important reference point and player in multilateral trade negotiations.

BRIC

The term “BRIC” was first coined by Jim O'Neill of the American investment bank, Goldman Sachs, in 2001. O'Neill and his associates' main idea (Wilson and Purushothaman, 2003) was that Brazil, Russia, India, and China were likely to become increasingly important actors in the global economy due to their size and great potential contribution to future global economic growth. They also believed that this would increase the political weight of these countries in the international system. The concept was met with skepticism among academics early on, because from the start the BRIC was not a formal group and nowhere near being a political actor.

From the outset of the Lula government the BRIC countries were singled out along with South Africa and South America as particularly relevant to Brazil in terms of the country's need to diversify its economic relations to include more South-South links (Lessa, Couto, and Farias, 2009, pp. 98–100). Also, from a geo-political perspective, relations with BRIC countries, especially India and China, as well as with South Africa, were seen as important, as pointed out in the previous analysis of IBSA and G20. In 2006, the BRIC countries had their first meeting

at the level of foreign ministers, and in June 2009, after the outbreak of the international financial crisis in 2008, BRIC held its first formal presidential summit in Yekatarinburg, Russia (Flemes, 2010, p. 148). The main focus of the group was to discuss and coordinate their positions on global financial governance issues to be raised at the G20 meeting in Pittsburgh. They agreed on seeking to make the G20, comprising the world's biggest economies, the relevant forum for global discussions on the state of the international economy instead of the OECD-dominated G7 or G8 in order to assure their own participation in informal global financial and economic governance discussions at the highest level. They were successful in this regard (Amorim, 2009a). The main focus of the BRIC group has been to coordinate their position in the G20 as a way of gaining influence in discussions on global economic governance in areas such as the stabilization of the international financial system, IMF reform, World Bank reform, exchange rates, and trade. With regard to the exchange rate issue they took the position that the international financial system ought not continue to be so strongly centered on the US dollar, and later Brazil, Russia, and China began diversifying their reserves (Flemes, 2010, pp. 150–1). Thus, the BRIC country group started out as a sort of coalition within a relatively narrow and well-defined area, just as the G20 at the WTO had been.

According to Celso Amorim (2009b), the aim of the BRIC group is to make the world more democratic and diversified by including new players from the South and it is not against other countries. The coalition thus aims at promoting the rise of its members in the global hierarchy of states, in this case in the economic arena. The inclusion of Brazil and other emerging countries, including Argentina, in the G20 represents a success for Brazil in terms of gaining international status and recognition. However, it is important to be aware of the limited scope of the BRIC coalition. Lula has argued that BRIC ought to have a common UN strategy. China has been more cautious, though, because of the high priority it gives to its bilateral relations with the United States, according to Flemes (2010, pp. 149–51). Another reason for China's lack of clear support for Brazil's UN Security Council ambitions is that granting a permanent seat on the Security Council to Brazil would give momentum to the collective efforts of the G4, that is, Brazil, Germany, India and Japan, to obtain permanent membership as well, and China is not keen on giving that privilege to the latter two. Nin Haibin (2010, pp. 186–9) argues that China is pleased with the moderate aspirations of the BRIC group but that it has in fact given more emphasis to cooperation with emerging powers, as its coordination with the other BRIC countries shows.

The BRIC countries do discuss other issues than coordinated action in the G20. One theme has been to find ways to stimulate trade relations among themselves (Flemes, 2010, p. 151). The BRIC group has recently been joined by South Africa at China's invitation and in the third BRIC summit in China in April 2011 the group started setting up a system of cooperation between the five national development banks of the now-extended BRICS. The purpose of this cooperation is to promote investments and trade in local currencies across borders within the BRICS group (Folha.com, 2011). This policy serves the common purpose of increasing South-South trade and cooperation and reducing the centrality of the US dollar, and it fits in well with Brazil's aim to promote economic diversification toward the South as a way of fostering development and a multipolar ordering of the world.

China-Brazil strategic partnership

Brazil's strategic partnership with China was initiated in 1993. However, it has been deepened during the Lula government, as exemplified by the cooperation in BRIC, BASIC, and the G20 coalition at the WTO (Haibin, 2010, p. 183). Apart from cooperation in South-South coalitions in multilateral negotiation arenas, the bilateral partnership covers a wide range of cooperation areas such as trade, energy, space cooperation, and technology innovation (Haibin, 2010, p. 185). Oliveira (2010, p. 89) argues that the main focus is on alliances in multilateral negotiations and on cooperation in technology and innovation as ways to promote their common influence on the international political stage and to break monopoly-like situations in the technological area that are advantageous to developed countries. He does not see a strategic partnership in trade where, the two countries are mainly competitors.

Because of its economic rise, China has become of growing importance to Brazil. Furthermore, Brazilian foreign policy elites believe that China and the other BRICS will gain growing projection in the international system, whereas established powers such as the United States and Germany will lose out, relatively speaking (Souza, 2008). Thus, there are both strong geo-economic and geopolitical motives for Brazil's interest in a strategic partnership with China. China gives extra clout to the coalitions it forms part of largely due to its huge economic size. Although China and Brazil can be seen as competitors in the economic area, China is now Brazil's largest export market, as mentioned earlier.

There have been some criticisms within Brazil of Brazil's willingness to accept China's status as a market economy within the WTO in 2004. The main criticism is that China is highly competitive in manufacturing and

that this has provoked a very asymmetrical trade composition following typical North-South trade patterns, with China largely exporting highly value-added products to Brazil and Brazil largely exporting primary goods. Brazil has reacted to this with protective measures, particularly in sectors representing many Brazilian jobs (Saslavsky and Rozemberg, 2009, pp. 223–4). However, as William Ratliff mentions elsewhere in this volume, according to a 2010 survey by the Pew Institute 62% of Brazilians see China's economic growth as good for Brazil. The enormous growth of Brazilian exports to China and the rise in export prices in primary products is without a doubt the main explanation for this positive perception as these exports have helped stabilize the Brazilian economy as expected.

After the financial crisis the competitiveness problem has been exacerbated by a weak Chinese currency and a strong Brazilian currency, and at the BRIC meeting in China in 2011 president Dilma raised concerns as to the asymmetrical character of mutual trade; she is expected to argue that Brazil should be allowed to use different protection mechanisms against Chinese products (Fellet, 2011). In spite of such differences, the partnership with China seems to be real and strategic for Brazil, and the broadening of the BRICS' common economic cooperation agenda seems promising from a Brazilian perspective.

Relations with Africa

Relations with Africa and the Middle East have been intensified since 2003 as an element in the overall tendency of the Lula government to emphasize South-South relations. From the outset, the Lula government gave renewed attention to Africa (Vigevani and Cepaluni, 2007, p. 1314; Lessa, Couto, and Farias, 2009, p. 101). This new emphasis was evident in president Lula's many trips to different parts of Africa in the first years of his government. Also, a Brazil-Africa forum was held in the Brazilian city of Fortaleza in 2003 (Saraiva, 2010, pp. 178–9), while two summits have been held between South America and Africa (Amorim, 2010, p. 234). Lula made a total of 12 visits to 23 African countries during his two presidencies, giving particular attention to the Portuguese-speaking countries there (Amorim, 2010, p. 233). Some critics find that these links with often relatively small developing economies have little to offer Brazil and are largely a reflection of the government's ideological posture on Brazilian relations with Africa (Almeida, 2007). However, Samuel Pinheiro Guimarães (2009) claims that nothing could be more wrong. He argues that Brazil's diversification of trade toward Africa and Arabic countries is extremely important for Brazilian development.

In line with this view José Flávio Sombra Saraiva (2010, p. 169–79) describes the Brazilian strategy as based on national interests and he points out that Brazilian business people have participated in several of the president's visits to Africa, reflecting the government's interest in expanding Brazilian economic interests in Africa.

There is also a solidarity aspect in Brazil's Africa policy. Brazil is a new and rising player in the international aid system through Brazil's Cooperation Agency, ABC, and, according to Celso Amorim (2010, p. 233), 60% of Brazil's cooperation aid goes to the African continent. Amorim highlights the significance of initiatives in technical cooperation and mentions that the famed Brazilian research centre in tropical agriculture, Embrapa, opened an office in Accra, Ghana in 2008 and that it runs a model farm for cotton production in Mali.

Trade between Brazil and Africa has grown strongly during the Lula government's tenure. From a total of \$5 billion in 2002 mutual trade rose to \$26 billion in 2008 (Amorim, 2010, p. 234). President Lula has time and again argued that particularly trade with Africa, Latin America, and other developing countries offers good opportunities for Brazilian manufacturing exports (FOLHAONLINE, 2009). Brazil's African policy can thus be seen as part of the strategy for promoting Brazilian capitalist expansion. Aid policy offers the potential to create goodwill in Africa but also to create opportunities for Brazilian businesses, particularly in the manufacturing sector. Lastly, Brazil's dialogue with South Africa in IBSA and its leadership position in the G20 coalition in WTO trade negotiations means that Brazil has come to be seen as an important representative of African interests (Saraiva, 2010, pp. 180–1). Brazil can thus be seen as strengthening its soft power through its Africa policy. This may be useful in advancing Brazil's bid for a permanent position in the UN Security Council and could be seen as serving Brazil's long-term interests.

Relations with the Arab countries and the Middle East

Brazil's policy toward the Arab world and the Middle East in general follows a logic similar to its policy toward Africa, though Brazil's diplomatic efforts in the peace process stand out as an innovative and ambitious element in Brazilian diplomacy. Trade with the Middle East tripled between 2003 and 2008, when it reached \$20 billion, and the two only free-trade agreements by Mercosur have been concluded with Israel and Egypt (Amorim, 2010, p. 235). High-level summits were instituted between South America and the Arab countries, starting in 2005 (Amorim, 2010, p. 234). Diplomatic activism is an important aspect of Brazil's Middle East policy and in its aim to become a relevant player in

the peace process. This represents a major shift in Brazilian diplomacy. Lula is the first Brazilian president to visit the Middle East officially and in 2009 he managed to meet the leaders of Palestine, Israel, and Iran on separate occasions during a two-week period (Amorim, 2010, p. 235), reflecting Brazil's attempt to promote peace in the Middle East. In many cases, the United States and Brazil have disagreed on how to deal diplomatically with the Middle East. The two most recent examples are differences on how to deal with Iran's nuclear program and how to deal with unrest in Libya. The Brazilian government's opposition to sanctions against Iran and its diplomatic initiatives have created differences with the US government and others (Amorim, 2010, p. 223, 236) and has also been controversial in Brazil. It seems clear that Brazil is pursuing its own international agenda even when there are differences with leading powers. It is less clear whether this autonomous approach will help or stand in the way of Brazil's desire to gain a permanent seat at the UN Security Council. Opinions in the United States are divided regarding the desirability of granting Brazil its wish (Einaudi, 2011).

Conclusion

Brazil's South-South relations have gained a new centrality in Brazil's development strategy and in its international political strategies. The new assertiveness and activism of Brazil's diplomacy characterizes the Lula period. This tendency started to some extent during the Cardoso government toward the end of Brazil's period of financial instability. However, the tendency was strongly intensified during the Lula government's tenure with the formation of innovative coalitions such as IBSA, G20 in WTO trade negotiations, and BRIC/BRICS. An ambitious and active diplomacy in Haiti, South America, and the Middle East is part of this pattern and shows a Brazilian government that aims at establishing itself as a regional leader and a global player. The Brazilian government has sought to gain influence in global governance, both economic and political, through multilateral mechanisms and coalition formation.

On the economic side, there has been a strong emphasis on the creation of South-South economic links in Brazil's strategy of increasing and diversifying exports in its search for business opportunities, autonomy, and reduced external economic vulnerability. Economic strengthening and greater political influence in regional and global matters were part of an ambitious aim to change the world after what the Lula government saw as a failed neoliberal agenda in the 1990s. This aim was part of a greater ambition to create more balance in the world in the sense

of promoting more political influence and more successful economic development for the developing world and of pursuing solidarity-oriented policies that could help the poorest layers of society, both in Brazil and in other countries. Changing global power balances has been part of this ambitious agenda that marks the most significant shift from the reactive and defensive tendency of the Brazilian governments in the 1990s, where fears of being left out of the dynamics of globalization led to a passive strategy of collaboration with the dominant countries and constructive participation in multilateral organizations. The new strategy has focused on South-South coalitions with narrow and well-defined agendas in multilateral economic arenas. Some of these, particularly IBSA and BRIC (now BRICS) also have an important dimension of cooperation among member countries. Strategic partnerships, particularly those with system-affecting developing countries—that is, countries that are so big and powerful that they have a direct impact on the functioning of the world system as a whole—are another important aspect of this overall strategy. It is worth stressing the significance of relations with China as well as India, South Africa, and Russia in the BRIC framework. Brazil's successful institution-building in South America is another important example. Although Brazil is encountering difficulties in this arena, some advances are clear. South America now has a Common Defense Council and the influence of the United States seems to have been reduced. Furthermore, economic ties with Latin America, particularly South America, play an important role in the strengthening of the Brazilian capitalist system. Enhanced cooperation with other developing regions such as Africa and the Middle East—another novelty—also contribute to the general picture of an ambitious global player.

These orientations manifest Brazil's aim to promote its economic development and its advancement in the international hierarchy of states through greater involvement in global governance mechanisms. Related to this aim has been the desire to contribute to a more balanced world by means of the creation of a multipolar order in place of a unipolar one. Brazil has thus sought to reduce the dominance of the United States in the world while at the same time increasing its own power and that of the developing world, particularly the large emerging countries that have systemic importance. By working toward a more multipolar world order, Brazil has also wished to promote the multilateral principle to the detriment of unilateralism.

This shift in orientation can be linked to a sense of frustration with the Cardoso government's approach to globalization. This led to some revisions and some changes in thinking among foreign policy elites.

A first move was made in the late 1990s by the Cardoso government, but the Lula government represents a more activist and assertive Third Worldist approach. The change in government and the ideological orientation of the PT-led Lula government is an important explanation behind Brazil's reorientation. Changes in the economic globalization process such as the rise of China have also played a role in Brazil's policy shift. Brazil's overall strategy has helped it achieve economic success. This newfound economic strength is an important element behind Brazil's increased role on the international political scene, and may eventually help it in its bid for a permanent seat on the UN Security Council. However, access to this arena has proven much more difficult to assure than ascent to a stronger role in global economic governance.

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Conclusions: Latin America and Globalization—Challenges, Responses, and Perspectives in the Twenty-First Century

Jan Gustafsson and Manuela Nilsson

In our introduction, we proposed to see globalization as a complex, multifaceted, and contradictory set of phenomena present with different intensity and with different manifestations according to context, place, and moment. We also proposed that Latin America, although at certain moments seemingly out of pace with some global trends, has not been excluded from globalization at any time. The chapters of this book, varied as they are in approach, method, and discipline, have confirmed these hypotheses. They show that globalization adds further complexity, not as a simple addition, but as an intrinsic dimension of the region's development processes. Therefore, to study "globalization's impact" on Latin America is one methodological approach, but the general task is to analyze the multiple phenomena and mechanisms that imply a relationship between local, national, or regional processes in Latin America and processes outside the region. Latin America is an integral part of the globe and of the phenomena we designate as globalization, and globalization is present in most, if not all, of the economic, social, and political (plus cultural) processes in the region. An excellent example of such entangled processes is Ejdesgaard Jeppesen's analysis of how global and national actors' disposal of natural resources in Bolivia provokes local protests that lead to profound changes in national politics, which result in important changes in Bolivia's global strategies that affect other actors inside and outside Latin America. On the other hand, this general observation should not, obviously, be an impediment to methodological approaches that permit more specific and closer analyses of how some of the various dimensions of globalization have an impact on—and are impacted by—phenomena in Latin America. We believe that the chapters of this book have shown such an exercise to be fruitful and cast light over a number of such aspects. In these brief

conclusions, we try to sum up some of the points and findings of this book and point at some of the essential challenges and questions that Latin America faces.

A fundamental aspect of globalization is the *economy*, which has been studied in some of the chapters, both in general and in its more specific aspects. An interesting finding relates to the quite generally accepted fear throughout the twentieth century that the Latin American economy was particularly vulnerable to international fluctuations and conjunctures, especially in its most globalized periods, when the region's economy strongly depended on the prices of raw materials, agricultural products and other similar commodities. But, as documented by Fryba Christensen and Bernal-Meza, the region at large, and some countries in particular, have managed the current crisis much better than the United States and parts of Europe—in fact, it has been one of the least-affected regions of the world. This finding provokes a number of further questions: Is this an expression of a more solid and independent economy? Is it, after all, a victory for the neoliberal model or is it rather the opposite: has the partial abandonment of the model led to this success? Will this tendency continue and could at least some Latin America countries become, as in the case of several Asian countries, global motors of economic development? Latin America's biggest economy, Brazil, is already going in that direction, but it is surely not the only country in the region that has been able to perform well under the current crisis.

Natural resources could be a propellant force in that direction. In fact, energy resources, particularly oil and gas, have been an essential part of many Latin American countries' economies during most of the twentieth century, and still are into countries such as Mexico, Venezuela, and Bolivia. Although the world's energy production and consumption show rapidly changing tendencies, especially toward alternative sources, there is no doubt that these countries are still major players in the global energy markets. On the other hand, alternative and renewable energy sources are playing an increasing role, including in Latin America, in some cases as a national strategy in relation to energy demand, oil prices, and environment; in others, especially in the case of Brazil's development of biofuels, also as an export commodity. Discussing these and other issues in their chapter, Brand and Schewel nevertheless wonder if Latin Americans will in the future be better able to deal with the political sensitivities that have hitherto hindered collaboration on oil and gas. Furthermore, we have to remember that not all Latin American countries are resource rich; Central America and

most of the Caribbean countries rely heavily on energy imports and it remains to be seen if the region's recent steps toward greater integration will also include energy issues and balance out those differences.

Another, to some countries essential and increasing, source of currency income in recent years has been the remittances sent home by emigrants, mostly from the United States and Western Europe. As demonstrated in Orozco's chapter, for a number of countries, remittances are becoming the first source of income. He also shows that the explosive increase in this tendency peaked, at least temporarily, around 2006 or 2007 and tended to stagnate or fall from 2008, mainly due to the effects of the crisis affecting the major receptor countries of Latin American immigrants, especially the United States, but also Spain. Nothing, however, seems to suggest that migration from Latin America will seriously decrease in the coming years, with poverty and social inequality, and now also the growing insecurity in some parts of the region, being the major push factors. Although migrants come from almost all social groups, the remittances are generally most important for poor families of the recipient countries, who often depend partly or entirely on such income. The destination and use of these resources, as well as their potential importance to the reduction of poverty and inequality, are central questions discussed by Orozco. It is clear that while the impact of remittances on national and family economies is obvious, their potential for social and economic improvement is far from fulfilled. A lack of consistent national policies at a general level and of knowledge and education among many receivers of remittances are reasons for which the potential value of this important economic resource remains to be exploited. Migration is, however, not only a question of money and "push-and-pull" factors. For many Latin Americans, "home" is not just one place and one country, but implies travelling or communicating between two or more countries on a more or less permanent basis. Many regions of Latin America seem to be permeated by a transnational way of life that contributes—as one factor among many—to changes in social life and politics.

Politics and social life in Latin America are indeed closely connected to globalization processes. Even alleged anti-globalization or nationalist movements and phenomena are more often than not tied in with globalization. Jeppesen's analysis of Bolivia has already been mentioned. But what happened in Bolivia is also part of the broader "Left wave" of the decade from 1999 to 2009. This historically unprecedented situation in the region, discussed in Martin Nilsson's chapter, does not, however, correspond to one single tendency. The causes of the rise of the Left are

many, but the social backside of globally oriented (neoliberal) economic policies of the 1990s is one of the most important. But the attitude towards globalization differs among the different Left tendencies, of which Nilsson has identified two main ones, partly on the basis of such an attitude: one is more nationalist and anti-imperialist, whereas the other maintains a political and economic strategy aimed at getting the best out of open-market policies while also trying to reduce the social costs and inequality that seemed to be the price of first-generation neoliberal politics. The successes (and failures) of this Left wave raise a series of important questions and uncertainties. How much to the left are the different parties and movements formally defined as leftist in Latin America today? Will the social democrat center-left, often based on older socialist parties and movements, still constitute an actual alternative to the right and center-right in the future? And will the more radical left, often based on new social movements but without a traditional party structure, be able to maintain its influence in countries such as Venezuela, Bolivia, and Ecuador, and possibly extend it to other countries? We could even go one step further and ask if the categories of Left and Right are still meaningful, or at least as meaningful as in the twentieth century. In any case, surveys by the Chilean-based *Latinobarómetro* as well as the US-based *Americas Barometer* tend to indicate that, despite the developments of the latest decade and a generalized and stereotypical idea of extreme political tendencies in the region, most Latin Americans tend to define themselves as close to the center rather than to one or the other extreme (Shifter, 2011). This might seem to be at odds with the evident fact of the left turn, but it does not necessarily imply a paradox. While in most of the twentieth century Left and Right were often seen as completely incompatible models for society, today, years after the latest democratization wave, as discussed in Nilsson's and other chapters, left, center, and right are rather seen as options between a number of choices in a democratic political and electoral system. The latest annual report of *Latinobarómetro* (2010) tends to confirm this tendency, as well as an increasing faith in democracy. This could indicate that political democracy has become a fact in Latin America, characterized by stability.

What also seems to be a fact, however, is that the traditional party structures and political models of the twentieth century are becoming more or more obsolete in many countries, or that they are, at least, in the middle of a serious crisis. The 2011 elections in Peru in April and June—first and second round, respectively—confirmed such a tendency, or rather a number of tendencies: there was not a permanent party

structure able to support any of the candidates; rather, each candidate created a coalition of groups, movements, and minor parties around their candidacy. It was also striking that APRA, the party behind the former (and twice) President Alan García, was virtually non-existent in these elections. The most popular candidates of the first round in April were also the youngest, and neither belonged to the traditional political establishment of Peru. They could be termed as “right” and “left” populists, respectively. The 35-year-old Keiko Fujimori, daughter of the ex-President Alberto Fujimori (who is in prison for corruption and violations of human rights), ran on a center-right platform, aimed at continuing the country’s current economic strategy (and recent successes). The other was the 47-year-old Ollanta Humala, who stands for a strong Peruvian nationalism with some elements of indigenism and leftist politics that remind some of the radical presidents in the region. Humala carried the majority in the first and second rounds, and therefore won the presidency at this second attempt. When he first ran for president in 2006, he was considered a nationalist radical, but in 2011 he strongly retracted from some of the radical positions and rhetoric of his first attempt as a presidential candidate. He also distanced himself from Venezuelan president Hugo Chávez, of whom he has been accused of being a protégé. Nevertheless, the “Chávez” weapon and accusations of radicalism and economic nationalism were some of his opponent’s main arguments against him. In a certain sense, it would seem that Fujimori and Humala represent two different ways of coping with globalization: one strategy, Fujimori’s, opts for a very open economy with a minimum of state control and intervention, whereas Humala stands for a soft nationalism that permits some state control over natural and other resources, combined with efforts at poverty reduction, a strategy more similar to that of ex-President Lula of Brazil than to that of Chávez. Humala’s victory in Peru could be seen as a sign that the “Left wave” is not yet over—and possibly that it is a permanent phenomenon—but a broader perspective on the Peruvian elections and the political situation in the region as a whole could also point at another hypothesis, namely that the whole political system is in crisis, one that could lead to the end of most twentieth-century’s national political models, including existing party systems and structures and the general idea of politics clearly definable as pertaining to the “centre,” the “right,” or the “left.”

The current reform process in Cuba also seems to point in this direction. Although clearly defined as, and allied with, the political Left, Cuba’s new economic strategies are pragmatic responses to globalization—and to the problem of the nationalist revolution’s survival—that have

similarities with the approaches of Asian socialist countries such as Vietnam and China. Thus it would appear that even this traditional symbol of a hard-core Left government is slowly moving toward economic—and perhaps eventually political—solutions not specifically identified with the Left.

As this collection of essays shows, globalization is a process that affects and is affected by more than economics and politics. Human security, in a very broad sense, seems to be a growing worry to the individual as well as to the community. Some of Latin America's most pressing problems are not readily addressed by mainstream politics. While social inequality, the role of the State, and the management of national resources are the main elements of political polemics, security, climate change, and other problems seem to be much more difficult to deal with. These growing problems are sometimes used as a rhetorical weapon against an opponent (who allegedly does nothing or does it in the wrong way), but actual solutions are hard to come by. Religion is, for millions of people, a cultural and psychological answer to the increasing "lack of ontological security," as discussed by Pérez-Baltodano. Worried about the perspectives of a life that is not only difficult but increasingly more insecure, religion becomes for many a more active spiritual resource that helps to deal with the fears and worries of a less secure existence. Traditional and mainstream religion, mostly the official Catholic Church, is not always sufficient, and millions turn to more charismatic churches, many of which have their origin in the United States. Pérez-Baltodano sees two possible effects of this trend, one positive and one negative. On the positive side, "charismatic Christianity enhances civic virtues, and radically improves the quality of gender relations and family life in Latin America." Christian principles such as justice and solidarity would confront the "instrumental logics of the market." On the other hand, Pérez-Baltodano sees the possibility of a negative scenario implying a vicious circle, in which people revert to providentialism as the main, or only, answer to human insecurity, while politics and democratic institutions are blamed for the individual and collective social problems and looked upon with mistrust as instruments for solutions. What the outcome will be remains to be seen, and both tendencies will probably coexist for many years. Active and charismatic religious beliefs can be a source of higher moral standards for the individual, but also an indirect obstacle to active participation in more mundane social institutions. In relation to this, the capacity of the State to provide security and other elementary rights for its citizens is a fundamental problem. Both Pérez-Baltodano and Orozco point to the fact that the State in Latin America still has difficulties

providing the social and economic security—work, education, housing, etc.—to which every citizen is entitled. Many Latin Americans lack basic security of life and property, and rising crime rates make the situation worse. According to *Latinobarómetro*, nine out of ten Latin Americans live in fear of becoming victims of a crime, and 27% believe that crime is the most important problem their country is facing. This is especially evident in Venezuela and Central America, but also in Mexico and even in Argentina (*Latinobarómetro*), where between 35%, as in Mexico, and up to 64%, as in Venezuela, consider crime to be the most serious problem.

Both Olney and Stiles show how the interaction between local, national, regional, and global factors contributes to the security crisis of Mexico and Central America. Particularly in these countries organized (and not so organized) crime and public security are probably the most important problems to deal with. As underlined in the three contributions to the section on globalization's impact on security, crime and violence are very complex problems that need multilateral responses, including economic and social policies. The strategy of Mexican President Calderón has been strongly criticized for escalating rather than stopping violence, and until now the death toll has confirmed the rationale behind this criticism. On the other hand, one wonders if there are real alternatives, especially now that drug-related violence has recently been spreading from Mexico to Central America. Reinforcement of the law, further militarization of the conflict, and the destruction of coca plantations have provided "hard" answers for years. The counter-arguments suggest that these answers hardly ever show positive results and even tend to lead to more violence. One of the main arguments against the "hawks" of the drug war is that as long as the money and the market are there—especially in the United States—drugs will find their way to the consumers and the cartels and drug lords will continue to exist. Therefore, an alternative would be to concentrate on the consumption side rather than on the production and trafficking. Without the United States and other international markets, the cartels would hardly exist and would definitely not have the huge power they possess today. One of the most radical measures proposed is the legalization of drugs. But to concentrate on the demand rather than the supply would require a radical, and probably unlikely, change in the US policies toward drugs. Many Latin American countries are more or less critical of these policies and of the federal Drug Enforcement Agency (DEA). The current government of Bolivia is strongly opposed to the strategy of burning crops, because to the Bolivians the coca is a cultural health product that has been used for thousands of years, rather than

a raw material used in the production of cocaine. Some see a danger of US-dominated militarization in the war against drugs, and various presidents, including Chávez, Kirchner, and Lula da Silva, have been very critical of the US military bases established during the previous decade in Colombia. Even Mexico's conservative President Calderón has been critical of what is seen as a unilateral US attitude. The problem is not simply and only one of drugs moving to the north, but also of guns being bought legally in the United States and smuggled into Mexico. These arms are part of the arsenals used by the cartels against Mexican police and army. In any case, the problems of drugs and organized crime in Latin America cannot be solved only at the national or even the regional level. With globalization providing the framework and the opportunities for transnational criminal networks to expand and integrate, the region will have to cooperate to solve the problems of rising crime rates—not only within, but also with their northern neighbor.

During the twentieth century, Latin America's most important international relations have been, in general, with the United States. Common expressions such as the "US's back-yard," the "big stick," and "dollar diplomacy" all relate to relationships of hierarchy and dependence between the "two Americas." In the twenty-first century, things begin to look very different. Relations between the United States and Latin America, at the bilateral as well as at the multilateral level, continue to be important, but the terms are changing, and in the future the United States might cease to be Latin America's most important counterpart. Three chapters in this book are therefore dedicated to the new partners globalization provides for the region. While relations between Europe and Latin America are historically bound by colonial ties, Mendizabal and Edwards underline that their fundamental character has changed several times, and in the past two decades they have experienced important changes, including a higher level of reciprocity. The fact that some countries in Latin America experience rapid economic growth while parts of Europe go through serious crises is just one indicator of the changing conditions of that relationship. However, the most important element of change in Latin America's international relations is probably the emergence of new and powerful global actors that lack the resemblance to colonial, neocolonial or post-colonial ties and offer a more interdependent relationship. The traditional North-South or centre-periphery type of relationship is increasingly being substituted by South-South relations. A major actor in this new scheme of global relations is obviously China. In his chapter about Latin America's relations with China, Ratliff explores both the historical as

well as the contemporary dimensions of this relationship. Ratliff shows that the relations with China have had an important positive impact on the region's economy and on the prices of several export commodities, while speculation about the possibility of China's imposing political conditions on the economic exchange appear to be unfounded. Ratliff maintains that Chinese corporations are pragmatic business partners that are much more interested in the acquisition of raw materials and agricultural products from Latin America and in the expansion of a new market for their products. Relations with China are, thus, both an effect of globalization and a conscious response to it as Latin America seeks to maneuver in an increasingly more complex world of economic and political networks.

Some of the Latin American countries have definitely advanced to being key players in this new game. Undoubtedly, the far most important political and economic global actor in Latin America is Brazil. Latin America's biggest country by any measure, Brazil is traditionally considered a regional strong power, but in the past few decades, and especially under the two terms of Ignacio Lula da Silva as president, the country's global importance has increased significantly. What seems to be the most interesting and innovative aspect of this development, is that the goals pursued by president Lula da Silva and his administration—and seemingly by his successor, Dilma Rouseff—are not only and simply to obtain political and economic benefits for the country and its businesses, but to have a broader strategy for a new global order in which the traditional hierarchical perception of center and periphery, of North and South, will no longer dominate practices and perceptions of global relations. This huge task and the enormous international attention that Brazil and its leaders have received in the past years also raise many questions. Will it be possible to combine the pursuit of narrower national goals with a global strategy of what Brazilian foreign minister Amorim calls “building a fairer and more democratic world order”? (See chapter 12 in this volume.) Can and will Brazil be a, or maybe even *the*, major force in a desired, but probably extremely difficult process of fundamental change in global relations? What will be the outcome of the BRIC (Brazil, Russia, India, China) or IBSA (India, Brazil, South Africa) cooperation? Will there be economic strength and political will to modify the global power equilibrium? Will Brazil's president from 2011, Dilma Rouseff (elected October 2010), be able to act with the same combination of efficiency and charisma as her predecessor Lula? Such questions underline the regional and global importance of Brazil. But although Brazil is Latin America's most important global actor, it

is vital also to look at other countries and other regional trends. The creation of ALBA, the Bolivarian Alternative for Latin America, by the initiative of Venezuela and Chávez, with its anti-imperialist—or anti-US—tendency, is one of those trends. The creation of the Union of South American Nations in 2008, and of the Community of Latin American and Caribbean States in 2010 are also very important expressions of a region wanting to play a different role in the twenty-first century than the subordinate one of the twentieth. As a consequence of these trends, the OAS, the major instrument of inter-American relations in the last century, seems to be in a critical situation. Once seen as an instrument of US-dominated hemispheric relations, today its importance and possibility of actions have diminished.

A preliminary title for this book was: “Latin America and Globalization—Hopes and Fears.” And, in a certain sense, a final conclusion is that Latin America has undergone profound changes in the latest decades, some for the better, others for the worse, and that Latin America today is a region with grounds for hope as well as for fear. Hopes, because democracy seems to be more stable than ever before, because an improved and more independent economy creates a potential for solving problems of poverty, and because new and more equal relations in the region and the world may help create a new and better world order. Fears, because Latin America is still the most unequal region, because millions of people lack the most basic social, economic, and human rights, and because violence and crime seem to be a more acute problem here than anywhere else in the world. And, at any rate, hopes as well as fears depend not only on national and regional processes, but very much on Latin America’s current and future responses to globalization.

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