CIRSD Occasional Paper

Changing Tides: On the Political Changes Occurring in Latin America

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cirsd

September 2016

CENTER FOR INTERNATIONAL RELATIONS AND SUSTAINABLE DEVELOPMENT

PUBLISHER
CENTER FOR INTERNATIONAL RELATIONS
AND SUSTAINABLE DEVELOPMENT (CIRSD)

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Abstract

For the past decade and a half, most governments in the region of Latin America have been of the political center-left/left wing variety. The have prioritized the tackling of societal and economic inequality through various redistributive programs. Within the media and academia, this became known as the Pink Tide. This era appears to be ending, though, as the region appears to be turning away from the governments and associated values of the Pink Tide, raising questions as to what will follow them. To address these questions, this paper traces the economic developments and the history of the political left in the region over the course of the past half-century, drawing lessons as to what influenced the rise and establishment of Pink Tide administrations. This paper argues that Pink Tide governments came to power due to disillusionment with the free market economic policies perpetuated by the West and benefited from high commodity prices which allowed them to spend on social services and distributionist policies. These high commodity prices, however, have turned out to be unsustainable, resulting in a decline in government spending and thus an inability to meet popular demands. The paper concludes by analyzing how these changes could play out and sets forth possible scenarios on the basis of various ongoing trends.

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WHILE the attention of the world has been focused on events unfolding in Europe and the Middle East, a profound change has been ongoing in Latin America, with potential ramifications for the rest of the world. The pink tide—a term used to refer to the perception that leftist ideology and left-wing politics have become influential in the region—appears to be receding. Many observers are now wondering what will come after these governments leave power, and are seeking to gain a greater understanding of the region and its trends.

The pink tide—a term used to refer to the perception that leftist ideology and left-wing politics have become influential in the region—appears to be receding.

In this paper, I aim to provide that understanding by exploring and analyzing how and why so many left-leaning governments came to power at that particular point in the region's history, followed by the impact of their various public policies, both positive and negative, upon the region. Thereafter, I attempt to build a picture of what the region's future will look like, while paying specific attention to the effects of recently passed international agreements—such as the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, also known as COP21.

Building Towards the Tide: Latin America in the Twentieth Century

RECOGNIZING the region's geopolitical situation is critical to comprehending why it developed as it did. Reggie Thompson, an analyst at Strafor, argues that Latin America's various countries and even sub-regions should be regarded as "a series of divided islands rather than a united entity." He writes that

> South America is bisected by the dense Amazon rainforest and divided lengthwise by the nearly insurmountable Andean mountain range. […] [T]his disconnected geographic landscape created dozens of economies of wildly varying sizes often more linked by trade with

> partners outside the region than with each other. With a few unbroken expanses of arable land and high transport costs across the forests and mountains, Latin America was simply not in a position to create capital on the scale of the United States and Europe.[1]

THIS is something that was noted decades ago by the UN Economic Commission for Latin America (ECLAC) while under the directorship of Argentine economist Raúl Prebisch. In a study released in April 1950, entitled *The Economic Development of Latin America and its Principal Problems*, the paper began by saying that

> In Latin America, reality is undermining the out-dated schema of the international division of labour, which achieved great importance in the nineteenth century and, as a theoretical concept, continued to exert considerable influence until very recently. Under that schema, the specific task that fell to Latin America, as part of the periphery of the world economic system, was that of producing food and raw materials for the great industrial centres. There was no place within it for the industrialization of the new countries. It is nevertheless being forced upon them by events.[2]

In other words, Latin America had been relegated as a producer of raw materials and food since colonial times, destined to export products elsewhere while relying on the industrialized world for imports. This presents the problem that Prebisch noted: essentially, if the upper and middle classes of these states followed the same consumption trends as the industrialized nations, then every increase in national income would mean that imports would grow faster than exports, to the ultimate detriment of the balance of payments. Local industrial development would remain stagnant, and the former colonies would remain stuck as producers of raw materials. In order to resolve this, Prebisch suggested that states adopt import substitution industrialization (ISI). It was a suggestion that was adopted by most countries in the region, starting from the end of WWII, and which truly took off after the publishing of *The Economic Development of Latin America and its Principal Problems*.

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[1] Thompson, R.. (2015, November 13). *The New Latin America*. Retrieved from https://www.stratfor.com/weekly/new-latin-america.

[2] Prebisch, R..; United Nations Economic Commission for Latin America. (1950). *The Economic Development of Latin America and Its Principal Problems*. New York City, NY: United Nations Department of Economic Affairs. Retrieved from http://archivo.cepal.org/pdfs/cdPrebisch/002.pdf.

The Era of ISI

AS THE name "import substitution industrialization" implies, the idea behind this policy is that developing nations can break out of the international division of labor described by Prebisch through national governments taking the lead in establishing and developing domestic manufacturing capacity—particularly for goods that were formerly being imported—by implementing policies that support such development. The logic, as described by Werner Baer in a 1972 article published in *Latin American Research Review*, was that ISI would

> […] introduce a dynamic element into the Latin American economies and increase their rates of growth. The latter were deemed essential to deal with the population explosion of the region and toe meet the demands of the increasingly urban population for the ways of life of the masses in more advanced countries. It was also thought ISI would bring greater economic independence to Latin American countries: self-sufficiency in manufactured goods would place Latin American economies less at the mercy of the world economy.[3]

THE results of ISI were mixed: while there was some success and development in various countries, these all came at a cost that was too high and unsustainable. Baer wrote in 1972 that ISI was "carried out on too wide a spectrum, given limited capital and human resources and very narrow markets."[4] He also noted that wide-ranging industrialization prevented the industries of Latin American countries from engaging in specialization, which would have granted said countries a comparative advantage in trading with the industrialized developed world. This, he pointed out, resulted in the "proliferation of many firms in small markets which produced unnecessary high costs."[5]

ISI, alas, also had the intended effect of exacerbating economic inequality in the population. Juan Ariel Bogliaccini, of the Universidad Católica del Uruguay (Catholic University of Uruguay), recently published an article in *Latin American Research Review* in which he cites data from ECLAC, noting that by 1980, "70 percent of households had income below the national

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[3] Baer, W.. (1972). "Import Substitution and Industrialization in Latin America: Experiences and Interpretations." *Latin American Research Review, Vol. 7, No. 1*, pp. 97-98. Retrieved from: http://isites.harvard.edu/fs/docs/icb.topic925740.files/Week percent203/Baer_Import.pdf.
[4] Ibid. pp. 108.
[5] Ibid. pp. 109.

average and the income of the 20 richest percent was estimated as ten times greater than the poorest 20 percent."[6] He succinctly summarized the situation, saying that ISI "created a dual labor market, deepening inequality, which was severe and greater than in other parts of the globe even before the debt crisis."[7]

The Debt Crisis & the Arrival of Neoliberalism

FUNDING import substitution industrialization was expensive, for it required massive amounts of capital—particularly foreign capital. This left Latin American countries with a good deal of debt, setting the stage for an inevitable reckoning. That came in the 1970s, due in no small part to the energy crisis of the time. The oil price shocks led to current account deficits in many Latin American countries. In contrast, oil-producing countries, including those in Latin America, such as Mexico and Venezuela, were newly flush with cash due to the high oil prices, experienced current account surpluses.

Banks in the developed world became natural intermediaries between the two, with the funds from oil rich countries being lent to Latin American countries in a liquidity crunch. Even the oil-producing Latin American countries, convinced that the high oil prices would continue, borrowed money in order to take advantage of this opportunity to develop their own economies even further. All of this resulted in a massive and rapid increase in external debt.

THIS borrowing mania was manageable at the time, due to very low interest rates on short-term loans in the early in 1970s. As the decade was ending though, the developed world was experiencing low growth and high inflation, resulting in a tightening of monetary policy in Europe and in the U.S., particularly from then U.S. Fed Chairman Paul Volcker.[8] As interest rates increased, banks also began to shorten re-payment periods, signaling a desire on their part to reduce their own exposure to risk and a loss of confidence in

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[6] Bogliaccini, J.A.. (2013). "Trade Liberalization, Deindustrialization, and Inequality: Evidence from Middle-Income Latin American Countries." *Latin American Research Review, Vol. 48*, No. 2, pp. 79. Retrieved from: https://lasa.international.pitt.edu/LARR/prot/fulltext/vol48no2/48-2_79-105_bogliaccini.pdf.
[7] Ibid.
[8] Medley, B.. (1979). Volcker's Announcement of Anti-Inflation Measures. Retrieved from: http://www.federalreservehistory.org/Events/DetailView/41.

Latin American countries' long-term growth prospects. Borrowing countries began to experience greater difficulty in repaying their debts.

The situation came to a head on August 12th, 1982, when Mexican Finance Minister Jesús Silva Herzog Flores informed Volcker, U.S. Treasury Secretary Donald Regan, and International Monetary Fund (IMF) Managing Director Jacques de Larosière that Mexico would be unable to service its external debt.[9] Shortly thereafter, many countries (including some from other parts of the world) followed suit, triggering what is now known as the Latin American debt crisis. In all, 16 countries from the region rescheduled their debts.

AS THE crisis became apparent, an "international lender of last resort" program was rapidly organized by the G7 governments, some of the larger lending banks, and multilateral financial organizations, in particular the IMF.[10] Under this program, the various commercial banks and lending institutions agreed to restructure Latin American countries' debt, and the IMF, along with other agencies, lent the countries sufficient funds to pay the interest (but not the principal) on the loans.[11] In exchange, the countries had to agree to undertake severe economic structural reforms and push for the elimination of budget deficits.

In practice, this meant an embrace of fiscal austerity and a regional economic shift from ISI towards neoliberal economics—that is to say, Anglo-Saxon style free-market capitalism: the "Washington Consensus", as it is better known. The changes wrought by the Chicago Boys are an example of this: these U.S.-educated free-market oriented economists—most of them Chilean—returned to their home countries and assumed positions in their governments as economic advisors that advocated for monetary control, deregulation, privatization, and so forth.

[9] Boughton, J.M.. (2001). *Silent Revolution: The International Monetary Fund, 1979-1989*. Washington DC: International Monetary Fund. pp. 290.
[10] Devlin, R. and Ricardo Ffrench-Davis. pp. 129.
[11] Ibid. pp. 129-131.

These sorts of changes had dramatic effects on Latin American economies. As Robert Devlin and Ricardo Ffrench-Davis summarize:

> The abrupt cut-off in bank financing to Latin America plunged the region into a serious crisis that spread all over the region and lasted an entire decade. The abrupt macroeconomic overadjustment caused by a shift from a superabundance of external funding to a severe shortage carried a very high economic and social price. Indeed, the debt crisis left an indelible mark on Latin American society. For one thing, economic growth was seriously retarded, giving rise to the commonly used term "the lost decade." For another thing, the model then in vogue in Latin America—based on inward-looking import substitution and state intervention—was dealt a death blow, with neoliberal-style strategies emerging to take its place.[12]

The Era of Neoliberalism

WHILE the "international lender of last resort" program managed to prevent the crisis from spiraling out of control, the costs imposed via the required economic structural reforms were significant. Bogliaccini's research, for example, resulted in two broad conclusions: that "the trade liberalization reform produced a significant destruction of employment in industry, and the destruction of employment in industry produced an increase in income inequality."[13]

Figures 1 and 2, which directly come from his research and are provided below, demonstrate as much.[14] Figure 1 shows employment in industry as a percentage of total employment for the average and standard deviation of a few selected countries from 1980 to 2000. Figure 2 demonstrates the Gini index (a measurement of the income distribution of a country's residents, with 0 representing perfect equality and 1 representing perfect inequality) for the average and standard deviation of the same few selected countries from 1980 to 2000. As can be observed in Figure 1, employment in industry during this period of neoliberal policies generally declined as time progressed. Similarly, Figure 2 shows that inequality in this time period rose.

[12] Ibid. pp. 118.
[13] Bogliaccini, J.A. pp. 90.
[14] Ibid. pp. 81.

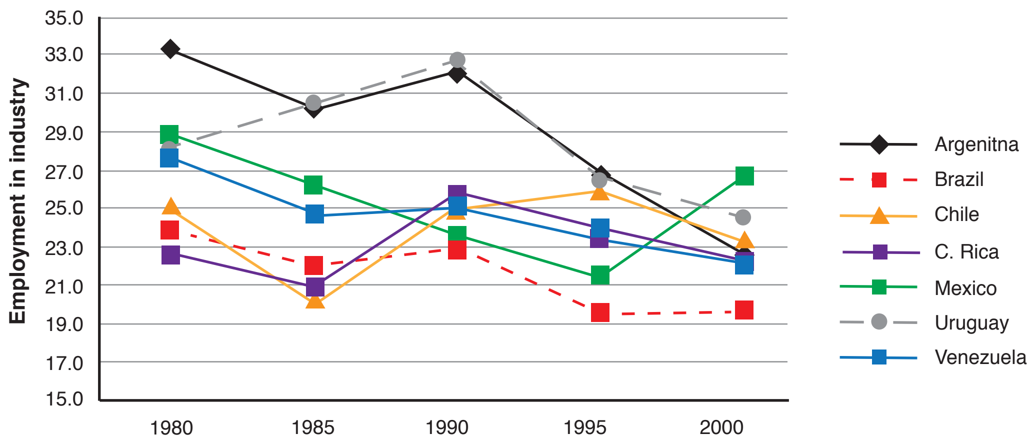
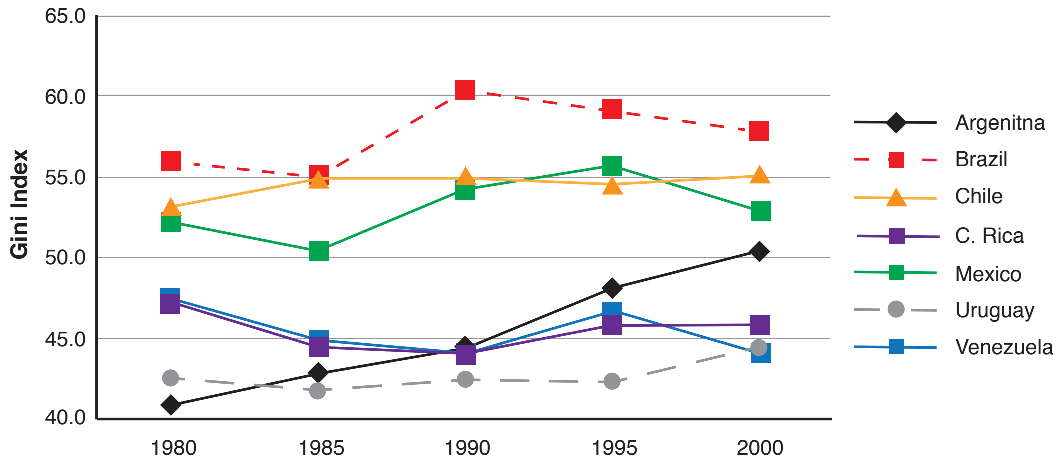


Figure 1: Employment in industry as a percentage of total employment: average and standard deviation for selected countries from 1980-2000.



Source: *Latin American Research Review, Vol. 48, No. 2*

Figure 2: Gini index: average and standard deviation for selected countries from 1980-2000.

SOME consideration must be given, however, to how Latin American economies reached this point in terms of the application of neoliberal reforms. Enrique R. Carrasco of the University of Iowa concluded that part of the problem was due to how Latin American governments conducted austerity measures. He noted that many countries did not eliminate ISI subsidies to state-owned enterprises, as they were supposed to do for the reforms. Instead, they cut spending on infrastructure, health, and education, along with laying off state-employed workers and/or freezing their wages. This resulted in high employment, a notable fall in per capita income, and stagnant or negative growth.[15]

[15] Carrasco, E.R.. "The E-Book on International Finance and Development." *Transnational Law & Contemporary Problems, Vol. 9, No. 1 (Spring 1999)*, pp. 116-126. Retrieved from: http://heinonline.org/HOL/Page?handle=hein.journals/tlcp9&collection=journals&index=journals/tlcp49&id=49.

The Anglo-Saxon model of capitalism forced upon Latin American countries by the IMF and other agencies was a poor fit for the region, and that perhaps other models, such as European-style welfare capitalism, ought to have been considered.

This view also seems to be supported by other experts, including Bogliaccini. However, these authors argue that, nonetheless, the Anglo-Saxon model of capitalism forced upon Latin American countries by the IMF and other agencies was a poor fit for the region, and that perhaps other models, such as European-style welfare capitalism, ought to have been considered. Bogliaccini himself writes in the conclusion to his aforementioned article that

> overall, the emphasis of the neoliberal model on principles of efficiency and market competition over welfare spending and social protection was a political designed strategy. The worsening of the region's already skewed income distribution during the liberal reform years resulted from political decisions concerning specific policy options and the specific model of capitalism that proponents of liberalization favored. In particular, the Latin American version of this model failed to formulate an alternative welfare structure for coping with the two most important and predictable social consequences of its reforms: the deindustrialization process and the consequential growth of the informal sector of the economy.[16]

THE IMF'S view of the results was more nuanced. In a history of the IMF between 1979 and 1989, entitled *Silent Revolution*, the IMF's official historian, James M. Boughton, remarked upon two important points. First, he noted that the IMF's initial forecasts about the resumption of growth were, admittedly, "optimistic."[17] He partially attributed this to "unforeseeable external shocks posterior to the crisis," though he also pointed out that the forecasts did not account for "the political resistance that often prevented the government from implementing the adjustment programs that were needed before growth could be restored."[18]

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[16] Bogliaccini, J.A. pp. 98.
[17] Boughton, J.M.. pp. 552.
[18] Ibid.

The second point made by Boughton is "the importance of combining macroeconomic adjustment with structural reforms aimed at promoting sustainable development gained operation significance only gradually as the decade progressed."[19] In other words, the importance of the reforms to Latin American economies only became visible as time progressed, which might not be ideal if consideration is given to the increasingly upset democratic electorate within many of those countries.

PERHAPS "upset" may not be the most appropriate word to describe the mood that pervaded in Latin American countries following the crisis and the subsequent response. "Enraged" would be a more appropriate description. The collapse of growth rates and living standards that came with the initial implementation of neoliberal policies provoked such widespread anger that any identification with the IMF became a political liability. Silva Herzog, the Mexican Finance Minister who declared that Mexico would be unable to service its debt, was removed from his position in 1986 because, according to a Mexican official, he was seen as "a defender of the IMF without considering the internal repercussions."[20] Brazilian officials during 1987 debt negotiations stated that they would "never again sign agreements with the IMF."[21] Arguably the best representation of the general regional attitude towards the institution is made by a cartoon in a Mexican daily newspaper, described thusly: "a working-class Mexican is hanging from a scaffold while a well-dressed man with a briefcase is reaching into the dying man's pocket to take the last of his money. On the briefcase is stamped 'IMF'."[22]

THE IMF was not the only target of anger though. In an article for *Latin American Perspectives,* Manuel Pastor Jr. of the University of Southern California wrote that the region suffered a "regressive redistribution [of resources] on the domestic level."[23]

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[19] Ibid.
[20] Pastor, M. Jr.. "Latin America, the Debt Crisis, and the International Monetary Fund." *Latin American Perspectives, Vol. 16, No. 1 (Winter 1989)*, pp. 79. Retrieved from: http://www.jstor.org/stable/2633823.
[21] Ibid.
[22] Ibid.
[23] Ibid. pp. 98.

This distribution benefited local elites in particular, something that evidently left a large segment of the population particularly resentful. As an example, Pastor illustrates how some local elites benefited from capital flight during the time of the crisis. He writes that:

> […] some major borrowers would have their debt drastically reduced or eliminated if the private assets abroad could be "mobilized." Instead, a significant portion of the interest payments to international banks is "returned" to local elites as interest on the stock of previous capital flight; according to one estimate, for example, interest earnings on previous capital flight amount to about 40 percent of debt payments in Argentina and Mexico and about 70 percent in Venezuela. […] With local elites remaining unwilling to repatriate either the capital or interest payments, Latin nations incapable of taxing such foreign earnings, and the IMF insisting on "liberalization" of trade and capital accounts, the existence of these […] assets have done little to relieve the liquidity problems […]. In this sense, popular classes in Latin America have been forced to undergo the rigors of trade adjustment not simply to pay the international banks but also to fund their own upper classes.[24]

ANOTHER issue that arose, as Pastor explains, was the treatment of foreign debt. Essentially, Western banks pressured Latin American governments and local elites to "consolidate debt"—i.e. absorb the costs for what were privately contracted external loans.[25] This served to assure Western banks that they would be paid what they were owed, as well as benefiting local elites in helping them to avoid bankruptcy. The result was that governments, and therefore the public at large, assumed the costs. Indeed, governments were forced to reduce services to the poor in order to finance these debts.[26]

By way of comparison, consider the situation to be somewhat akin to the 2008 financial crisis: U.S. investment banks were bailed out by the U.S. government in order to save said banks from their own shortsighted risky investments in toxic assets. The result, in both cases, was widespread fury, since taxpayers had to absorb these losses.

[24] Ibid. pp. 98-99.
[25] Ibid. pp. 99.
[26] Ibid. pp. 99-100.

The late Carlos F. Fiaz-Alejandro best summarized the end result in 1984:

> The private assets abroad […] have remained strictly private. Public debt is public in that it is both the responsibility of the state and highly publicized. Private assets belong mostly to households and are surrounded by [secrecy]; the income they generate is frequently exempt from taxes. This situation reduces the political legitimacy of efforts to service the external debt; indeed, it has generated a crisis of legitimacy for the role of the private sector in Latin American development.[27]

The end result of all these decisions was a notable uptick in inequality, a decline in spending on social welfare, resentment against international financial institutions, anger at local elites, distrust of the Washington Consensus/Anglo-Saxon model of capitalism, and a de-legitimization of the private sector. This dangerous combination left the region ripe for populist movements to arise, which is precisely what happened, resulting in what is now known as the Pink Tide.

The Pink Tide: Successes and Failures

THE TERM "Pink Tide" itself originates from a *New York Times* article written in 2005 by journalist Larry Rohter, in which he described how the recent election of a new left-wing president in Uruguay was a sign of the new "leftist consensus in Latin America," noting that three-quarters of the region's population was now under the sway of left-wing leaders who had come to power in the (then) past six years (in other words, since 1999).[28] He wrote that the regional shift was "…not so much a red tide as a pink one,"[29] with the color pink being a reference to more moderate socialist ideas when compared to red, which usually denotes communism.

THE HISTORY of communism—and the political left in general—in Latin America is a delicate one. In a publication entitled "The 'New Left' and Democratic Governance in Latin America," Leslie Bethel argues that the left

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[27] Diaz-Alejandro, C.F.. (1984). "Latin American Debt: I Don't Think We are in Kansas Anymore." *Brookings Papers on Economic Activity, No. 2 (1984)*, pp. 378-379. Retrieved from: http://www.brookings.edu/~/media/projects/bpea/1984-2/1984b_bpea_diazalejandro_krugman_sachs.pdf.
[28] Rohter, L.. (2005, March 1). *With New Chief, Uruguay Veers Left, in a Latin Pattern*. Retrieved from: http://www.nytimes.com/2005/03/01/world/americas/with-new-chief-uruguay-veers-left-in-a-latin-pattern.html.
[29] Ibid.

in its "socialist manifestation" was a European concept that was "transferred or adopted [in the region] without ever fully fitting or being applicable to Latin American economic, social, and political realities."[30] As a result, he notes that, with one or two exceptions, "Latin American Communist Parties, which had a complex relationship with the Soviet Union, were for the most part small, isolated, illegal—and heavily repressed."[31] The revolutionary left in the region, therefore, was "effectively suppressed by the U.S.-backed military dictatorships of the time," and the Left in Latin America was "'on the ropes' even before the collapse of communism in the Soviet Union and the end of the Cold War in 1989-91."[32]

Anglo-Saxon neoliberalism had failed in the region, unleashing with it a wave of poverty, inequality, and a collapse in growth.

When the Soviet Union collapsed, the "Old Left" was in retreat worldwide. For a time, it seemed that this too would be the fate of the Left in Latin America, particularly given the region's proximity to a triumphant United States. As was discussed above, though, Anglo-Saxon neoliberalism had failed in the region, unleashing with it a wave of poverty, inequality, and a collapse in growth. As such,

> whereas in Europe the appeal of the 'old Left' had to some extent already been undermined by post-war economic growth and improvements in the material condition of the mass of the population and the social welfare policies of governments of the social democratic Center-Left, in Latin America the persistence of extreme poverty and extreme inequality—indeed their worsening during the 1980s and 1990s, 'lost decades' in terms of economic growth—combined with political democratization might have been expected to prove the Left with new opportunities.[33]

[30] Bethel, L.. (2007, August). "Conceptual and Historical Perspectives: Part 2." *The 'New Left' and Democratic Governance in Latin America*. Washington, DC. The Wilson Center. pp. 14. Retrieved from: https://www.wilsoncenter.org/sites/default/files/NewLeftDemocraticGovernance.pdf.
[31] Ibid. pp. 15.
[32] Ibid. pp. 16.
[33] Ibid.

As a popular backlash against neoliberalism and all those associated with it was sweeping through the region, the post-Cold War political "New Left" was perfectly situated to ride a populist wave into power in many countries.

THE SITUATION at the time was therefore perfect for the political left-wing; by taking advantage of the failure of the existing states to resolve acute socio-economic problems—whether it was the ongoing poverty or deep inequality—at the same time as a popular backlash against neoliberalism and all those associated with it was sweeping through the region, the post-Cold War political "New Left" was perfectly situated to ride a populist wave into power in many countries.

Differences Between Pink Tide Governments

POPULISM is, assuredly enough, a very prominent feature in "New Left" Latin American governments, due to the intended mass mobilization of constituencies with the intent to challenge and undo the hitherto traditional political and economic elites. In particular, left-wing populist governments in the region have a tendency to emphasize "the redistributive dimension within a socio-economic framing of salient issues, and therefore mobilizes lower-class constituencies against elite economic interests."[34] In exploring this issue further, Kenneth Roberts of Cornell University identifies four different expressions of left-of-center governments in the region.

THE FIRST of these "involves an established political party that predates the era of neoliberal adjustment" that "went through an extensive process of ideological renovation and moderation."[35] The government of Uruguay is an example of such. It is comparable then to modern left-wing

[34] Roberts, K.. (2007, August). "Conceptual and Historical Perspectives: Part 1." *The 'New Left' and Democratic Governance in Latin America*. Washington, DC. The Wilson Center. pp. 11. Retrieved from: https://www.wilsoncenter.org/sites/default/files/NewLeftDemocraticGovernance.pdf.
[35] Ibid. pp. 12.

social democratic political parties that are common in Europe today. A key difference though is that, if only because of the gulf of political and economic resources available, it is incapable of building the same sort of welfare state that European social democracies have.

The second expression Roberts identifies, which is somewhat similar to the first, is a "left-leaning government […] rooted in an established party from Latin America's populist tradition."[36] He cites the Peronist party in Argentina as an example, noting how the leadership of President Néstor Kirchner helped revitalize the party's populist legacy."[37]

Roberts notes that the latter two expressions are different from the first two, primarily because they are based on new political movements, rather than preexisting political parties. The first of these (third overall) "consists of a top-down process of political mobilization based on charismatic leadership," with Hugo Chávez of Venezuela being the evident example of such.[38] The fourth and final expression exists in a case "where autonomous social mobilization from below has been critical," differing from the third expression in that organization comes from below rather than from above.[39] The best example of this is Bolivia's Evo Morales, who mobilized the country's majority indigenous population against the previous governments.

THE DIFFERENCES between these four expressions are indicators of the health of the political system within the various countries of the region, with corresponding consequences on their nature and development. Governments of the first two expressions represent, as argued by Roberts, a "maturation of democracy and the moderation of the Left, in part due to the fact that leftist parties are competing against rivals in institutionalized party systems."[40] Governments of the more populist variety, in contrast, represent the failure of democracy in these respective countries, since said governments came about because of "the failure

[36] Ibid.
[37] Ibid. pp. 12-13.
[38] Ibid. pp. 13.
[39] Ibid.
[40] Ibid.

of representative democratic institutions to respond effectively to social needs and demands."[41]

All of these expressions of government nonetheless share one unifying theme: they all "mobilized political support by criticizing the social deficits of the neoliberal model."[42]

Fighting Social Ills: Successes by the "New Left" Governments

THERE was certainly no shortage of social deficits to be tackled, as evidenced by data from the World Bank. For example, consider the available data for national poverty (measured by the percentage of the population living below the national poverty lines) in the year 2001 for the following countries; Bolivia was at 63.1 percent; Peru was at 58.7 percent; Venezuela was at 53.9 percent; and Ecuador had 54.9 percent.[43]

The region featured some of the starkest levels of inequality in the world.[44] Growth, when adjusted for inflation, was stagnant. With this in mind, the various governments of the region embarked upon massive spending on social programs in an attempt to alleviate the situation.

Overall, it appears that many of them met distinctive success. Bolivia under Evo Morales, as an example, has seen a reduction of its over 60 percent poverty to below 40 percent, witnessed an increased average life expectancy by three years, enjoyed vastly improved wages, and benefitted from a tripling of the size of the national economy.[45] In 2014, UNESCO

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[41] Ibid.
[42] Ibid.
[43] The World Bank, World Development Indicators (2001). *Poverty headcount ratio at national poverty lines (percent of population)*. [Data File]. Retrieved from: http://databank.worldbank.org/data/reports.aspx?source=2&type=metadata&series=SI.POV.NAHC#.
[44] Faiola, A.. (1999, December 9). New Left Rises in Gap between Rich and Poor, *The Washington Post*, Retrieved from: https://www.washingtonpost.com/archive/politics/1999/12/09/new-left-rises-in-gap-between-rich-and-poor/4fd79c36-379f-42fd-97a9-d2301912ee5f/.
[45] Noel, A.. (2015, December 29). The Year the 'Pink Tide' Turned: Latin America in 2015, *VICE News*, Retrieved from: https://news.vice.com/article/the-year-the-pink-tide-turned-latin-america-in-2015.

declared the country to be illiteracy-free—only the third in the region to enjoy such a distinction.[46]

CONDITIONAL cash transfer programs like *Oportunidades* in Mexico and *Bolsa Família* in Brazil, meanwhile, have borne great fruit in encouraging lower-income families to send their children to school whilst also alleviating poverty levels. *Bolsa Família* in particular is regarded as a radical success, due in no small part to its sheer impact: studies in 2013 showed that since the program's inception in 2003, extreme poverty has been halved from 9.7 percent to 4.3 percent, income inequality fell an impressive 15 percent, and prospects for success notably increased (the chances of a 15-year old girl being in school increased by 21 percent, for example).[47]

All this was accomplished at an incredibly low cost; a mere 0.6 percent of GDP, creating what is without doubt a global model for success.[48]

THE LATE Hugo Chávez of Venezuela, despite having earned a negative reputation in some Western capitals, cannot be denied to have delivered some measureable success in improving some social conditions through his various "Bolivarian Missions." Mission *Barrio Adentro*, for example, largely increased the number of primary care physicians and constructed several thousand health centers across the country, including in under-served and under-privileged areas.

As a result, according to government figures, 300,000 lives were saved and infant mortality was reduced by 12 percent over the course of eight years.[49] Another example is Mission *Ribas*, which seeks to provide secondary schooling to returning adults, particularly those from

[46] UNESCO Declares Bolivia Free of Illiteracy. (2014, July 18). Retrieved from: http://www.telesurtv.net/english/news/UNESCO-Declares-Bolivia-Free-of-Illiteracy-20140721-0048.html.
[47] Wetzel, D.. (2013, November). Bolsa Família: Brazil's Quiet Revolution. Retrieved from: http://www.worldbank.org/en/news/opinion/2013/11/04/bolsa-familia-Brazil-quiet-revolution.
[48] Ibid.
[49] Embassy of the Bolivarian Republic of Venezuela. (2011, April 18). Eight years of the Venezuelan health care program: Over 300,000 lives have been saved by Mission Barrio Adentro. Retrieved from: http://venezuela-us.org/2011/04/18/over-300000-lives-have-been-saved-by-mission-barrio-adentro/.

the country's underprivileged population. In the first three years of its existence, over 500,000 adults (around three percent of the country's adult population) graduated thanks to the program.[50]

Unfortunately, the financing behind these many programs was tied to the international price of oil. With the oil price crash of 2015, as we shall examine later, the funding of many of these programs ground to a halt, and in a few cases some of the hard-earned gains have been reversed.

Efforts by the various governments of the "New Left" also extend beyond social programs, aiming to bring a betterment in the region's record on human rights.

EFFORTS by the various governments of the "New Left" also extend beyond social programs, aiming to bring a betterment in the region's record on human rights. The most recent example was when the government of Dilma Rousseff, Brazil's "New Left" president, released in 2014 a 2,000-page report compiled by Brazil's National Truth Commission, which examined the human rights abuses that occurred during the country's period of military rule (1964 to 1985). The report "offers a damning portrayal of the military's actions, including killings, torture, sexual violence, and forced disappearances."[51] The topic was personal for Rousseff, as she herself had been imprisoned and tortured for three years in her youth as a Marxist guerrilla fighting the military government. She briefly broke down in tears during her speech marking the release of the report, and received a standing ovation from the gathered crowd.[52]

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[50] Weisbrot, M., Ray, B., and Luis Sandoval. (2009, February). The Chávez Administration at 10 Years: The Economy and Social Indicators. Washington, DC: The Center for Economic and Policy Research. Retrieved from: http://cepr.net/documents/publications/venezuela-2009-02.pdf.
[51] Taylor, A.., (2014, December 10). Brazil's torture report brings a president to tears, *The Washington Post*. Retrieved from: https://www.washingtonpost.com/news/worldviews/wp/2014/12/10/brazils-torture-report-brings-a-president-to-tears/.
[52] Ibid.

Back in Bolivia, Evo Morales has championed a different sort of rights: those of the country's indigenous peoples, of which he himself is one. As described by an article in *The Guardian*, the indigenous majority, despite representing over 60 percent of the country's population, had existed as a "shadow people, a defeated underclass banished to the margins of society and forced to work, and obey, in silence."[53] Until Morales' election, the country had been continuously ruled by pale-skinned descendants of the original European settlers to the country. Yet a constitutional referendum in 2009 under Morales' government gave sweeping rights to the indigenous peoples, who are now placing "their language and customs at the heart of the new state."[54]

Ebbing of the Tide:
The Failures of the "New Left" and What it Will Cost Them

WHILE there may be no doubt that the combined efforts of the governments of the "New Left" have produced significant results in combating social ills and inequality—whether it be a region-wide drop in poverty[55], improved health services[56], or the like—the issues that they have been less successful in attacking are now making themselves apparently manifest.

> ***While the combined efforts of the governments of the "New Left" have produced significant results in combating social ills and inequality, the issues that they have been less successful in attacking are now making themselves apparently manifest.***

[53] Carroll, R. and Andres Schipani. (2009, April 26). Bolivia's 'little Indians' find voice, *The Guardian*. Retrieved from: http://www.theguardian.com/world/2009/apr/26/bolivia-indigenous-groups-music.
[54] Ibid.
[55] The World Bank, World Development Indicators (2001). Poverty headcount ratio at national poverty lines (percent of population).
[56] Universal healthcare on the rise in Latin America. (2013, February 14). Retrieved from: http://www.worldbank.org/en/news/feature/2013/02/14/universal-healthcare-latin-america.

Some of these are driven by external factors that are beyond the control of national leaders, while other issues may be direct or indirect consequences of the policies they chose and how they chose to pursue them. In any case, these are the problems that may, and to some extent are, costing the leaders of the "New Left" the reins of power.

THE FIRST and arguably greatest problem that the governments of the region face is also their oldest: the reliance on natural resources. Bolivia, for example, relies on natural gas and petroleum for around 50 percent of its total exports and more than half of the country's 2014 budget.[57] Brazil, despite having a large and more diversified economy, still depends on the export of petroleum oils, iron ores, raw agricultural products, and so forth for a significant portion of its exports.[58] Similarly, there is Mexico, which despite benefiting from proximity to the United States and orienting its economy towards manufacturing, still relies on oil to provide the national government with a significant portion of its revenue.[59] Peru exports mostly copper ore, gold, and other mineral resources, making up over half

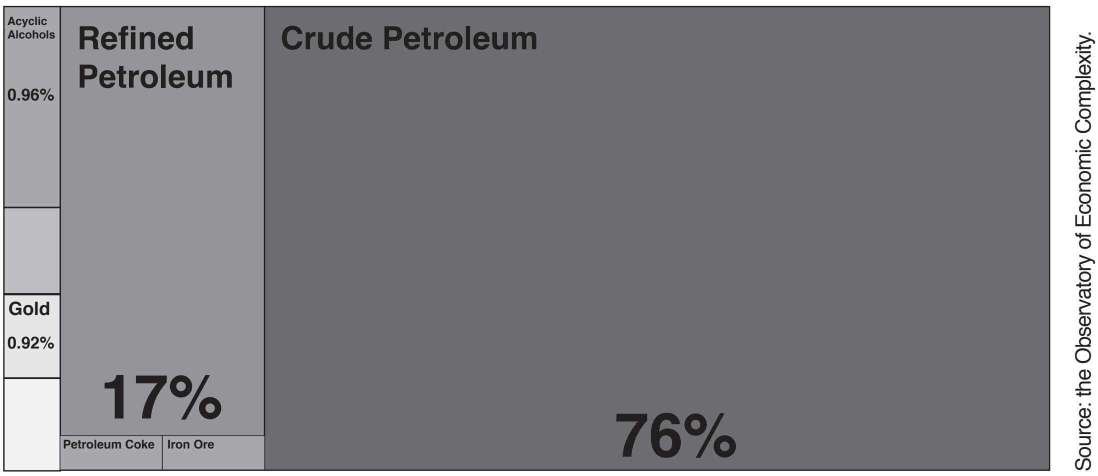

Figure 3: Venezuelan Export Map.

[57] The Observatory of Economic Complexity. (2014). Bolivia. Retrieved from: http://atlas.media.mit.edu/en/profile/country/bol/.
[58] The Observatory of Economic Complexity. (2014). Brazil. Retrieved from: http://atlas.media.mit.edu/en/profile/country/bra/.
[59] The Observatory of Economic Complexity. (2014). Mexico. Retrieved from: http://atlas.media.mit.edu/en/profile/country/mex/.

of its economy.[60] Unquestionably the leader in this category, though, is Venezuela, which is uncomfortably dependent on the export of oil.[61] In fact, as Figure 3 demonstrates, oil-related products make up over 90 percent of the country's exports.[62]

It is not unfair to say that the budgets and politics of many of the countries of the region were buoyed and kept afloat by the high oil and commodity prices of the time period.

IT IS not unfair to say that the budgets and politics of many of the countries of the region, including those that were the largest and possessed more diversified economies, were buoyed and kept afloat by the high oil and commodity prices of the time period, particularly in the boom period of the 2000s, driven in large part by demand from China. Daniel Yergin, a leading scholar on energy and Vice-Chairman of consultancy company IHS, summarized the situation as such in an article for the *Financial Times*:

> The commodity boom took off in late 2003 and 2004 with the transformation of China's role in the world economy. Following its accession to the World Trade Organization in 2001, China was no longer just the traditional source of cheap goods, tough competition and a lid on inflation. It also became a huge market in itself. Its voracious appetite for commodities supported the build-out of an entire country. Between 2003 and 2013, China accounted for 45 percent of the total growth in world oil demand. Commodity producers were caught unprepared and, as they scrambled to add capacity, prices rose from \$20-\$25 a barrel in the early 2000s to \$100 or so in 2011-2013. The conviction grew that this would go on forever.[63]

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[60] The Observatory of Economic Complexity. (2014). Peru. Retrieved from: http://atlas.media.mit.edu/en/profile/country/per/.
[61] The Observatory of Economic Complexity. (2014). Venezuela. Retrieved from: http://atlas.media.mit.edu/en/profile/country/ven/.
[62] Ibid.
[63] Yergin, D.. (2015, September 24). Commodity nations must deal with the demise of a supercycle, *Financial Times*, Retrieved from: http://www.ft.com/intl/cms/s/0/944e347a-5d2f-11e5-9846-de406ccb37f2.html#axzz41f5PoipW

THE PROBLEM is that such a boom or demand shock is temporary. Conventional wisdom dictated that China's economic growth would eventually slow down to a certain extent or another, thereby inevitably lowering the demand for commodities and bringing down prices. This is what has happened since April 2011, Yergin observes, with the IHS non-oil Material Price commodity index declining 45 percent since July 2014.[64] Oil held out for a while, partially as a result of a decrease in supply from the Middle East. This too, however, was only temporary. As Yergin wrote, "combined with rising U.S. oil output, slower global growth and the temporary return of Libyan oil, this set the stage for OPEC's decision not to cut production, initiating the collapse and a battle for market share."[65]

Jason Bordoff, the Director of the Center on Global Energy Policy at Columbia University, shared a similar view in an article for the Spring 2015 issue of *Horizons*. He wrote that the main "factor driving the 60 percent decline in the price of crude from June 2014 to January 2015 has been the remarkable growth of U.S. tight oil production,"[66] and that this "led directly to today's oil price collapse, [which] has been one of the most geopolitically consequential events in the global oil market in decades in at least three ways. First, it has vanquished, at least temporarily, OPEC's ability to set a floor on the world oil price. Second, it has the potential to depress oil prices for years to come, which […] pose risks of instability in some of the world's largest and most vulnerable petrostates."[67]

Bordoff was right about the risks of instability, since the absolute collapse in commodity prices has hit the countries of Latin America hard, particularly those who rely extensively on the export of such natural resources. Alicia Bárcena, the Executive Secretary of ECLAC, elaborated on these difficulties that governments are experiencing in an article for the Winter 2016 issue of *Horizons*. She wrote that Latin American economies "whose production and export structures are anchored in natural resources, are experiencing

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[64] Ibid.
[65] Ibid.
[66] Bordoff, J.. (2015, April). Oil Shock – Decoding the Causes and Consequences of the 2014 Oil Price Drop, *Horizons: Journal of International Relations and Sustainable Development*, Issue No. 3, Retrieved from: http://www.cirsd.org/publications/magazines_article_view_short/english/69.
[67] Ibid.

a slowdown in output and employment, as well as significant challenges in tackling their current situation through countercyclical policies."[68] She goes on, writing that, "a production and export structure—concentrated in low-production sectors—concerned with a lack of technological dynamism, means that the region remains highly vulnerable to the vagaries of international demand. After temporary relief during the recent commodity supercycle, the weakness of the region's export structure is now apparent again."[69]

It is likely that cuts will also be made to the various social programs that the "New Left" has championed, which will undoubtedly provoke widespread displeasure.

This apparent weakness means that governments throughout the region, too long accustomed to revenues from exporting commodities, are now awakening to the economic reality and cutting budgets appropriately: Mexico cut its 2015 budget by $8.4 billion; Colombia cut its budget and passed tax reform intended to extend duties aimed at propping up revenues; Trinidad and Tobago and Ecuador have undertaken similar actions; Brazil is finding that it may have to scale back or cancel projects throughout the region.[70]

UNFORTUNATELY, it is likely that cuts such as these will also be made to the various social programs that the "New Left" has championed, which will undoubtedly provoke widespread displeasure and provide an opening for the various political opposition groups/parties.

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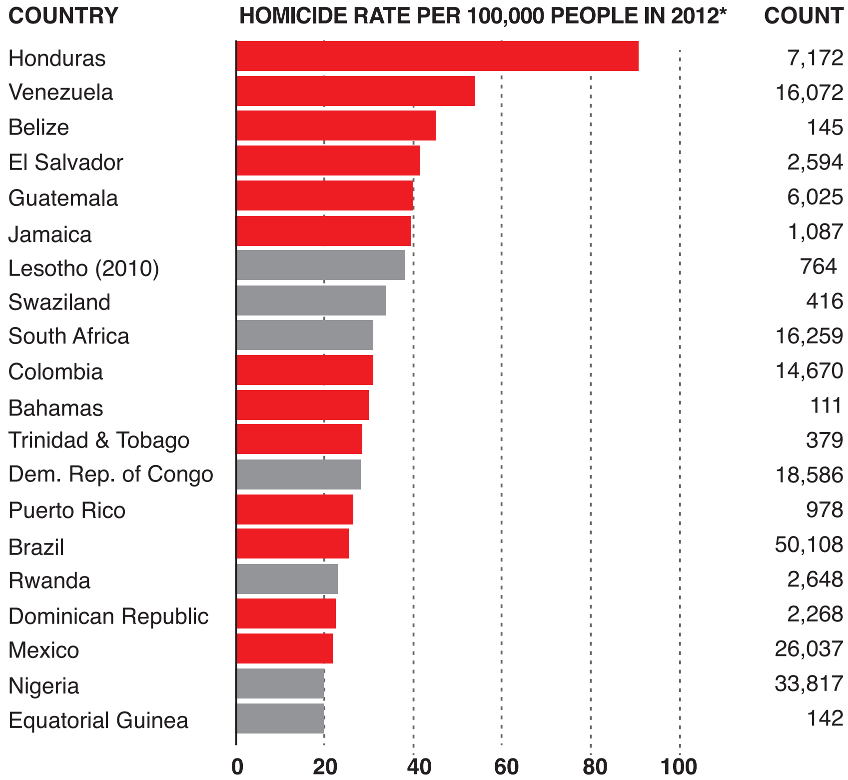
[68] Bárcena, A.. (2016, February). Opportunities in Latin America and the Caribbean, *Horizons: Journal of International Relations and Sustainable Development*, Issue No. 6, Retrieved from: http://www.cirsd.org/publications/magazines_article_view_short/english/137.
[69] Ibid.
[70] Campbell, J.. (2015, May 8). How can Latin America overcome its dependence on commodities? Retrieved from: http://www.weforum.org/agenda/2015/05/how-can-latin-america-overcome-its-dependence-on-commodities/

Killing Fields

Latin Ameica and the Caribbean have 13 of the top 20 homicide rates in the world.



Source: *Wall Street Journal.*

*Countries with a rate of less than 20 and fewer than 100 homicides are excluded.
Source: U.N. Office on Drugs and Crime The Wall Street Journal

Figure 4: Top 20 homicide rates in the world, 2014.

In a separate article in the Winter 2016 issue of *Horizons*, Michael Shifter, President of the Inter-American Dialogue, details some of the visible consequences arising out of this economic situation. He writes:

> Street protests and social conflicts have become common across the region. The underlying reason for this political tension is the rise in citizen demands: after increased benefits during years of economic expansion, Latin Americans now expect more from their governments. In the context of shrinking fiscal resources, political leaders will doubtless face tough choices and will have to come up with formulas to satisfy new demands while keeping expectations under control.[71]

[71] Shifter, M.. (2016, February). Hemispheric Challenges, *Horizons: Journal of International Relations and Sustainable Development*, Issue No. 6, Retrieved from: http://www.cirsd.org/publications/magazines_article_view_short/english/143.

THE REALM of commodity prices and their impact on national budgets is not the only arena in which the "New Left" finds itself embattled. The question of violence and security is another, and it is a particularly pressing one for some countries. According to data from a 2014 study by the United Nations, Latin America is officially the world's most violent region.[72]

The number of homicides that occurred there in 2012 made up about 31 percent of the world's total, increasing to 33 percent in late 2015, despite accounting for only eight percent of the total global population.[73] If counted by country, then 13 of the top 20 countries with the highest homicide rates in the world were found in Latin America (see Figure 4). Shifter notes that, throughout the region, "polls show that public security is a leading concern for citizens, even surpassing economic and employment problems."[74]

He highlights how some groups "remain extremely powerful and [are] often capable of infiltrating state institutions, particularly in Mexico and Central America." Alejandro Hope, a security expert at the Mexican Institute for Competitiveness, attributes a combination of factors as being responsible for this region-wide epidemic of violence, including: weak law enforcement institutions, a vibrant illegal narcotics trade, a culture of violence, economic inequality, and the region's unplanned rapid urbanization, which "created rings of slums around mega cities."[75]

FELIPE Agüero, another contributor to the "New Left" publication, theorizes that the political Left in the region has a hard time dealing with these security issues due to a reluctance "to grapple with questions of institutional design concerning public order."[76] In his view, Agüero argues that the institutional response is "to create a modern, professional, technologically advanced, and democratic police force," and that, given

[72] Luhnow, D.. (2014, April 11). Latin America Is World's Most Violent Region, *The Wall Street Journal*, Retrieved from: http://www.wsj.com/articles/SB10001424052702303603904579495863883782316.
[73] Shifter, M.. (2016, February).
[74] Ibid.
[75] Luhnow, D.. (2014).
[76] Agüero, F. (2007, August). Politics and Society, *The 'New Left' and Democratic Governance in Latin America*. Washington, DC. The Wilson Center. pp. 34. Retrieved from: https://www.wilson-center.org/sites/default/files/NewLeftDemocraticGovernance.pdf.

the region's past experience with state-sponsored repression (something which the political Left in the region is very familiar with), the Left has been "reluctant or slow to deal with how to create and provide leadership for an effective police force that would operate within a democratic context."[77]

This analysis is both partially right and partially wrong; it should be noted that the countries in the lower half of South America—Chile, Argentina, and Uruguay—have far less organized crime and better policing than the nations in the rest of the region.[78] (Brazil is the exception amongst the countries of the lower half of the region, but this can be attributed to a number of factors: its large size, the abundance of natural resources within its borders, and its own unique historical development).

At the same time, though, we must admit that these countries have three distinct advantages: 1) they are not placed along the major drug trafficking routes that head to North America; 2) left-wing governments in these countries fall under the first two expressions, which, if we recall Professor Kenneth Robert's argument, means that they are more mature and successful democracies compared to some of their northern neighbors; and 3) these countries have inter-ethnic harmonious societies, thereby reducing internal tensions that might otherwise exist.

In this sense, then, Agüero is right in that effective policing is somewhat correlated to the strength of the democratic institutions within a country. He concludes his argument by stating that "if the goal is to overcome the threats posted by crime and violence, the Left's primary concern with prevention and with the social causes of crime is no substitute for an effective, institutional, democratic policy regarding the forces of coercion."[79]

With the "New Left" under fire—and in some cases being voted out of office—some observers are saying that the Pink Tide is starting to ebb away, creating an opening for the political right to return to power. Shifter argues that this view is incorrect, as "a more careful analysis shows that

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[77] Ibid.
[78] Luhnow, D.. (2014, April 11).
[79] Agüero, F. (2007, August).

citizen distrust, protests, and unpopularity are affecting leaders and political parties of varied ideological stripes. Citizens are voting for new political forces and figures not because of an ideological shift, but because they are frustrated and demanding solutions to growing economic problems."[80] We must next evaluate the overall situation, and in so doing attempt to discern an answer to the key question of the moment: what is the future of the region of Latin America?

> ***Citizens are voting for new political forces and figures not because of an ideological shift, but because they are frustrated and demanding solutions to growing economic problems.***

A New Order in Latin America

THE SCENES that played out on the streets of Buenos Aires on November 22nd, 2015 can only be described as jovial. Mauricio Macri, the mayor of the city, had just won the Argentinian presidential election, having defeated his rival, Daniel Scioli, by a mere 2.8 percentage points.[81] Mr. Scioli had campaigned as the heir of the outgoing "New Left" president, Cristina Fernández de Kirchner, and so his defeat meant that Mr. Macri was now the first elected president in nearly a hundred years that was not affiliated with Peronism or the Radical Civic Union.[82] *The Economist* hailed the event as "a new era for the country, and perhaps South America as a whole."[83]

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[80] Shifter, M.. (2016, February).
[81] Argentina: el opositor Macri gana las elecciones presidenciales. (2015, November 23). *BBC*. Retrieved from: http://www.bbc.com/mundo/noticias/2015/11/151122_argentina_elecciones_resultados_ab.
[82] Argentina's new president: The end of populism. (2015, November 28). *The Economist*. Retrieved from: http://www.economist.com/news/americas/21679249-mauricio-macris-victory-could-transform-his-country-and-region-end-populism.
[83] Ibid.

A few weeks later, on December 7th, 2015, another election played out to the north. In Venezuela, the various opposition parties won a majority of seats in the National Assembly, overturning the majority of the Socialist party.[84] Nicolás Maduro, Chavez's successor following his death in 2013, has been hard-pressed due to the recent collapse in the price of oil and a constant shortage of goods in the country.

THESE two elections, both of which delivered electoral blows against the ruling left-wing governments, have triggered a wave of speculation as to whether the Pink Tide has finally run its course, and whether or not the political right might see a political resurgence in the region. This speculation has only increased in recent months, due to the increasing pressure under which 'New Left' leaders find themselves.

In Venezuela, for example, Maduro faces the aforementioned collapse in oil prices (along with the associated fall in state revenue), food shortages, droughts that effect the country's energy supply, and other challenges. In Brazil, Dilma Rousseff (as of the time of this writing) has been suspended from her presidential office and awaits a verdict by the Brazilian Senate regarding allegations of corruption and crime. There are even non-electoral events that seemingly indicate a change of fortunes for the broader political left. In Colombia, for example, President Manuel Santos has finally reached a peace agreement with the radical left-wing FARC guerillas, who have been waging a guerrilla campaign against the country's government for the past 50 years. In an essay for the Winter 2016 issue of *Horizons*, the president writes that: "We have been conscious for a long time that peace requires a collective cultural transformation, a new mindset, and a new way of doing things. And for us, acting differently means not only breaking from our own past, but also moving away from the ideological battles that have drained Latin America for so long."[85]

Other examples abound, all contributing to the general sensation is that the political left's time may have come and the political right may be ascendant.

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[85] Santos, J.M.. (2016, February). "Peace in Colombia and the Third Way in Latin America", *Horizons: Journal of International Relations and Sustainable Development*, Issue No. 6, Retrieved from: http://www.cirsd.org/en/horizons/horizons-winter-2016--issue-no-6/peace-in-colombia-and-the-third-way-in-latin-america.

Will the Right Sweep Latin America?

HISTORICALLY speaking, the political right wing has long been the dominant force in Latin American politics.[86] It has typically enjoyed the support of the Catholic Church (which still plays a strong role in Latin American societies), the landed and business elites, multinational corporations, and foreign powers (particularly the United States, due to its continued hemispherical dominance and historical interest in suppressing communism).[87]

YET at the same time it is apparent that the rise and fall of the "New Left" via the Pink Tide has left a permanent mark on the region's politics, with implications for both sides of the political spectrum. For example, a Latino-barómetro public opinion poll conducted in 2008 shows that 42 percent of Latin Americans identified themselves as centrist, up from 29 percent in 2002.[88] This trend is "particularly strong among younger Latin Americans," which suggests that it is likely to continue, whilst "the emergence of successful right-wing leaders, parties, and movements will require that they appeal to a more moderate society than they have in the past, rely on force to rule over a less ideologically polarized society, or attempt to exercise influence in the name of a sharply-reduced constituency."[89]

The fact that these various populations are moderate, including the youth population that grew under these left-wing regimes, makes sense when one realizes that the relatively radical left-wing leaders of the region (Chávez, Morales, etc.) have not "attempted the type of extreme social transformation attempted by previous incarnations of the Left," such as in revolutionary Cuba or Nicaragua. Given this kind of moderate electorate, political parties and movements on both sides of the political spectrum will have to present more moderate policies and ideas if they desire to win elections and enter public office.

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[86] Bowen, J.M.. *The Right in "New Left" Latin America, Journal of Politics in Latin America*, Vol. 3, No. 1, (2011). pp. 102. Retrieved from: http://journals.sub.uni-hamburg.de/giga/jpla/article/view/400/398.
[87] Ibid. pp. 103, 114.
[88] Ibid. pp. 102.
[89] Ibid.

DAVID Shirk, the Latin America program director at the University of San Diego, echoes this line of thinking. He predicts that both Left and Right will "trend toward moderation."[90] In an article for *VICE News* on the seeming turn of the Pink Tide, Mr. Shirk says that:

> [Macri's election] is importantly illustrative of the fact that today young people are going to make their decisions based not on decades-old loyalties to an iconic figure. Rather, they will make choices based on policies and programs presented by political parties and candidates. What we're seeing in South America is a generational shift. This time, the pendulum might not swing far.[91]

Predictions:
What Will Latin America Look Like in the Coming Years?

IT SEEMS that we can reasonably expect that if the Pink Tide is ebbing, then what follows will not be a right-wing Blue Tide, so to speak. Instead, the region is likely to witness a period of more moderate governments, as they attempt to meet the needs and desires of the public, particularly now, in this new macroeconomic environment.

> ***The region is likely to witness a period of more moderate governments, as they attempt to meet the needs and desires of the public, particularly now, in this new macroeconomic environment.***

With less revenue available to them, national governments will likely be more economically pragmatic. They will make revenue-saving cuts to current budgets, attempt to attract foreign investment and development, and make an effort to reform/improve tax collection systems in order to make up for lost revenue.

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[90] Noel, A.. (2015, December 29).
[91] Ibid.

THESE points seem to be backed by Thompson's analysis from Stratfor, and then expanded upon. Thompson argues that the loss of government revenue will push "New Left" states to stop nationalizing foreign companies, and instead opt toward trying to encourage investment rather than scaring it off. As a consequence of this, Thompson sees the region entering an era where "grand populist gestures of the past decade will no longer yield the same results as before and can, in fact, be counterproductive for leaders trying to restart their faltering economies."[92]

EXPORTS AND GDP GROWTH IN LATIN AMERICA

Despite the economic downturn, Mexico, Peru, Colombia and Brazil are well placed to eventualy recover.

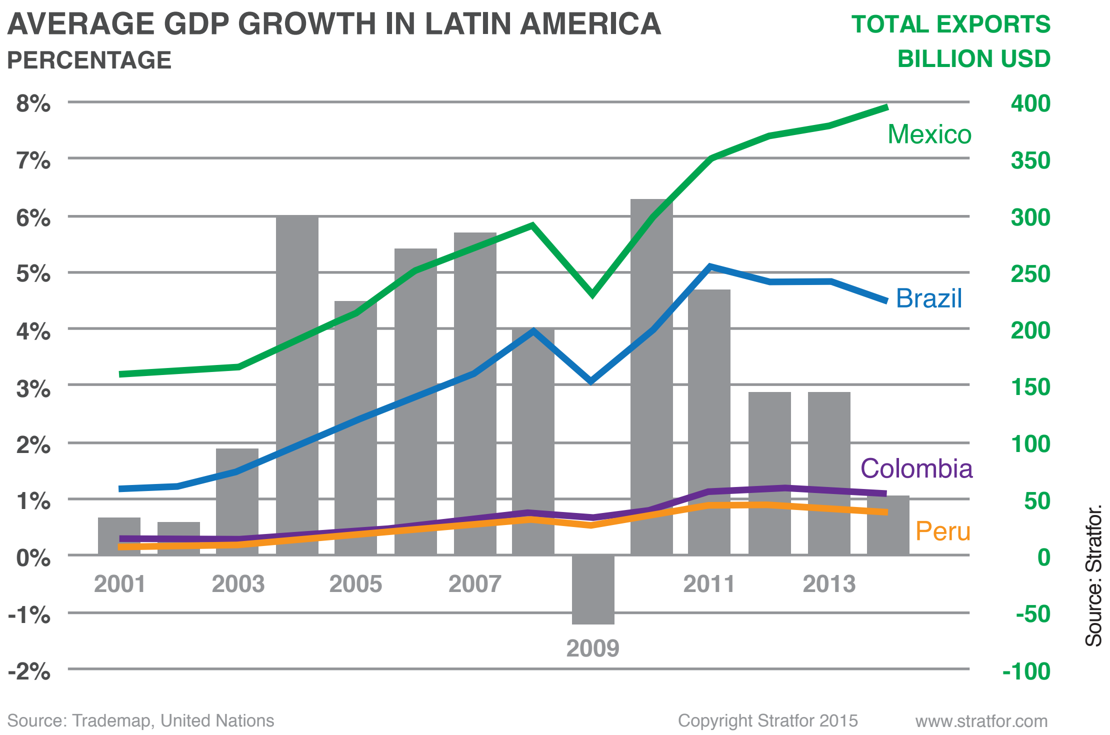

Figure 5: Exports and GDP Growth in Latin America, with selected countries.

In addition, some countries are likely to emerge from the current situation better than others, and potentially continue growing (see Figure 5). Thompson argues that Mexico, Brazil, Colombia, and Peru are likely to perform well, due to varying factors (Mexico has its proximity to the United

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[92] Thompson, R.. (2015, November 13).

States, Brazil has its sheer size and domestic manufacturing capacity, and the latter two countries benefit from stable public finances).[93]

Macroeconomic trends aside, some consideration must also be given to how the citizens of Latin America will themselves drive local economic development and innovation, particularly with regard to the realm of technology. After all, such efforts are already well underway in other parts of the world. In an article for the Winter 2016 issue of *Horizons*, John Collymore, CEO of Kenyan mobile operator Safaricom, notes that 32 percent of East Africa's GDP ($125 million daily) is being moved via mobile money (money transferred via phone).[94] Such access and convenience has no doubt vastly improved the ease of doing business for thousands, perhaps even millions, of individuals. Collymore himself cites a study by the University of Nairobi, which "found that women entrepreneurs" with "a mobile deposit account invested 45 percent more in their own business."[95]

Consideration must also be given to how the citizens of Latin America will themselves drive local economic development and innovation, particularly with regard to the realm of technology.

Latin America could vastly benefit from the use of such innovation. As Bárcena points out in her own *Horizons* essay:

> Since the creation of more advanced technology basically occurs outside the region, Latin America and the Caribbean will need structural changes in tune with the current industrial revolution in order to catch up. Growth and employment will depend on the level of integration with the global digital economy, which requires the development of a digital ecosystem, improved infrastructure, human capital, and a better business environment.[96]

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[93] Ibid.
[94] Collymore, B.. (2016, February). "Mobile Money – Africa's Force for Social Good", *Horizons: Journal of International Relations and Sustainable Development*, Issue No. 6, Retrieved from: http://www.cirsd.org/publications/magazines_article_view_short/english/140.
[95] Ibid.

IN FACT, efforts to do so are already underway. For example, rural Argentinians have developed an app called Tambero, which serves as a free, web-based global system for agriculture. It allows dairy farmers to "use QR codes to manage their plots, present comparative reports and see a satellite image of their farm, thus helping them to increase efficiency and productivity."[97] Tambero's founder, Eddie Rodriguez von der Becke, says that the company offers "the cattle management system for free, because we believe that we can make the difference between students, small and medium-sized farmers of the world if they have access to simple and free technology from any device."[98]

Driving innovation and development is not just a Latin American aspiration, but also a global one.

Driving such innovation and development is not just a Latin American aspiration, but also a global one. It is on this note that we must look outward towards the world and consider how recent international multilateral agreements will affect Latin America, its politics, and its development in the coming years.

Latin America and the 2030 Agenda: Reaching the Sustainable Development Goals

ON September 25th, 2015 world leaders adopted a multilateral agreement known as the 2030 Agenda for Sustainable Development, or the 2030 Agenda, for short. This agreement sets 17 distinct Sustainable Development Goals (SDGs), which strive to "end poverty, fight inequality and injustice, and tackle climate change

96 Bárcena, A.. (2016, February).
97 Bongat, M.. (2016, Jan 29). "Tambero: How This Software Helps 'Disconnected Farmers Connect With Their Land'." *Latin Post*. Retrieved from: http://www.latinpost.com/articles/112349/20160129/tambero-how-this-software-helps-disconnected-farmers-connect-with-their-land.htm.
98 Ibid.

by 2030."[99] Simply put, then, the UN 2030 Agenda represents the best chance to build a better world order for ourselves and for future generations, and with it lay the foundations of a new and progressive era of international cooperation.

Fulfilling the SDGs will not be an easy task, though, particularly given how ambitious some of these goals are. They include the elimination of poverty, zero hunger, promoting affordable and clean energy, and so forth. This will be a challenge in Latin America, given the regional context. This includes staggering homicide rates, corruption, distrust in local governments, and other factors. More worrisome, Latin America is currently lagging behind on some of the Millennium Development Goals (MDGs), the SDGs' predecessor targets. How can the region expect to be able to tackle the SDGs if it hasn't fully cleared the MDGs first?

How can the region expect to be able to tackle the SDGs if it hasn't fully cleared the MDGs first?

FOR example, a report from ECLAC notes that "overall maternal mortality in Latin America and the Caribbean was 85 deaths per 100,000 live births, representing a 39 percent reduction with respect to 1990 – far from the 75 percent drop called for by the MDGs."[100] Dr. Ramior Molina, founder of the Centre for Reproductive Medicine and Adolescent Development, believes that addressing the gaps in health for the MDGs, and now the SDGs, will require translating political intentions into spending on healthcare. He gives a description of the region:

> Mexico's good sex education programmes are only partially functioning; the excellent programmes that Costa Rica had have been discontinued; and Colombia has made enormous efforts to come up with really good sex education teaching materials, but they have

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[99] Sustainable Development Goals (SDGs). *UNDP*. Retrieved from: http://www.undp.org/content/undp/en/home/sdgoverview/post-2015-development-agenda.html.
[100] Jarroud, M.. (2015, September 23). "Latin America to Adopt SDGs, Still Lagging on Some MDGs." Retrieved from: http://www.ipsnews.net/2015/09/latin-america-to-adopt-sdgs-still-lagging-on-some-mdgs/.

> practically been doomed to fail by political and strategic questions. Something similar is happening in Peru, where there have also been good programmes but they don't have strategic or political support from the government. Argentina gets good results, but with strong support from the government in developing sex education programmes. The same is true in Uruguay. Chile is the worst of all, because we are plagued with opprobrium and shame.[101]

Failure in one specific field of concern does not, however, translate into complete inability. Some Latin American nations are actually more prepared to pursue the SDGs than one might think. The leader in this regard is Colombia. In February 2015, seven months before the SDGs were formally adopted, President Juan Manuel Santos approved presidential Decree No. 280, which established an "Inter-Agency Commission for the Preparation and Effective Implementation of the Post-2015 Development Agenda and the SDGs."[102] In effect, it is a commission set up to deal with reaching the 17 goals and 169 targets of the SDGs within a manageable strategy.

Regional leaders should develop and create similar bodies specifically designed to pursue, fund, and implement the SDGs.

Some agreements that the commission had implemented by the time the SDGs were adopted included "[launching] a process for localizing the agenda to different regions and municipalities" and "designing a comprehensive national monitoring framework."[103] Such dedicated efforts put in place ahead of time shows that Colombia is in fact committed to the SDGs and their implementation. Other regional leaders should develop and create similar bodies specifically designed to pursue, fund, and implement the SDGs.

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[101] Ibid.
[102] Espey, J.. (2015, October 30). "Getting Started with the SDGs: Emerging questions from the first 30 days of SDG implementation in Colombia." *Sustainable Development Solutions Network*. Retrieved from: http://unsdsn.org/news/2015/10/30/getting-started-with-the-sdgs-emerging-questions-from-the-first-30-days-of-sdg-implementation-in-colombia/.
[103] Ibid.

APART from convincing political leaders that pursuing these goals is a definitive social good, it is clear that meeting the SDGs will require significant funding, particularly if we keep in mind the likely future drop in government revenue throughout the region due to falling commodity prices. Bárcena wrote on this conundrum and stated that this effort will "require not only an unprecedented mobilization of resources, but also a reassessment of the way in which resources are obtained, organized, and allocated."[104]

Bárcena believes that three things should be done in order to fund the SDGS: first, tax systems must be reformed to meet international rules and standards, and tax evasion should be better tackled.[105] Second, since official development assistance will not be enough to meet the demands of the 2030 Agenda, these funds should be complemented with private flows that respond to appropriate market incentives and can work with public funds effectively.[106] And, third, changes towards complexity in the development financing landscape means that funds must be targeted and directed efficiently and effectively, ideally (in Bárcena's view) towards boosting nations' productive capacity and contributing to structural economic change.[107]

Latin America and COP21: Confronting the Threat of Climate Change

FROM November 30th to December 11th, 2015, international leaders gathered in Paris for the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change, (COP21). The result was relatively straightforward: an international agreement, applicable to all nations, to keep global warming below two degrees Celsius. This should be done by promoting greater efficiency, sustainability, use of green technologies, use of green energy, environmental protection, and so on and so forth.

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[104] Bárcena, A.. (2016, February).
[105] Ibid.
[106] Ibid.
[107] Ibid.

Latin America in particular has a very large stake when it comes to climate change, as the region is at the forefront against its effects, and often suffers from its effects first, before other nations. A study by the Pew Center found that 74 percent of Latin Americans consider climate change a very serious problem.[108]

It is not hard to see why, once local circumstances are properly understood and experienced. Consider Brazil, which in late 2015 experienced record levels of drought, forcing major cities to undergo water rationing.[109] Similarly and more recently, there is Venezuela, which is suffering from "its worst drought in almost half a century," a dangerous proposition for a country that depends on hydropower for two-thirds of its domestic electricity.[110] President Nicolas Maduro personally attributes the situation to the El Niño phenomenon and global warming, stating "With the warming of temperatures, it's causing drought to an extreme degree."[111]

THE region has climate concerns beyond droughts though. Latin America holds the Amazon rainforest, which is home to millions of people and thousands of different species of plants and animals. Deforestation, illegal logging, and mass livestock production affects this natural carbon sink, damaging local livelihoods and the world's ability to combat greenhouse gas emissions. Offshore island communities face the prospect of rising sea levels due to melting glaciers. Even in seemingly safe environments, the full effects of climate change are felt.

As an example, consider the family coffee growers of Costa Rica's Central Valley, from where parts of the author's family originates. It is a lifestyle that has long been a matter of tradition, familial legacy, and even pride, to say nothing of economic well-being.

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[108] Painter, J.. (2015, December 1). "COP21: Por qué a América Latina le preocupa tanto el cambio climático." *BBC Mundo*. Retrieved from: http://www.bbc.com/mundo/noticias/2015/12/151201_cop21_america_latina_preocupacion_clima_gtg.shtml.
[109] Mackenzie, C.. (2015, December 14). "How does COP21 affect Latin America?" *Latin Correspondent*. Retrieved from: http://latincorrespondent.com/2015/12/how-does-cop21-affect-latin-america/.
[110] Gallucci, M.. "Venezuelan Leader Blames El Nino And Global Warming For Nations' Energy Crisis." *International Business Times*. Retrieved from: http://www.ibtimes.com/venezuelan-leader-blames-el-nino-global-warming-nations-energy-crisis-2349921.
[111] Ibid.

This way of life, however, is now under threat due to climate change. Warming temperatures have brought an uprise in infestations by the coffee berry borer; an insect pest that causes annual losses of around $500 million, and affects the incomes of all growers in the country.[112] Increased rainfall has led to drops in coffee output, since our coffee is especially sensitive to rainfall. Watching this unfold represents a deep, personal wound, and should serve as firm evidence that finding a way to combat this sort of destructive change is an imperative, and there should be no waste in its pursuit.

Finding a way to combat destructive change is an imperative, and there should be no waste in its pursuit.

IT SHOULD come as no surprise, then, to learn that Latin America had a large role in the Paris Agreement talks. Though there was no united Latin American bloc, the countries of the region in general "supported an aggressively low target for the global mean temperature rise and defended the use of human rights language in the final text."[113]

This lack of a united front was balanced out, however, by an individual that effectively represented the interests of the entire region: Christiana Figueres, daughter of a former Costa Rican president and until recently the Executive Secretary of the UN Framework Convention on Climate Change—the institutional entity behind the entire Paris conference. In her view, in order for the Agreement to be a success,

> it must spark real world and real economy action that bends the emissions curve and drives emissions downward. This represents a transformation of how we grow and develop. Cities and businesses must be active in shaping this transformation. […] Many cities recognize that they are vulnerable to climate change now and that

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[112] "San Marcos de Tarrazú, Costa Rica." *Union of Concerned Scientists*. Retrieved from: http://www.climatehotmap.org/global-warming-locations/san-marcos-de-tarrazu-costa-rica.html.
[113] Scruggs, G.. (2015, December 16). "From Zeroes to Heroes: The Highs and Lows of Latin America and the Caribbean at COP 21." *NACLA Report on the Americas*. Retrieved from: https://nacla.org/news/2015/12/15/zeros-heroes-highs-and-lows-latin-america-and-caribbean-cop-21.

> their populations will grow as urbanization accelerates. […] Moving forward, the businesses and cities that were instrumental in agreeing to an ambitions Paris Agreement must help more and more sub-national and private sector actors become agents of change.[114]

BÁRCENA'S view on the matter of COP21 shares some similarities with Figueres' view. She argues that the terms of the agreement have sent "a strategic message that the world must make a critical long-term structural change towards environmental sustainability."[115] This in practice means that governments "must provide powerful incentives" for all actors to become "key driving forces in generating cleaner patterns of production and consumption."[116]

As for efforts that are more specific to Latin America, Bárcena also points out the issue of urbanization. Specifically, she notes that the Latin American region is the most urbanized in the world—over 80 percent of the population lives in cities—and thus there are plenty of opportunities to pursue urban innovations. These include the development of smart urban public transportation systems, solid waste and wastewater treatment, and low-carbon, low-energy buildings.[117] Doing all of this, however, along with a general "greening" of the economy, will require a twenty-first-century educated and skilled workforce, so investment in education and structural economic changes will be crucial.[118]

Possible Futures

LATIN America is, along with most of the world, in an era of transition. As the 21st century truly begins to unfold, it will find itself facing various choices once more: left or right; populism or pluralism; neoliberal or protectionist policies; and so forth. What are some possible future scenarios, then, in which Latin America could find itself?

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[114] (2015, April 26). "What Happens After Paris? Figueres on the Next Climate Steps." Interview. *Yale School of Forestry & Environmental Studies*. Yale University. Retrieved from: http://environment.yale.edu/news/article/after-paris-un-climate-negotiator-christiana-figueres-comes-to-yale/.
[115] Bárcena, A.. (2016, February).
[116] Ibid.
[117] Ibid.
[118] Ibid.

One possibility, though the chances of its development are now diminished, lies along what the late Hugo Chavez was pursuing: a revival of Simón Bolívar's dream of Gran Colombia, a united state comprised of Venezuela, Colombia, and other nearby states. In pursuit of this, Chavez founded the Bolivarian Alliance for the Peoples of Our America (ALBA). Chavez sought for the alliance to have a common currency known as "sucre,"[119] created a new regional bank called Banco del Sur, to fund development without resorting to the IMF or World Bank, and other such measures.

In essence, Chavez sought regional integration; a sort of European Union in Latin America, though with a rejection of the United States and the Washington Consensus at its core. This vision has largely come apart due to the recent fall in commodity prices, particularly oil. Successful regional integration of this sort in Latin America will require countries to develop their economies further and grow less dependent on commodities as a source of exports and government revenues.

A MORE plausible scenario can be seen in the U.S. National Intelligence Council's (NIC) "Global Trends 2030: Alternative Worlds."[120] This document considers hypothetical future global scenarios based on current "megatrends". With regard to Latin America, the publication's authors argue that two factors will drive the economic growth rate and the quality of life in the region for the foreseeable future: 1) the pace of world economic growth, which affects the prices of Latin American commodities and goods; and 2) how Latin American countries position themselves to capture potential economic gains, whether this be done through social spending, investment, improved public institutions, and so forth.[121]

In the coming years, the aforementioned document predicts, the region will produce a large middle class, suffer from increased transnational criminal activity, suffer institutional decay from populist politics, experience

[119] (2013, April 2) El sucre podría convertirse en moneda de reserve international en lose próximos años. *RT*. Retrived from: https://actualidad.rt.com/economia/view/90630-sucre-yuan-dolar-euro-moneda-reserva.
[120] "Global Trends 2030: Alternative Worlds." (2012, December). *National Intelligence Council*. Retrieved from: https://www.dni.gov/files/documents/GlobalTrends_2030.pdf.
[121] Ibid.

further natural disasters, and cope with further "security and governance challenges."[122] Brazil, the document notes, will likely play an important rule in the region's future, due to its size and available resources. Yet at the same time, the document predicts, this future role will depend on a number of factors, including global trade and growth, the evolution of megacities, increases in education, and the changing environment. In summary, the report describes Latin America as likely being "more prosperous, but inherently fragile."[123]

IN HIS 2012 book *Every Nation for Itself: Winners and Losers in a G-Zero World*, Ian Bremmer, a prominent American political scientist, shared a view similar to the NIC document. He wrote that in Latin America "corruption and organized crime remain chronic problems, but the risk of traditional military conflict is much lower there than in any other part of the emerging-market world. There are no battles over nuclear weapons proliferation. Terrorism and militancy remain local problems in a few states."[124]

He also noted that there remains a "philosophical divide on economic policy" among countries in the region, between those seeking foreign investment and those which have taken a more "populist approach to development." He concludes that the region's "relative peace will bolster its prosperity," and that local countries will choose to follow Brazil as a regional leader, should it succeed in lifting millions of its inhabitants out of poverty and into the middle class without bankrupting the country, saying that this is "the wave of the future" for the region.[125]

WHAT South America's exact future will be is up for debate, but a few general assumptions can be made: 1) the region has a low propensity for international conflict, so the main security threat in the coming years will come primarily from transnational criminal organizations or civil conflicts; 2) the end of the commodities supercycle and glut in the oil market means that governments will have to adjust their budgets accordingly, seek outside investment, and turn away to a certain extent from 'New Left' ways of

[122] Ibid.
[123] Ibid.
[124] Bremmer, I.. *Every Nation for Itself: Winners and Losers in a G-Zero World*. New York: Portfolio, 2012. Print. pp. 85.
[125] Ibid. pp. 177.

> ***The region has a low propensity for international conflict, so the main security threat in the coming years will come primarily from transnational criminal organizations or civil conflicts.***

operating; 3) climate change will continue gaining importance as a serious social issue; 4) urbanization will keep apace, raising questions regarding infrastructure and properly functioning local institutions; and 5) disruptive technologies will change both the job market and the way people interact with each other, inevitably affecting political systems.

POLITICAL developments can bring a constant change in direction, at times undermining the economic and social progress of nations. Continuity, strategic thinking, and long-term considerations will be critical for the nations of Latin America in the coming future. Most importantly, history can teach us what to expect in the future. In the case of Latin America, let us hope that a new generation of policymakers, students, and others learned the right lessons that will allow them to adapt to the changing tides of politics.

cirsd

The Center for International Relations and Sustainable Development (CIRSD) is an international non-profit public policy organization based in Belgrade and New York.

CIRSD was founded in late-2013 by Vuk Jeremić, the former Foreign Minister of Serbia and President of the 67th Session of the UN General Assembly, together with a core group of long-time collaborators.

CIRSD aims to help increase understanding and responsiveness to changing global circumstances. Its mission is to advocate for peaceful cooperation between states; encourage a more open, inclusive prosperous, and safe international system; and promote sustainable development as the foundation of the UN's post-2015 agenda.

CIRSD organizes on- and off-the-record conferences, panel discussions, round-tables, seminars, symposia, and workshops, where senior government officials, top businessmen and entrepreneurs, and outstanding thinkers can come together and debate major international challenges.

In furtherance of its mission and in support of its key program areas, CIRSD publishes its flagship English-language quarterly magazine *Horizons – Journal of International Relations and Sustainable Development*.

The CIRSD Board of Advisors consists of a number of prominent international figures from all corners of the globe, including former heads of state and government and cabinet ministers, as well as renowned academics

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