

**HIST222**  
**Unit 9 Assessment: “Latin America and Globalization”**  
**Answer Guide**

1. The Washington Consensus is a group of economic policies designed by the World Bank and International Monetary Fund in the late 1980s to restructure the economies of struggling Third World nations. The policies include privatization of state businesses, fiscal policy discipline, deregulation, openness to foreign direct investment, and liberal trade policies. These neoliberal policies have been hotly debated as either the cause of or solution to Latin America’s economic problems. For more information, see Marcela Valente’s article, “Social Reforms Making Slow Progress in South America.”

2. Neoliberalism was first implemented as an economic policy in Chile and Bolivia. This is noteworthy in itself in that both these nations were dictatorships at the time, which enabled their governments to impose neoliberal policies without opposition. In Chile, the goal was to reverse the policies strengthening government control over the economy created by the Allende government and in Bolivia, neoliberalism aimed to cure hyperinflation. In both cases, the neoliberal model sought to reduce and restrict the role of the state and government regulations in the marketplace. For more information, see Professor Emir Sader’s article, “Postneoliberalism in Latin America.”

3. Professor Cleaver uses the term “self-valorization” to describe the affirmation of national identity, cultural uniqueness, and linguistic and political economy among the Chiapas Indians, who revolted against the North American Free Trade Agreement (NAFTA) in 1994. As Cleaver describes their struggle, he says that the Zapatista National Liberation Army (EZLN) does not represent a battle for a bigger slice of the socio-economic pie; rather, Cleaver argues that the EZLN is fighting for real autonomy from a system that is inherently hostile to and repressive toward the Chiapas Indians and their way of life. For more information, see Cleaver’s article, “The Chiapas Uprising and the Future of Class Struggle in the New World Order,” particularly the section labeled, “The Roots of Organization: Self-Valorization.”

4. Professor Cleaver describes how indigenous women used the EZLN to challenge their position in traditional society, specifically the patriarchal dominance of men in indigenous society. Women challenged their subordinate status by joining the EZLN and fighting and laboring as equals for the cause. Furthermore, women organized themselves and wrote a code of women’s rights that the EZLN leadership accepted unanimously. Thus, women transformed the EZLN from a vehicle for defending indigenous ways of life to a much broader critique of injustice in society. For more information, see Cleaver’s article, “The Chiapas Uprising and the Future of Class Struggle in the New World Order,” particularly the section labeled, “The Autonomous Demands of Women Within the Indigenous Movement.”



5. Professor Cleaver believes the Chiapas Uprising is part of a larger struggle against neoliberalism and globalization because it was connected with a continent-wide resistance to NAFTA which included factory workers in the United States and Canada. Cleaver argues that EZLN's demands for better wages and working conditions resonates north of the Mexican border, where workers understand that their struggles are linked, specifically, that poor wages and working conditions in Mexico cause their own wages and working conditions to suffer. Finally, Cleaver points out that EZLN's resistance has inspired workers, students, and indigenous people throughout Mexico to protest the social and economic injustices imposed by the adoption of neoliberal policies. Cleaver locates the Chiapas Uprising not within the context of a local revolt, or even a continent-wide resistance to new economic policies, but within an international struggle to develop alternatives to the exploitation of capitalism. For more information, see the conclusion of Harry Cleaver's article, "The Chiapas Uprising and the Future of Class Struggle in the New World Order."

6. Colombia's government began to adopt neoliberal economic policies in 1990, with the opening of the economy to foreign trade. The government steeply reduced tariffs on imported goods, which hurt mid-sized Colombian industries that could not compete with cheaper goods and services from developed nations. The adoption of such policies turned Colombia's trade surplus into a trade deficit, and despite overall economic growth in the early to mid-1990s, unemployment continued to rise. By 1999, the combination of increased unemployment and lost tax revenue due to the lowered tariffs caused Colombia's economy to crash, with skyrocketing unemployment and inflation. For more information, see the article, "Colombians Protest IMF-Imposed Austerity Measures" in the Colombia Journal.

7. Although sustained economic growth helped more Chileans escape poverty, the government also took an active role in assisting the poor. The government increased social spending through a program called the "Chile Solidarity Plan," which provides financial assistance for people living in extreme poverty. Chile also managed to create an education structure that trained people for technical work in the public sector. Finally, Chilean families had fewer children, which reduced the economic burden of child care on the poorest families. It is unclear what underlying factors caused Chilean families to have fewer children, but this trend contrasts with other Latin American nations. For more information, see Marcela Valente's article, "Development—South America: Uneven Race Against Poverty."

8. Eduardo Aninat outlines five policies he believes Latin American nations need to adopt in order to prosper in the global economy. First, he says nations need good governance and transparency in economic policy to attract trade and investment. Second, he says regulatory frameworks must be updated to catch up to new information technologies and the mobility of international finance. Third, countries must invest heavily in education so that future workers can compete successfully in the knowledge-based economy. Fourth, nations need better telecommunication, banking, and

transportation infrastructures to ensure sustained economic growth. Finally, Latin American countries need to develop contingency mechanisms to stabilize prices in the event of strong international market fluctuations. For more information, see Aninat's article, "Latin America and the Challenges of Globalization."

9. What are the factors that Robert Goldsmith identifies as "drivers" for successful Latin American multinational corporations?

Goldsmith draws upon the work of Lourdes Casanova to identify several drivers of success. Some of these include investing in stable foreign markets, facilitating business innovation and efficiency, and cooperating with Asia; all of these factors are hallmarks of the modern global economy. In addition to these factors, a uniquely Latin American trademark is the ability of companies to cater to the world's poor as a result of their own domestic experience with high rates of severe poverty. For more information, see Robert Goldsmith's article, "Unveiling Latin America's Economic Success."

10. What, according to Robert Goldsmith, are Latin America's major advantages in the global economy?

Latin America is a developing region, and its nations offer large and expanding internal markets for profitable investment, as well as a young and growing population. Powerful Latin American economies, such as Brazil's, continue to grow despite the international financial crisis that began in 2009. Goldsmith believes that after a decade of investing in foreign nations, Latin American companies now have the opportunity to invest in domestic production and reduce poverty and inequality through the expansion of home markets. For more information, see Robert Goldsmith's article, "Unveiling Latin America's Economic Success."