

LATIN AMERICA AND RUSSIA ON THE COURSE OF MUTUAL CONTINGENCE UNDER CONDITIONS OF GLOBAL ECONOMIC CRISIS

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Abstract: *The basic goal this article is to reveal objective opportunities of establishing mutually advantageous cooperation between Russia and Latin American countries. The following conclusions have been made:*

- *The development of the Latin America is rather specific. Having survived the extremely deep crisis over the latest decades, this region (unlike other world regions, countries, and states) managed to display considerable social and economic progress,*
- *Geo-policy prevails in the interrelations of Russia and Latin American countries. Thereby it creates basis for the potential related to the growth of the mutually advantageous social and economic interrelations,*
- *Social and economic relations of Russia and Latin American countries can be considered as an alternative of the Russian and North American relations that are now at the stage of stagnation, and*
- *Practical application of the results of this work will allow to re-consider the challenges and opportunities related to the development of interrelations between Russia and Latin American countries.*

Keywords: *The world economy, Fordland, Brazil, Argentina, Venezuela, Russia, the USA, PRC.*

1. INTRODUCTION

Since the second part of the XX century the Latin American countries have become one of the world areas where interests of capitalism and socialism as represented by the USA and the USSR got into a conflict. However, it could not but happen without the relevant demand by the population and elites of the Latin America (Bernheim,

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Rangel 2009; Astrada 2013). At the beginning of the XXI century the interrelations of Russia and Latin American countries are still based on the Soviet heritage. However, at the same time it is possible to notice the establishment of mutually advantageous relations on the basis of the economic feasibility (Kuznetsova 2012; Abel, Lewis 2015). Taking into account the mentioned above in establishing interrelations between Russia and Latin American countries, there are both challenges and opportunities based on the past, the present and the future. At the present time “the sanctions” confrontation between Russia and Western countries urges the Russian government to search for alternative trading partners in various parts of the world, including Latin America (McGee 2014; Nuryshev 2015; Dudin, Ivashchenko 2015).

The 2016 Olympic Games are taking place in the largest country of the region, the geo-political partner of Russia – Brazil. Before this, the Olympic Games took place on the Russian territory twice – in Moscow (1980) and in Sochi (2014). It is traditionally considered that the conduction of such large-scale international competitions will allow to give a new impetus to the development of the infrastructure of the country, attract new tourists, and additionally popularize the country abroad, as well as to get long-term positive consequences for the social and economic structure of the state or the whole region. However, the similarities of Russia and countries of the region are not over here, because Russia and Latin American countries are peculiar of the similarity of their interrelations with the global economy. Vividly depending on the global economy, the Latin America has almost everything required for the individual development like Russia. Entirely possible that it may explain the definite non-acceptance of globalization both in Russia and countries of the region (Gwynne, Cristobal 2014).

In addition, there is a similarity in the interrelations with the external markets (basically, Western) in Russia like in the Latin American region. About 60% of all expenses for technological innovations are provided at the expense of import of cars and equipment. In 2010 at the World Economic Forum in Davos it was noted that the current decade could become the one of the Latin America that survived the deepest international crisis over the recent 80 years with the unprecedented stability and went out of it earlier than many developed countries.

2. METHODOLOGY

Methodologically this article is a content analysis of the free data about the specificity of the development of Latin American countries in the historical retrospective. It also provides the three-tier analysis aiming at defining the challenges and opportunities, as well as advantages and threats related to the cooperation of the Latin American countries, Russia, as well as India and China and other participants of the world economic relations.

3. RESULTS

Since the second part of the XX century the Latin America has been an area for the ideological, political, geopolitical, military, and economic confrontation of the USSR and the USA. One of the main reasons behind this was the close location of the region to the USA and the demand for the “Soviet” model of state management among the population and elites of the region countries. Fordland is an important mark of the ideological confrontation of the USSR/Russia and the USA for the “minds” of Latin Americans. It demonstrated non-acceptance of the American social and economic model on the level of elementary social unit of the society in the “pure form”. It proves the availability of the demand for the alternative model of the social and economic development that was properly provided by the USSR. Today the majority of researchers including researchers from the USA acknowledge the failure of the neo-liberal modernization in the Latin America that is especially notable in the social area. At this moment Russia together with Brazil form the group of the BRICS countries that can become an alternative to the “Western marker” for the achievement of social and economic indicators of the development. For eleven years – since 1998 to 2009 – in fourteen countries (three times in Venezuela, twice in Brazil, twice in Chile, twice in Argentina, in Uruguay, Bolivia, Ecuador, Nicaragua, Peru, Costa-Rica, Panama, Guatemala, Paraguay, and Salvador) the left-wing governments came to power. Besides, according to Krylov S.A., the external political vector of the development of the countries of the region also requires comprehensive development of external economic, political, cultural and other relations, including with Russia and as a counter to the absolute power of the USA in the region (Lederman et. al., 2005; McNeill, Mauldin 2014).

At the same time, to a great extent, countries of the region became an area for “experiments” in the social and economic area: from socialistic in Cuba and other countries of the Central and Southern America under the governance of socialistic governments (Bolivia, Peru, and Nicaragua) to the countries that have univocally chosen the capitalistic type of development (Chile), and were integrated in the political (Puerto-Rico) or economic system (Panama) of the main capitalistic country of the world - the USA. A number of territories are possessed by Great Britain, France, and the Netherlands. As a result, they are often used as “offshore territories”.

The cooperation of Russia with such a considerable number of countries in the Caribbean, Central and South America is based on the geo-political profit (Cuba and Nicaragua) and purely economic pragmatism (Chile and Argentina). Herewith, the interrelations with some states are established on the basis of the integration of the two above approaches, for example, social and economic interrelations of Russia and Venezuela. The complexity of the interrelation of Russia and Latin American

countries lies in the fact that the region represents a considerable number of ethnoses, peoples, cultures, and beliefs. And if earlier the population of the region combined the European cultural ethnoses (first of all, from the Peninsula) and indigenous ethnoses under social and economic impact of the USA, at the beginning of the XXI century countries of the region became the territory of the interrelation and competence of the USA, Russia, China and EU countries (both separately as a unified block) (World Energy Council 2013; Noesselt, Soliz-Landivar 2013).

4. DISCUSSION

Social and economic interrelations of Russia and Latin American countries can be considered by using a three-tier model of the analysis. Thus, when considering the global level of the interrelations of Russia and Latin American countries, the geopolitical factor becomes basic, and the confrontation of Russia and the USA when interrelating with countries of the world plays a vivid role. It is possible to make a historical example of the interrelation of Cuba and the USSR in the past when it was not always economically proved but geopolitically advantageously to provide military [6], political, and economic assistance. At this historical stage similar interrelation can be seen in the interrelations of Russia and Venezuela.

It is possible to define the educational and research factor as one of possible factors of the development of mutually advantageous cooperation of Latin American countries and Russia. We interpret this factor as active cooperation of Russian higher educational establishments and countries of the region both by inviting foreign students to Russia, establishing branches in the countries of the region, and partnership cooperation of higher educational establishments of the Russian Federation and those of the Latin America. Physical remoteness from the region when using this factor can make up a considerable competition to the USA and West European countries. Herewith, educational and research cooperation will be a bright element of displaying the “soft power” of Russia in the region. Thus, for example the People’s Friendship University of Russia (RUDN) was established for such purposes, although officially it was interpreted that the preparation of specialists in various areas of knowledge would help newly-formed countries from the former European and American colonies to get rid of the former metropolises and would give a new impetus to the development of the third world countries. For 50 years since its establishment, the People’s Friendship University of Russia has signed cooperation, students’ and teachers’ exchange agreements with more than 30 higher educational establishments of the Latin America. Besides, in the Dominican Republic there is the oldest university of the Western hemisphere established in 1532. In addition, in this state it is planned to establish the International Regional

Center for professional training of personnel for Spanish-speaking countries of the Latin America and the Caribbean where Russia can take an efficient part.

Besides, Russia has an opportunity to use another side of the “research” advantage in establishing and developing the mutually advantageous cooperation with countries of the region - the availability of a strong research school of Ibero-Americanism (Shestopal 2014). It offers an opportunity to develop scientific approaches to forming various platforms for the mutually advantageous cooperation between the Russian Federation and countries of the region. In addition, one more element of demonstrating Russian “soft power” in the region is the activity of Russian non-commercial association “Global Village” established especially for the power supply of remoted rural regions. It is necessary to mention that Russia has an opportunity to establish mutually advantageous relations with countries of the region, above all with Brazil, in the space area, nuclear power engineering, as well as supply of weapon, competing with Western countries and the PRC. Thus, for example, according to some forecasts, the Russian export of military products for 2013-2016 will maintain the leading position with the approximate volume of supplies for the amount of USD 4.2 bln. (21.5% of the regional market) subject to the current contracts with Venezuela and Brazil are effectuated (World Energy Council 2013; Bittencourt 2012; Nuryshev 2015).

Herewith, Russia has a definite advantage related to the impact in countries of the region as compared to the PRC and the USA by approving the establishment of relations with nationals as a new basic area of the external policy of the Russian Federation. A number of representatives of the national Diaspora in the Latin American countries became famous scientists, teachers who made an important contribution to the development of the science and education of the countries of domicile. In the XX century such countries were traditionally Brazil, Argentina, Paraguay, Uruguay, Venezuela, and Chile. The process of the social and cultural adaptation of the representatives of the national Diaspora gave an impulse to the development of science, art, agriculture, and industry.

This is due to the further establishment of communities by immigrants from the Russian Empire/the USSR that non-formal relations were supported between countries of the region and Russia - the relations that is hard to be defined statistically. As for the occurrence of the first Russian immigrants, it is referred to the XVIII century. According to the official dada, today the number of the Russian Diaspora in this region is above 150 thousand people in total. If we take into account Russian-speaking emigrants, the number may increase several times. They are settled mainly in countries of the southern region and Venezuela. Most probably, this is the impact of the climate factor, and the exclusion of Venezuela can

be explained by considerable profits from selling oil in the XX century. It coincided with the waves of migration from the Russian Empire and the USSR that include five waves with the modern one.

When analyzing the economic interrelations of Russia and countries of the region, it is necessary to note the period of aggravation of relations between Russia and Western countries. In 2001-2013 the export of Russia to the Latin American countries increased from USD 3.8 bln. to USD 8.2 bln., and the import – from USD 2 bln. to USD 10.6 bln. (Dudin, Ivashchenko2015).

Among the region's states, the major trading partners are the PRC and the USA. Thus, for example, China is the main trading partner of Cuba (13.1 % of export and 17.6 % of import), Brazil (18.6 % of export and 17.9 % of import), Chile (26.3 % of export and 23.4% of import), and Peru (22.1 % of export and 22.7 % of import). In the trading relations with Uruguay China shares the first place with Brazil (15%). The USA is the basic trading partner of the island states – Aruba (55.4 % of import), Bahamas (22.3 % import), Haiti (85.3 % of export), as well as to small-sized countries of the region – Costa-Rica (45.3 % of import and 33.6 % of export). Besides, in the geography of trading relations, they single out one of the Eastern European countries – Poland (export to Bahama 26.3 %; export to Saint Keats and Nevis 14.6 %). Export from Jamaica to Russia is 9.3 %, and from Paraguay – 9.1 %. It resulted in the growth of the export of meat from Paraguay to Russia (11%) by making it one of the major markets [21]. More globally, this is a part of the “sanction confrontation” between Russia and Western countries. As a result, Chile and Ecuador and Argentina, as well as a number of other countries could partially replace the supplies of products from Western countries that entered “the sanction list”. Thus, in order to strengthen the trading relations between Russia and Latin American countries, it is necessary to use the experience of not only the USA and PRC, but also Poland. Countries of the region are basically interesting for the leading Russian transnational corporations that aspire to get the status of global (Kuznetsova 2012; Nuryshv 2015).

Since the beginning of the XXI century countries of the region has been purposefully refocusing their trading and economic cooperation on new and dynamically developing markets according to the “South-South” line – China, India, South Africa and Australia [23], as well as pursue the external economic policy to optimize trading relations with countries of the region. It is possible to observe the most successful policy in this area on the example of Saint Vincent and Grenadines – export: Trinidad and Tobago 18.9%, Saint Lucia 14.8%, 12.3% Barbados, Dominica 9.7%, Grenada 9.3%, Antigua and Barbuda 8.4%, Poland 7.1%, Saint Keats and Nevis 4.1%, import – Trinidad and Tobago 29.3%, the USA 17.2%, Singapore 8.7%, China 8%, Barbados 6%, Poland 5.5%, and Turkey 4.4%. According to the idea of

the Chinese leaders, the interrelations with countries of the region are based on the “replaceability” of economies where the Chinese economy will provide credits, industrial products, labor resources, and economies of the Latin American countries will provide agricultural products, and mineral resources. The PRC uses the same model to establish interrelations with African countries, where the labor force is still cheap but inferior to the Chinese one according to the qualification level, probably except for the RSA (Noesselt, Soliz-Landivar 2013).

The initiative of China together with Russia to construct a canal in Nicaragua is rather interesting. It may make a competition to the American project – the Panama Canal. The implementation of this project may not only have economic consequences but also change the world logistics and have serious geo-political consequences by weakening the impact of the USA in the region and in the world.

The largest economy and leader of the region is Brazil (GDP is USD 3.192 tln.) that together with Russia enters the BRICS – the union of the quickly growing economies until the recent time. And if the 1990s were defined as “chilly” interrelations between Russia and Brazil, the beginning of the XXI century was notable by “strategic partnership” between the two largest states of Eurasia and the South America (Gereffi, Wyman 2014; Rodriguez 2016). It was in 1997 when Russia and Brazil signed the eloquent document “Declaration about Cooperation between Russia and Brazil Directed to the XXI Century”, and the total number of the agreements concluded between the countries was above 50. Brazil is also a country member of MERCOSUR – a trading block that combines basic economies of the region. Herewith, in December 15, 2006 MERCOSUR and Russia signed the Memorandum about Mutual Understanding in relation to the creation of the mechanism of political dialogue and cooperation between the Russian Federation and member states and states that are associated members of the South American common market (MERCOSUR) (Cardenas et. al., 2016).

Besides, social and economic interrelations between Russia and Brazil are established on the basis of geo-political “agenda”. Herewith, factors stipulated economically play only an “additional” role. However, it does not necessarily mean that social and economic interrelations between Russia and Brazil bear an exclusively “cloudy” nature without the perspective for the development of the mutually advantageous cooperation.

To our mind, the interrelations of Russia with the second economy of the region (if not to take into account Mexico) – Argentina (GDP is USD 972 bln.) are the most optimal. The interrelations with this country are established not on the basis of exclusively geo-political preferences, but on the objective economic pre-requisites. The basis of the Argentinean economy is the agro-industrial complex (Whitley 2016).

It creates opportunities for the development of mutually advantageous relations between Russia and Argentina. The relations between Russia and Venezuela as one of the “brightest” countries of the region on the international arena are actively developed partially due to the impulsive leaders of the country, as well as due to the availability of high quality oil reserves. It allows to pursue unordinary external political and economic policy. Herewith, in spite of the decrease in the price for oil on the world markets, the interrelations of Russia and Venezuela have been checked by the time and are being actively developed. Thus, geo-political basis in prevailing of the interrelations of Russia and Latin American countries only points at the potential of the growth of mutually advantageous social and economic interrelations where the geo-policy makes up the “backlash” together with the cultural interrelation (Luckhurst 2013; Sanchez 2014, Dudin et. al., 2016).

5. CONCLUSIONS

The perspective of the interrelations of the Latin America and Russia is now presented as an adequate alternative on the background of the worsening of the interrelation of both separate countries of the Latin American region and the Russian Federation with the North America and the European Union. Most probably, the geo-political motif will prevail in the economic, technological, and cultural exchange between the Latin American countries and Russia. It is necessary to understand that the entrance of the leading Latin American economy (Brazil) to the BRICS stipulates the formation of the strategic perspective of the development of the whole region.

At the same time it is necessary to note that besides strengthening relations with Russia, the Latin American countries are focused on strengthening multilateral relations. Particularly, over several recent years China has strengthened its positions in this region. It made the USA say about the threat that comes from the back areas because in spite of the declarative professions of friendship and cooperation, China and the USA are fierce political opponents on many issues.

It is important to understand that geopolitical interests of the cooperation of Russia, the USA and China with the Latin American countries have a resourceful basis. It is rather important for China to obtain access to natural resources of the Latin America in the current and long-term perspective. The USA and Russia also find the resourceful potential of the Latin America considerably interesting. However, on the background of the fall of prices for hydrocarbon resources, as well as on the background of strengthening the fight against terrorism, extremisms, and drug traffic that come through a number of Latin American countries, to a greater extent the USA are forced to constantly control the situation in this region and expect possible provocations rather than to carry out good neighborly cooperation. On the

contrary, Russia thinks the Latin American region to be its outpost on the American continent. That is why it will continue supporting Latin American countries both within the BRICS and separate bilateral relations.

This article has not considered such issues as possible areas of the highly technological cooperation of Russia and Latin American countries, joint programs related to the counterwork of terrorism, and drug trade, economic and social risks of cooperation that can be stipulated by these negative factors. In our further researches on this topic we will reveal and research these issues in more details.

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