Q4(a)

Latin America has made moderate success in countering US-led global economic order by framing various organizations emphasizing regional sovereignty, economic integration and alternative development. Discuss

UPSC Civil Services Mains 2025 · PSIR GS 2 · 20 marks · India and the Global South

India and the Global South: Relations with Africa and Latin America; leadership role in the demand for NIEO and WTO negotiations.

Core demand of the question

- Name Latin American organisations that claim regional sovereignty and alternative development (CELAC, Mercosur, ALBA, Banco del Sur, UNASUR; Brazil in BRICS)
- Explain the intellectual background (ECLAC, Prebisch, dependency)
- Judge 'moderate success' against the still-powerful U.S. economic order (IMF, dollar, FTAs)

Revision summary

Latin America answered U.S. economic primacy with Mercosur, ALBA, UNASUR, CELAC, Banco del Sur and Brazil's BRICS role.

- **The intellectual root is ECLAC, Prebisch and dependency:** unequal exchange and the need for regional policy space.
- **Success is moderate:** some intra-trade, a diplomacy without Washington in CELAC, and diversified China markets.

The dollar, IMF programmes and U.S. financial cycles still dominate crises.

Cyclical politics and a reluctant Brazilian paymaster explain the ceiling.

Introduction

Latin America has long tried to write an economic geography that is not only a backyard of the United States. **ECLAC**, **Raúl Prebisch and dependency writers supplied the diagnosis: unequal exchange and a commodity trap. The organisations of the last three decades - Mercosur**, **ALBA**, **UNASUR**, **CELAC**, **Banco del Sur**, and Brazil's seat in **BRICS** - are the institutional reply. Success has been **moderate**, which is both a fair grade and a warning against romance.

Body

The organisational map

Mercosur (1991) is a customs-union project around Brazil and Argentina; it deepened some intra-trade and then stalled on protection and political swings. **ALBA**, pushed by Chávez's Venezuela with Cuba, was a petro-ideological alternative to the U.S.-led FTAA; it redistributed some oil rents and did not build a durable production structure. **UNASUR** tried a South American political roof, including a defence council, and then emptied as governments changed colour. **CELAC** (2010) convenes the hemisphere without the United States and Canada - a sovereignty signal, useful for China summits, thin as a market. **Banco del Sur** was proposed as a regional lender against IMF conditionality; capitalisation and operations lagged. Brazil in **BRICS** and the New Development Bank is the extra-regional hedge: a seat beside China, India, Russia and South Africa, not a Latin union.

Against the U.S. order

The U.S. order here means dollar invoicing, IMF programmes after debt spikes, Wall Street cycles, and bilateral trade deals that survived the death of FTAA. Washington still sanctions, still defines much of the Caribbean security map, and still absorbs migrants and remittances. **Moderate success is real: a language of autonomy, some intra-regional value chains, Chinese commodity demand that diversified export markets, and CELAC as a diplomatic fact. It is moderate because macro shocks** still arrive in English: taper tantrums, Fed hikes, and 2025 tariff politics. Venezuela's collapse, Argentina's repeated IMF returns, and dollarisation debates show the ceiling.

Why only moderate

Regionalism needs a paymaster and a legal core. Brazil is a reluctant, cyclical paymaster. Left and right **pink tides** reverse each other, so organisations are personalised. Extra-regional China is a partner and a new dependency. For PSIR, the lesson matches Q3(c): alternative development needs finance and rules, not only communiqués. Latin America's experiments remain the most sustained Southern attempt to pluralise the Americas. They have not dethroned the dollar. That is moderate success, honestly graded.

Flow diagram

Latin American regionalism -> Mercosur

Latin American regionalism -> CELAC

Latin American regionalism -> ALBA UNASUR

Latin American regionalism -> Banco del Sur / NDB

US dollar IMF FTAs dollar IMF FTAs -.still structures. -> Latin American regionalism

Conclusion

CELAC, Mercosur, ALBA, Banco del Sur and BRICS overlap are Latin America's toolkit for sovereignty and alternative development. They shifted language and some trade. They did not replace the U.S.-centred monetary and financial order. Moderate is the right word.

Facts & figures

CELAC

Community of Latin American and Caribbean States (2010): hemispheric forum excluding the United States and Canada.

Mercosur

1991 Southern Common Market, core Brazil-Argentina; incomplete customs union with repeated political stalls.

Banco del Sur

Proposed South American development bank as an IMF alternative; weaker in practice than the BRICS New Development Bank.