

Korchun V. S. The problem of economic stability and the independence of Latin America in the context of the increase of military equipment [Internet source] / V. S. Korchun, D. R. Bokalo // Economic Processes Management: International Scientific E-Journal. – 2015. – № 2. – Access mode: http://epm.fem.sumdu.edu.ua/download/2015_2/2015_2_10.pdf

Received
07.04.2015

УДК 339.564

JEL Classification: F14

THE PROBLEM OF ECONOMIC STABILITY AND THE INDEPENDENCE OF LATIN AMERICA IN THE CONTEXT OF THE INCREASE OF MILITARY EQUIPMENT

Korchun Valentyna Stepanivna

PhD in Geography, Associated Professor of the International Relations Department;

Bokalo Diana Romanivna

Student of International Relations Department,

Lesya Ukrainka Eastern European National University, Ukraine

The article is based on the issue of economic stability in Latin America. Indicated that the economic potential of the countries of the region is not in plentitude. Emphasized the immediate leaders of the region, concerning the accumulation of weapons, and also shows the amount of the cost of the purchase. Also ascertained the dependence of less developed countries from the United States.

Keywords: *economic growth, economy, military equipment and weapons.*

Introduction. Latin America is a region in which are focused the new industrial and economically backwards countries. The problem of countries in the region is economic instability. An important factor that directly affects the economic potential and development is buying weapons on the large scales. It is common knowledge that the countries in the region belong to two groups: allies United States and countries aspired to establish their own independent economic system of the region. Is important their future functioning in the context of its own structure, which will effectively interact in geopolitics and geoeconomy.

Analysis of recent researches and publications. Research of economic development and the potential of Latin America were illustrated in the articles of scientists: C. Daude [3], K. Doherty [5], E. Fernandez-Arias [3], J. Martinez [1], A. Rebossio [4], D. Rodrick [1], J. A. Ocampo [2], F. Steinberg [6], J. C. Tedesco [7], etc. They also engaged in problematic issues of stability and overcoming the economic dependence of the region from the USA.

Previously unsettled problem constituent. Latin America is a region that is located on the territory of two continents, South America and North America. Thanks to the richness of various resources, it is called «the pantry of the world». Countries in the region of Latin America have always differed in terms of development. And also had its own view on economic policy. Important problem, which was previously is large number of integration associations and free trade zones, which hindered the development of the region in general. However, not considered military defensive complex, as a primary factor the costs from public budgets of countries. The country neglected the development of social policies that led to the crisis.

Main purpose of the article is to identify the problem of economic stability of countries, establish the interest of countries to increase military capabilities and determine the trend of the future functioning of the region.

Results and discussions. After economic growth of 4.3%, which was observed in the region during 2004 – 2012, the last year the economic growth in Latin America amounted 2.6%. As expected, this year economic growth will remain at the same level [5].

Even countries like Chile and Peru, where in recent years has been a strong economic growth, have been affected by the general trend of slowing growth in the economy. Brazil – South–American giant was forced to increase interest rates for keeping inflation and the devaluation of the national currency. Currently, Brazil falls credit worthiness, which reduces investment attractiveness of the country [2].

The main reasons for the sagging economy in Latin America is that from 2011, the price of natural resources fell by 25%, with the exception of oil and gas prices. In addition, the increased uncertainty in the face of slowing economic growth in China and risks related with the monetary policy of the United States [1].

There is little likelihood that, the countries of the Latin American region will be in financial difficulties, as it had in the past. Almost all the countries of Latin America were able to increase GDP per capita, noted the steady growth of the middle class, reduce poverty and social inequality. In this scenario it is possible to compensate the fall of exports by increasing domestic consumption. It should be noted that the rate of investment is 20% of the GDP (reducing the historical gap between GDP per capita in Asia and Latin America) [2]. However, in a key country Brazil, this indicator is clearly lagging behind.

We have analyzed the central banks of the countries of Latin America have policies of accumulation of foreign exchange reserves to maintain investor confidence and reduce risks of capital flight abroad in the event of an increase in interest rates in the United States or an increase in the budget deficit.

Latin American countries in the management of economic policy do not have the fiscal levers for the anti-crisis programs, as it was in 2009. Latin America has to implement macroeconomic policy to reduce the risks of financial and economic

crises. Even recently, Argentina has shown pragmatism in carrying out economic reforms, to prevent the social downs [4].

In any case, it becomes clear that most countries in the region over the past decade have not been able to take advantage of favorable conditions due to the high prices of natural resources for the implementation of structural reforms in the economy.

According to Dani Rodrick, a Professor of social science, Institute for advanced study in Princeton, while developing Asian countries have been able to create new jobs in the production sectors of the economy (first of all, it is about agriculture), Latin America (and Africa), despite an wealth natural resources, were unable to do that [1].

In our opinion, the big problem of the countries of Latin America is to miss an opportunity to structural changes in the economy. Instead of increasing their industrial potential, they have chosen to maintain economic stability, while creating new jobs in the manufacturing industries that define the economic growth of the country.

The countries of Latin America for the period from 2009 to 2013 have increased costs for the purchase of military equipment and weapons at 10%, report the Stockholm International Peace Research Institute (SIPRI). The largest importers of arms in the region named Brazil and Venezuela [4].

SIPRI's report is based on an analysis of volumes of arms purchases over the same period of 2004-2008 years. The paper noted that, despite the fact that Latin America has achieved large amounts of weapon procurement, its quota declined from 11% (2004-2009) to 10% (2009-2014) [2].

According to experts of the Stockholm Institute, the leader of purchasing weapons in Latin America is Brazil. It accounts 65% of imports of military equipment and weapons. Despite certain economic and financial restrictions Brazil managed to buy in all earlier deals with foreign arms exporters.

The report notes that Brazil is focusing on the purchase of military equipment and weapons, mainly in the European market. The largest contract is for the purchase of 36 fourth-generation multi-role fighters JAS-39 Gripen (E) to the amount of 4.8 billion dollars in Sweden. It should also be noted that Brazil has bought in Italy more than 2 thousands of armoured personnel carriers (3.6 billion dollars) and 4 submarines of the class Scorpen in France (9 billion dollars) [1].

Another important player in the South American arms market is Colombia, which buys large quantities of military equipment and weapons to fight against armed groups, mainly in the United States and Israel. The biggest contract signed recently by Colombia is with the United States. The Colombian militaries has purchased in the United States 35 multipurpose helicopters Black Hawk 35 UH-60L and bombs Paveway. In Israel were purchased fighter aircrafts Kfir and rockets Spike-MR [2].

In the report of the Stockholm International Peace Research Institute indicated that Venezuela continues to be a leader among the largest importers of military equipment and weapons, primarily from Russia. Venezuela in terms of arms procurement in the America is second after the United States. According to SIPRI, the largest suppliers in the period 2009-2013 became United States, Russia, Germany, China and France. Their share of world arms exports amounted to 74%. The United States and Russia have 56%. The report notes that Russia has maintained a high level of exports, despite the crisis in its military-industrial complex since the end of the cold war.

Damage from the United States economic embargo on trade with Cuba is estimated at 50 billion dollars, and the automatic extension only adds to the situation of economy in the country.

It is possible that the signing of a new treaty on military cooperation between Russia and Cuba would return to the island of the russian electronic intelligence centre Lourdes, and accommodation on the island of missile complexes «Iskander». Such developments could lead to a repetition of the Cuban missile crisis in October 1962 [6].

With regard to relations between Brazil and the United States, they are not the best of times since the scandal around the American electronic surveillance programs have been stopped by the ex-CIA officer Edward Snowden.

It should be noted that Brazil is part of the BRICS group of five merging economies: Brazil, Russia, India, China and the Republic of South Africa [4]. The economic potential of the BRICS surpass G-8. It is expected that by the 2050 the population of the BRICS countries will reach 40% inhabitants of the planet, and GDP will approach 35 trillion dollars.

Conclusions and further researches directions. Thus, we can conclude that we are on the eve of the rise of the new wave of destabilization on the geopolitical and geoeconomic scene in Latin America. It will involve such countries as Venezuela, Honduras, Paraguay, El Salvador, Guatemala, Nicaragua, Ecuador, Bolivia, Grenada and Panama. They can all be in the zone of «virtual or postmodern blows», that United States will delive in the next decade, leading to the creation of a new Pan-American space with all the consequences in the form of a return of economic protectionism and the final transition to a global economy.

References

- 1.El comercio: El futuro de la economía en América Latina, según expertos. Retrieved from ftp:<http://elcomercio.pe/economia/mundo/futuro-economia-america-latina-segun-expertos-noticia-1757533>
2. La Defensa: Latinoamérica. Retrieved from ftp:<http://www.defensa.com/>

3. On the Role of Productivity and Factor Accumulation in Economic Development in Latin America and the Caribbean. C. Daude, E. Fernandez-Arias.: EconPapers. Retrieved from <ftp:http://econpapers.repec.org/paper/oecdevaaa/290-en.htm>
4. El País. Retrieved from <ftp:http://elpais.com>
5. RT. Con desafíos, pero optimista: el futuro de América Latina en 2015 Retrieved from <http://actualidad.rt.com/economia/169539-economia-america-latina-pronosticos>
6. Strategic urban planning in Latin America. F. Steinberg. Retrieved from ftp:http://www.ihs.nl/fileadmin/ASSETS/ihs/IHS_Publication/IHS_SINPA_Paper/SINPA_22_Steinberg_F_2002_Strategic_Urban_Planning_in_Latin_America.pdf
7. J. C. Tedesco. Crisis económica, educación y futuro en América Latina. Retrieved from ftp:http://www.nuso.org/upload/articulos/1413_1.pdf

ПРОБЛЕМА ЕКОНОМІЧНОЇ СТАБІЛЬНОСТІ ТА НЕЗАЛЕЖНОСТІ КРАЇН ЛАТИНСЬКОЇ АМЕРИКИ В КОНТЕКСТІ ЗБІЛЬШЕННЯ ВІЙСЬКОВОГО ОСНАЩЕННЯ

Корчун Валентина Степанівна

кандидат географічних наук, доцент факультету міжнародних відносин

Бокало Діана Романівна

студентка факультету міжнародних відносин

Східноєвропейський національний університет імені Лесі Українки, Україна

Стаття базується на проблемі економічної стабільності країн Латинської Америки. Вказано, що економічний потенціал країн регіону використовується не в повному обсязі. Виділено безпосередніх лідерів регіону, щодо накопичення зброї, а також показано суми витрат країн на її закупівлю. Також встановлено залежність менш розвинутих країн від впливу США.

***Ключові слова:** економічний розвиток, економіка, військова техніка та зброя.*

ПРОБЛЕМА ЭКОНОМИЧЕСКОЙ СТАБИЛЬНОСТИ И НЕЗАВИСИМОСТИ СТРАН ЛАТИНСКОЙ АМЕРИКИ В КОНТЕКСТЕ УВЕЛИЧЕНИЯ ВОЕННОЙ ТЕХНИКИ

Корчун Валентина Степановна

кандидат географических наук, доцент факультета международных отношений

Бокало Диана Романовна

студентка факультета международных отношений

Восточноевропейский национальный университет имени Леси Украинки, Украина

Статья основана на проблеме экономической стабильности в Латинской Америке. Указано, что экономический потенциал стран региона используется не в полном объеме. Выделено непосредственных лидеров региона, касающихся накопления оружия, а также показано сумму стоимости покупки. Также установлено зависимость менее развитых стран от США.

***Ключевые слова:** экономическое развитие, экономика, военная техника и оружие.*