

This is Google's cache of <http://www.worldpoliticsreview.com/articles/19919/its-economic-role-models-in-shambles-what-s-ahead-for-latin-america> (<http://www.worldpoliticsreview.com/articles/19919/its-economic-role-models-in-shambles-what-s-ahead-for-latin-america>). It is a snapshot of the page as it appeared on 16 Sep 2016 17:41:41 GMT.

The [current page](http://www.worldpoliticsreview.com/articles/19919/its-economic-role-models-in-shambles-what-s-ahead-for-latin-america) (<http://www.worldpoliticsreview.com/articles/19919/its-economic-role-models-in-shambles-what-s-ahead-for-latin-america>) could have changed in the meantime. [Learn more](http://support.google.com/websearch/bin/answer.py?hl=en&p=cached&answer=1687222) (<http://support.google.com/websearch/bin/answer.py?hl=en&p=cached&answer=1687222>)

Full version [Text-only version](http://webcache.googleusercontent.com/search?q=cache:TgQD4S75MQwJ:www.worldpoliticsreview.com/articles/19919/its-econo) (<http://webcache.googleusercontent.com/search?q=cache:TgQD4S75MQwJ:www.worldpoliticsreview.com/articles/19919/its-econo>

Tip: To quickly find your search term on this page, press **Ctrl+F** or **⌘-F** (Mac) and use the find bar.



Its Economic Role Models in Shambles, What's Ahead for Latin America?

Frida Ghitis Thursday, Sept. 15, 2016

Over the past few decades, Latin America became the very public incubator of new economic models—or at least of flamboyant variations on old ones. For a while, it seemed as if the region might just give birth to some kind of a successful hybrid: a populist, leftist formula for expanding economies and erasing poverty, powered by the free market and assertively steered by governments.

But those days are gone, and they're exiting the stage with the same bombast and drama with which they burst onto it.

No one would suggest that the so-called 21st Century Socialism concocted by the late Venezuelan President Hugo



A rally against government job cuts, the elimination of subsidies and other policies of Argentina's president, Mauricio Macri, Buenos Aires, Sept. 2, 2016 (AP photo by Agustin Marcarian).

Chavez holds any appeal now that it is crumbling into chaos (<http://time.com/4348972/venezuela-goes-from-bad-to-catastrophe/>). Even Brazil's milder form of redistributive leftist capitalism has driven itself into a wall, smashed up like a drunk driver by the intoxicating power of corruption.

Which country and which model will now set the economic and political tone, and emerge as a leader worth emulating for the region?

Last March, when President Barack Obama visited Buenos Aires, he hailed the newly installed Argentine president, Mauricio Macri, and Argentina, arguing that the nation stood poised to become a beacon for the entire continent. With Macri beaming by his side, Obama declared (</articles/18353/amid-regional-turmoil-argentina-s-macri-eyes-leadership-role>), "Argentina is re-assuming its traditional leadership role in the region and around the world."

Six months later, and with political and economic turmoil even more pervasive, the question of which, if any Latin American country can set a new path for the continent remains an open one.

During last week's G-20 summit in Hangzhou, China, the leaders of the top Latin American economies stood side by side with the world's economic giants.

Three Latin nations belong to the G-20, the grouping of the world's 20 largest economies: Argentina, Brazil and Mexico. Of the three, it is Macri's Argentina that still offers the greatest potential to establish itself as an object of emulation.

The other two, Mexico and Brazil, made their appearance at the summit at a particularly awkward time in their political histories.

Mexican President Enrique Pena Nieto is trying to live down a disastrous political move, his invitation of Republican presidential nominee Donald Trump to Mexico City in early September. When the visit was announced, people wondered how it could possibly be a good idea for Pena Nieto. The skeptics were quickly proved right, and Pena

Nieto's approval ratings, already plumbing depths never seen by any other Mexican president, took an even deeper dive. The puzzling decision to invite Trump, who has insulted Mexican immigrants to the U.S., left the already unpopular Pena Nieto with a black eye that won't heal anytime soon (<http://www.politico.com/story/2016/08/why-is-enrique-pena-nieto-meeting-trump-227586>). With the president's standing at home and in the region battered and the economy barely growing, the only Latin American country that is geographically located in North America stands no chance of becoming an inspiration to its southern neighbors any time soon.

For its part, Brazil, the region's largest country, once looked poised to draw a successful middle-of-the-road chart. Under former President Luis Inacio Lula da Silva, the government attacked poverty with the urgency it deserves, but did so without alienating the business sector or hollowing out the functioning of free markets. It looked like at last it would shed its ironic motto: "Brazil is the country of the future, and always will be."

If there is one lesson for Latin America from the recent search for economic salvation, it is to look beyond charismatic individuals and easy solutions.

But as quickly as prosperity started lifting millions into the middle class, it began to unravel. Brazil's prosperity turned out to have been built on a foundation of sand. Without China's voracious appetite for raw materials, the Brazilian economy started sinking. That's when irritated Brazilians lost their tolerance for corruption, and prosecutors uncovered what may just be the largest corruption scandal ever to come to light. With that, the high hopes for Brazil as a regional model faded.

Other countries have attracted attention. Today, Colombia has become something of an international darling due to its landmark agreement to end a half-century-old war with the Marxist rebels, the FARC. But Colombians are not exactly thrilled with the job President Juan Manuel Santos has done. His approval ratings have fluctuated wildly (<http://colombiareports.com/colombia-celebrates-first-day-without-chief-prosecutor/>), and the outcome of the peace deal is still uncertain

(/articles/19826/why-colombia-s-historic-peace-breakthrough-was-the-easy-part).

That leaves Argentina as the last large Latin American country with the potential to take the banner of leadership. But Macri has not yet provided the progress that would earn him and the country that position.

He took office after a dozen years of unorthodox rule by Cristina Fernandez de Kirchner and her late husband, former President Nestor Kirchner. Macri moved quickly to reverse his predecessor's controversial economic policies. The shock therapy proved painful, and the results have not materialized, even though Macri promised Argentineans that they would start seeing improvements in the second half of the year. Now there are signs that the country may have just entered a recession.

Macri lifted currency controls, reduced energy subsidies, and repaired relations with foreign lenders. International organizations have praised him for restoring credibility to economic statistics (<http://www.reuters.com/article/us-argentina-imf-idUSKCN1162ZX>), which had been blatantly manipulated by the previous administration, and for tackling unsustainable imbalances.

But the numbers so far don't look very good. Inflation is still far into the double-digits, with the administration saying it hopes to see the rate come down to 17 percent by next year.

A plan to allow natural gas bills to rise as much as 400 percent from the old subsidy-driven, waste-inducing price levels was struck down by the Supreme Court (<http://www.wsj.com/articles/argentinas-supreme-court-annuls-residential-gas-price-increases-1471534265>).

Rivals are seeing blood in the water. Sergio Massa, who ran against Macri in 2015 but has become a legislative ally since then, is now looking to capitalize on the president's troubles with an eye toward the 2017 midterm elections. He sees the possibility of becoming the man in the sweet spot, somewhere between the Kirchners' leftist populism and Macri's center-right capitalism.

It is much too early to declare Macri's reforms a failure. He has not completed his first year in office. But so far he has not become a subject of regional adulation.

If there is one lesson for Latin America from the recent search for economic salvation, it is to look beyond charismatic individuals and easy solutions. So far, all the easy answers proved wrong, and all the heroes fell off their pedestals.

Frida Ghitis is an independent commentator on world affairs and a World Politics Review contributing editor. Her weekly WPR column, World Citizen (/worldcitizen), appears every Thursday. Follow her on Twitter at @fridaghitis (<http://twitter.com/fridaghitis>).