***Latin America***

Economic Characteristics

Diverse economies

     Some areas are much stronger than others

     Factors affecting economies:

      --Natural Resources:  oil, minerals

       Countries with profitable resources:  Venezuela, Brazil

      --Location:  access to water, proximity to important trading nations

       Countries with advantageous locations:  Panama, Argentina

      --Governmental Freedom:  limits on freedom prevent business success

       Countries with little freedom:  Cuba, Nicaragua

      --Stability:  countries with internal violence, change of government prevent economic success

       Countries with instability problems:  Paraguay, Honduras

Major Economic Activities

     Energy and mineral resources; examples:  oil, copper

     Farming:  arable land difficult to find in many parts of Latin America

      --how to create arable land in mountainous regions:  terracing

     Little industry:  industry is rare in Latin America; can be found only in major cities

Diverse mineral resources

     Copper in Chile

     Iron Ore in Venezuela and Brazil

Oil Resources

     Found in Ecuador, Venezuela, and Mexico

     Venezuela is a member of OPEC; most members of OPEC found in Middle East

Poor Economic Situation

     Many people in Mexico work all day for less than it costs to buy a value meal at a fast food restaurant; similar situations throughout Latin America and the Caribbean Islands

Disparity of income distribution

     In Guatemala, 2% of population owns 80% of the land; problems caused:  resentment of classes

Subsistence Farming

     Because the wealthy own most of the land, the poor must rely on subsistence agriculture because they don’t have enough land or capital for commercial farming

Poverty Leads to Overurbanization

     Because of poverty in farming areas, many move to cities in search of jobs

     Population has grown faster than housing, sanitation, and job market can adjust

     Extensive slum areas in Rio de Janeiro (Brazil), Buenos Aires (Argentina), Lima (Peru), Mexico City; problems associated with overurbanization:  overpopulation, crime, lack of resources/jobs

Plantation Agriculture

     Large properties that specialized in the production of cash crops; examples:  sugarcane, etc.

     Often used slave or peasant labor in the colonial period

     Still used on a smaller scale in certain areas in Latin America

Haciendas

     large ranches found throughout Latin America; remnants of Spanish colonialism where wealthy landowners owned the hacienda and many peasants worked the land

     Often used as cattle ranches

     Promoted a rigid class system which is still seen in Latin American society

Slash and burn agriculture

     Forests are cut down, land is burned to eliminate vegetation and replenish the soil

     Occurs in Amazon rain forest, remote areas of Mexico, and Columbia (drug trade)

     Deforestation of the Amazon; Destruction of rainforests

Cash crops and food crops

     Cash crops are grown for money:  [coffee](http://en.wikipedia.org/wiki/Coffee), [cocoa](http://en.wikipedia.org/wiki/Cocoa), [sugar cane](http://en.wikipedia.org/wiki/Sugar_cane), [bananas](http://en.wikipedia.org/wiki/Banana), [oranges](http://en.wikipedia.org/wiki/Orange_%28fruit%29) and [cotton](http://en.wikipedia.org/wiki/Cotton)

     Food crops provide food for family, animals:

Cattle ranges, gauchos

     Found in the Pampas region of Argentina; gauchos are Argentine cowboys

Pollution in Mexico City

     Heavy smog is visible in Mexico City

     Over 20 million people in the Mexico City metropolitan area

     Almost all transportation is by automobiles; poor public transportation systems

North American Free Trade Agreement

     Economic union that eliminates many tariffs between US, Canada, and Mexico

     Economic growth has occurred in all three countries in the last decade

     Controversial in Mexico

     Farmers don’t like it because they can’t compete with US farmers

     Increase in immigration to the US since NAFTA was signed

     Companies can set up factories in Mexico because of cheap labor