

US policy in Latin America and the Caribbean: Where have all the Yankees gone?

IN THE SHADOW OF UNCLE SAM

American specialists of hemispheric affairs have been complaining about the Obama administration. After encouraging signs, during his campaign and in the first few months after the election, his administration appears to have done little of substance. The western hemisphere looks no more important to it than it has been for every other administration since Ronald Reagan's Cold War adventures in Central America. This should come as no surprise. Beyond Mexico, Colombia (for now), and to a lesser extent the Caribbean, the region does not matter much to the United States. An indifferent policy reflects the absence of strong interests in the region and the resulting lack of the strong domestic constituencies that would force the government to become serious toward it.

The Americas have long been seen as the US backyard. In fact, they have been claimed as such by the United States since James Monroe famously barred European powers from interfering on the continent at the beginning of the 19th century. For a long time, there was not much substance to that claim, and Britain, in particular, did as it wished, dominating the continent economically until the Second World War. For sure, a US-dominated Pan-American Union, which became the OAS (Organization of American States) in 1948, was created at the turn of the 20th century. US marines and "advisers" have been roaming in the hemisphere since then, American multinationals have invested massively in the resource sectors of much of the continent and, from the 1950s until the 1990s, they had little "foreign" competition. From these standpoints, there was something like an American domination of the continent.

A closer look, however, reveals a much different picture. Throughout the

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20th century, true imperial dominance was largely confined to the Caribbean and Central America, with the South (with the brief exception of Venezuela at the very beginning on the 20th century) largely free of outright intervention. Cuba, Nicaragua, Haiti, Guatemala, Grenada, and Panama bore the brunt of the Empire's dominance. The subcontinent, however, had a very different history.

A MUCH-NEEDED HISTORY LESSON

Much fuss was made about US support for the military regimes of the Southern Cone and the coups that launched them in the 1960s and 1970s, but it was just that: support for regimes whose claims to power were largely self-sustaining. A convergence of interest between Cold-War America and anti-communist and reactionary military and economic elites has long been painted as the manipulation by Washington of political establishments utterly dependent on that support to stay in power. It is easy to forget how nationalist and profoundly anti-liberal those regimes were, and how free they all felt not to play into the United States' anti-Cuban policy.

To take some specific examples, recall how nationalized Codelco (the National Copper Corporation of Chile) became the cash cow of the Chilean military and how the Peruvian military came to launch the land reform in their

country. How Brazil's generals were not at all keen on US multinationals, how their economic policy is best understood as state capitalism, and how quick they were to establish relations with communist Angola and to cut military cooperation with Jimmy Carter's America. Similarly, when the time came for the generals to leave, US influence proved marginal. The elites turned their back on them, civil society mobilized, and in some cases—Argentina and Chile, for instance—sheer hubris brought them down. In sum, in contrast to Central America and the Caribbean, domestic factors overwhelmingly determined both the rise and the fall of South America's military dictatorships, not US schemes and manipulations.

A DIMINISHED ROLE FOR "SAM"

Something has broken down since the end of the 1980s, but that something is partly an illusion, for the Empire's backyard had always been smaller than it looked. Still, what hard ground there was for that illusion is shrinking as American strategic and economic interests in the region as a whole diminish.

Strategically, the most important challenges to America have disappeared, like the communist threat in Central America; are wildly exaggerated, like the Chavez threat;¹ or are self-created, like the prohibition-induced illegal drug market and the "War on Drugs"-induced drug violence in Colombia and especially Mexico. Between 2001 and 2008, US military financing to the region represented less than 2 percent of the military's total worldwide spending, and of that, 80 percent went to Colombia. Moreover, when the United States does not realize on its own that a strong presence is not a good idea, it is told so. As the Colombian government progressively wins its civil war, the legitimacy of a sig-

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nificant American presence in, and military cooperation with, the country will shrivel. Recently expelled from Ecuador, the American military looks doomed to abandon the region soon. However, this may not matter that much, primarily because the stronger trend is taking the region toward increasingly developed and democratic societies, whose interests are unlikely to conflict fundamentally with those of America.

LOOSENING ITS ECONOMIC GRIP

Economically, the United States is also losing interest in South America, as its proportion of the US stock of investments has declined radically over the last ten years, from 6 percent of its global portfolio in 2000, to 3 percent in 2008. Much of the United States' investments in the Americas—beyond Canada—are concentrated in Caribbean fiscal havens. Bermuda and the British Caribbean, with 9 percent of the global stock of investments, have more weight than South America and Mexico combined (6 percent). Trade numbers look slightly better, but much of that trade is made up of commodities that, by definition, are globally traded and priced. In 2008, Brazil, with 50 percent of South America's GDP, represented 1.45 percent of total US exports, and 2.48 percent of its imports. In other words, from the standpoint of US companies, consumers, and economic policy-makers, South America,

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with or without free trade agreements, is a minor part of the world.


CANADIAN MULTINATIONAL CORPORATIONS AND OTHER AGGRESSIVE INVESTORS

The flip side of this declining interest has been the growing presence of new players in the region. Canadian companies dominate the mining sector of most Andean countries, and of the continent as a whole for exploration. European banks, particularly Spain's, along with Canada's Scotiabank, have aggressively invested in the region. China, while still tentative and not particularly welcome, should soon make significant forays in the resource sector. Moreover, Russia and France are both strong players in the regional arms market. Even Iran is now expressing interests, albeit essentially for diplomatic reasons. The overall effect is that as the Americas decline in the US global portfolio, the United States also declines as an investor in, and trade partner for, the region.

The breakdown of imperial America's continental hold makes hemispheric arrangements superfluous. The project of a Free Trade Area of the Americas collapsed—less a result of Brazil's resistance than of Washington's, and especially Wall Street's, indifference. The OAS has long been a diplomatic backwater, notwithstanding its recent ventures—some successful—into local crises. Its recent reinvention as a bulwark of democracy on the continent, already tested in the recent Honduran crisis, could break on the reefs of Chavez's autocratic consolidation, in the face of which it will likely be impotent and divided.

TWO CONSTANTS: AMBIGUITY AND INDIFFERENCE

The Summit of the Americas' process is quickly sinking into irrelevance. There simply is no more need for such arrangements. Their survival is becoming at best a matter of inertia—meetings follow meetings, treaties beget commitments, diplomats sustain posting locations, and bureaucrats hold on to their jobs.

The region is left without a frame, but the idea of one survives, and ideas still matter. This idea still structures much of the diplomatic activity in the region. It explains why, in the face of low and declining interdependence, weak institutional arrangements survive. It also explains why new ones keep popping up that are just as weak and institutionally deficient. Finally, it explains why the United States remains a constant reference in the region's nationalist discourse while, paradoxically, American analysts keep deploring their country's indifference toward the region. 

NOTE

1 At the Trinidad and Tobago Summit of the Americas, in April 2009, Barack Obama reminded journalists that Venezuela's military budget was still 600 times smaller than the United States'. <http://www.aparchive.com/Search.aspx?remem=x&st=k&kw=obama+oil+Venezuela> (story no. 603363).



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