

U.S. Influence in Latin America

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It is widely asserted that U.S. influence in Latin America has declined considerably in recent years. There is in fact some validity to this claim. The capacity of the United States to produce outcomes to its liking, particularly on a unilateral basis, has been greatly diminished. The notable asymmetries between the United States and Latin America – which previously amounted to huge differentials in political and economic power – have narrowed. The implication of such a dramatic shift is clear: the United States cannot operate unilaterally to pursue its strategic goals and national interests in the region. Instead, it must work in concert and close cooperation with other Latin American nations. This not only requires resources, both diplomatic and economic, but even more importantly, willingness to compromise on the contentious issues that currently beset the U.S.-Latin America relationship.

Before looking at how the United States can bolster its standing and influence in the hemisphere, it is necessary to put this broadly accepted notion of “disengagement” in some context. The characterizations of a bygone era -- when the United States supposedly exercised unrestrained influence and was able to achieve its objectives by itself and without resistance -- are wildly exaggerated. In fact, historically U.S.-Latin American relations have been marked by considerable ambivalence.

Key sectors of Latin American societies have long resented what they see as the tutorial, patronizing posture of the U.S. government. The violent reception in 1958 that greeted Vice President Richard Nixon when he visited Caracas, Venezuela – then a close U.S. ally – illustrates the point. Indeed, during the Cold War there were sharp differences between Washington and Latin America capitals on such questions as U.S. policy towards Central America in the context of the region’s civil wars. There are a host of examples in which Latin American governments did not fall in line and follow the policies adopted by the U.S. government.

Where disagreements did arise, Washington tended to insist on pursuing its own agenda, even occasionally contributing to the ouster of democratically-elected governments deemed subversive to U.S. goals. This history of meddling in Latin American affairs at the expense of the region’s fragile democracies continues to shape the current resistance to Washington’s influence in the hemisphere. Returning to a time when the United States could impose its will on Latin America is neither feasible nor desirable.

It is also important to note that the chief reason for declining U.S. influence has been the growing independence and assertiveness of Latin American countries on the global stage. It is tempting to believe that such a transformation is relatively recent – beginning in the 21st century or even the post-Cold War period. But an examination of Congressional testimonies and policy essays in *Foreign Affairs* from the mid-1970s yields titles such as the “End of the Hegemonic Presumption” and other arguments that highlight Washington’s dwindling influence in Latin America.

To be sure, strong economic growth since 2003 and real progress on the social front have bolstered Latin America’s position on the world stage. Yet while it is true that the tendency towards declining U.S. influence has accelerated, it is also the case that it is largely the product of long-term, structural trends and forces, illustrated by Latin America’s expanding global ties and connections. In the era of globalization, the Monroe Doctrine could never survive -- even if

the United States had actively sought to preserve it. Nor is this phenomenon specific to the Western Hemisphere – the global shift away from a bipolar world order has caused diplomatic and economic relations everywhere to become more complicated and intertwined.

Finally, the limits of U.S. influence in other parts of the world have contributed to some alarmism about the U.S. “retreat” from Latin America. The most notable of these is the case of Iran. Washington is justifiably concerned about the country’s nuclear ambitions and its support for armed groups in the Middle East. This has led some to worry about Tehran’s support for terrorist operations in Latin America. Such concerns were especially fueled by the personal and ideological affinity between Presidents Mahmoud Ahmadinejad and Hugo Chávez.

At this point, however, such alarmism is not fully supported by reliable evidence. Although groups like Hezbollah have received financial assistance from areas like the tri-border region in Paraguay, such support comes not only from Latin America but elsewhere in the world. Moreover, Islamist extremists do not appear to maintain any operational cells in the region. With the recent annexation of Crimea by Russia, some attention is now being paid to recent statements out of Moscow that it wants to increase its presence in the hemisphere, particularly in Nicaragua, Venezuela and Cuba. Nevertheless, Russia’s budgetary restraints and pressing regional concerns make any meaningful expansion into Latin America unlikely.

Economic relations

At the same time, the assumption that U.S. influence in the region has fallen significantly should be put in proper perspective. The United States arguably still remains the most influential actor in Latin America, particularly in places like Mexico and Central America. This is due, in large measure, to geography, which has helped foster deeper economic and demographic ties. Even where political cooperation has floundered, the U.S. private sector has greatly expanded its presence throughout the region, chiefly through increased trade and investment. The U.S. government has trade agreements with eleven Latin American countries, several of which are currently involved in negotiating the Trans-Pacific Partnership. Since 2000, trade flows between the United States and Latin America more than doubled -- now some \$850 billion -- at a rate that soundly outpaced the growth of total U.S. trade.

To be sure, the United States is not the only economic actor in Latin America. China and the European Union are both important trading partners for the region, and even have larger trade flows than the United States with some key countries like Brazil. Yet this should not obscure the fact that the United States remains a significant trading partner for virtually every major country in the hemisphere, and total U.S. trade with Latin America is still three times that of China’s.

Further, the United States is far and beyond the largest source of foreign direct investment for Latin America, accounting for nearly a quarter of the total \$175 billion in 2012, according to the UN Economic Commission for Latin America and the Caribbean. Chinese investment pales in comparison, particularly since an estimated 97 to 99% of the country’s FDI in the region is destined for Caribbean tax havens. In 2010, U.S. investment accounted for a respective 55% and 18% of FDI in Mexico and Brazil, whereas Chinese direct investment in those countries was effectively nil.

In fact, what is striking is the extent to which strained, even confrontational, relationships at the political level have not precluded robust economic engagement. Venezuela and Ecuador, for instance, count the United States as their largest trading partner despite the strong anti-American posturing of their political leaders. Brazil-U.S. relations have long suffered from mistrust in both governments, but that has not contaminated the climate among key business leaders. U.S. exports to Brazil still grew almost 200% between 2000 and 2012, a period in which U.S. FDI in the country more than doubled.

Security assistance and economic aid

While certainly not without its flaws, security assistance in Latin America remains an important measure of U.S. influence. In this regard, it is instructive to consider one of the most successful U.S. policies in Latin America (and perhaps the world) in recent decades: Plan Colombia. That initiative, undertaken in 2000 and that, albeit at a reduced level, continues in some form to this day, was an ambitious security cooperation effort that sought to address the drug problem and also help reassert government authority in Colombia. Over the past 14 years the U.S. government has spent roughly \$9 billion in assistance to Colombia.

Although the results in reducing violence and improving security conditions were more effective than in curtailing the drug problem, the investment overall to contribute to strengthening the state capacity of a critical strategic ally in the region was more than justified. Other notable, ongoing U.S. security assistance programs include the Mérida Initiative, the Central America Regional Security Initiative (CARSI), and the Caribbean Basin Security Initiative (CBSI). Outside of these initiatives, countries like Peru are also recipients of considerable security aid targeted to anti-drug activities.

Just the Facts, a joint project that monitors U.S. assistance to the region, estimates that Latin America will receive \$1 billion in security and economic aid in 2014. While a considerable decrease since the high-water mark in 2010, in which \$4 billion was allocated, it is still on par with the levels during the 2000-2005 period, and considerably more than in the late 1990s.

Shifting U.S. priorities

The U.S. government picks and chooses where it wants to exercise influence. In an environment marked by shrinking resources and severe budget constraints, U.S. policymakers increasingly have little choice but to be discriminating and selective. In the aftermath of the September 11th 2001 attacks, the focus understandably shifted towards the Afghanistan and the Middle East. Since taking office, the Obama administration has identified Asia as a focus of priority attention. As there are no signs of a “Latin America pivot,” it logically follows that U.S. influence in the region will be constrained by Washington’s increasingly scarce resources.

In this light, Latin America policy over the recent period has concentrated U.S. officials’ limited time, funds, and energy on those countries that have signaled a willingness to work with the United States. Colombia, Chile, Mexico, Peru, and Central America especially stand out.

While the beginning of the Obama administration witnessed some overtures to countries more hostile to U.S. influence, such as Bolivia, Ecuador, and Venezuela, those efforts bore scant fruit and have largely been jettisoned or at least downplayed.

As such, the U.S. cannot be reasonably expected to exercise a great deal of influence in situations in which it simply doesn't care – or is not prepared to invest political capital and resources. Mexico, for example, is surely of far higher priority than, say, Argentina, where the U.S. government does not invest much energy or diplomatic resources. Nobody should be surprised, then, that the U.S. has so little influence in Argentina.

There is certainly merit in a strategy that focuses on those countries that are the most amenable to cooperation. In places like Venezuela, anti-Americanism has become part of an integral strategy for the government to shore up domestic political support, which makes cooperation unlikely no matter what Washington attempts to do. But despite considerable challenges, there are a number of ways that the United States can enhance its influence and standing, foster increased cooperation, and reduce external resistance to active U.S. participation in regional affairs.

Policy Recommendations: U.S. Southern Command

Support democratic institutions and the rule of law – Instead of trying to measure U.S. influence, it is more productive to identify broad strategic goals and desired outcomes, and then consider the policy instruments and associated costs that make the most sense in helping to achieve such results. In this regard, it is essential that the United States government, including the military, assist other governments in support of democratic institutions and the rule of law in the region. For many Latin American governments, security and spreading criminality is a pressing concern.

Current efforts and operations should be continued to the extent that it is appropriate to meet emergency needs and avoid further deterioration. However, the policy focus should be clearly centered on the longer-term challenge of building effective justice systems and police forces that adhere to democratic principles. In some cases, traditional counter-narcotics operations can serve a useful purpose -- but only when they are carried out within a wider strategic emphasis on the development of justice and police institutions.

The most effective way to reduce the drug problem is, over the long term, to strengthen the capacity and professionalism of key institutions. Such a focus would also be more aligned with a common view among a number of Latin American governments to adopt an alternative to the current anti-drug approach, which is widely viewed as not working well.

Encourage genuine multilateral cooperation – The U.S. government, including the Southern Command, has an opportunity in today's political environment to encourage greater cooperation among Latin American governments in dealing more effectively with shared security challenges. The "hub and spoke" model – with other governments looking to the United States for security-related support – has run its course, has limited effectiveness, and is not sustainable.

To its credit, the U.S. Southern Command has worked closely with the Colombian government to help assist in training and support in Central America. Such efforts should serve as a starting point for a broader program that aims to foster cooperation among Latin American governments.

Even within Central America, the U.S. should do what it can to get governments working together to deal with a shared and serious security predicament. To tackle the challenges effectively, governments should be looking to each other -- and not to Washington -- for viable solutions.

Pursue low-key, collaborative approach – The U.S. government should be aware of and concerned about perceptions in some sectors in Latin America of the “militarization” of U.S. policy. This is a sensitive question, especially in light of some chapters in the history of U.S. involvement in the region. To be sure, despite many problems, Latin America has in general made considerable progress in its democratic development in recent years. But the risks of reversal are real, and every effort should be made to minimize them.

This means that the U.S. military, while adhering to the highest standards of transparency and accountability, should work selectively with national partners on the most critical areas, and should do so in a discreet way, and in close coordination and consultation with civilian authorities. The principle of military subordination to civilian, democratic rule is a crucial one, but has yet to be fully consolidated in practice in a number of the region’s countries. In this respect, U.S. Southern Command’s “style” of operation is fundamental and can either undermine or reinforce that principle. It is essential that it do the latter.