

"As China continues to emerge as a global power, I think that it is important that we consider their influence in the Western Hemisphere and what, if any, implications that might mean for the United States...we have ignored our neighbors to the south over the last eight years. During this time, China's trade with Latin America and the Caribbean region has multiplied over ten times. If there is anything that we should take away from this hearing, it is that we cannot continue to ignore our neighbors to the South."

*Congressman Gene Green
Hearing before the Subcommittee on the Western Hemisphere
House Foreign Affairs Committee June 11, 2008*

Historically, the United States as a global economic and military power enjoyed hemispheric hegemony that not only bode well for American national security, but for global security as well, enabling the United States to project power and stabilize conflicts from the North Atlantic to the South Pacific. As was seen in the aftermath of the European wars of the 20th century, the dynamics of rising and falling economic powers typically yield new arrangements in the global order from a national security perspective. The sole super-power status of the United States remains amid a global financial crisis, though rising economies and trade alliances seek to diminish trade reliance on the United States, if not altogether bypass U.S. involvement (including the utilization of the USD as a reserve currency)¹. Regions from Africa to Southeast Asia feel the growing influence of the developing (BRICS) countries, but none may be as problematic for future American national security as the ongoing dialogue, agreements, and secured financing of America's southern neighbors in Latin America.

U.S. trade agreements with Latin America have been limited, stalled during the cold war by political instability and a lack of support from ruling governments. U.S. investment and development were envied by the populations of undeveloped countries that labeled the wealth and profit generation in their countries as exploitation of their resources and the source of financial inequality. Leftist movements adopted anti-American platforms, demonizing American corporations while stalling future investment and development. The efforts of the United States

¹ [1] "BRICS Take Aim at Dollar". Reuters, CNBC.

to support allied governments had limited success at best, with the blowback of some interventions creating widespread anti-American sentiment. The U.S. Army's Panama-based School of the Americas guided dictatorships in techniques of suppressing internal subversion, while more direct efforts to influence elections or outright overthrow democratically elected governments scarred the U.S. image in Latin America. American intervention drew criticism at home and abroad, coming to a head during the early 1980s. This ultimately led to the passage of legislation aimed at limiting U.S. involvement into Latin American internal politics with bills such as the Boland-Amendment. When the Reagan administration was caught circumventing the amendment during the Iran-Contra controversy², American public opinion caused a shift in U.S. policy towards Latin America from one of intervention to one that relied more heavily on diplomatic channels.

International financial institutions did not fare much better when it came to public opinion among Latin American countries, with access to credit often requiring large privatization, cuts in public services, and the implementation of other austerity measures that drew public criticism across South America³. The mistrust of the United States and international financial institutions led to the rise of leftist governments across South America that sought to diminish western influence in the region.

Stagnant growth and political instability during the 80s and 90s left South America feeling as though they were lost decades. Following a pull-back of American-Soviet intervention into the region in the mid -90s, South America showed signs of growth and progress. Power centers, communities, and spheres of influence developed within Latin America during the latter parts of the 20th century, with Brazil leading the "Common Market of the South" or *Mercosur*⁴, Venezuela leading the "Bolivarian Alliance for the Americas" or *ALBA*⁵, and the "Andean

Community of Nations” or *CAN*⁶, led by Bolivia and Peru. Following the European model, the customs unions and common markets of South America have slowly adapted regional trade policies that, through incremental reforms, facilitated sustainable growth in the region that attracted foreign direct investments (FDI) from central banks and investment banks in America, Europe, and Asia. Looking for greater sources of non-western funding, Latin American leadership is particularly welcoming to Chinese investment and partnerships. Furthermore, Chinese acceptance of future oil and pledges for other raw materials as collateral on loan financing has generated deeper political ties between South American leaders and the People's Republic. In early 2009, China surpassed the U.S. as Brazil's largest trading partner, a position the United States held for nearly 80 years.⁷ On a visit to Chile in June 2011, China's Vice President Xi Jinping nodded to the strategic importance of tighter relations with South America: "The US wants to put China's cooperation with the region seen as Washington's backyard under its control. That is a factor that Beijing has to take into consideration when drawing up its Latin American policies."⁸

The political integration of *Mercosur*, *CAN*, and other South American and Caribbean organizations into the Union of South American States (UNASUR) looks to unify defense policy of the various member states.⁹ In 2008, Brazilian Defense Minister Nelson Jobim announced his idea for a South American Defense Council that manifested later that year at a UNASUR summit in Santiago, Chile. The Defense Council (CDS) constructed a Center for Strategic Studies of Defense (CEED) that opened in Buenos Aires, Argentina in May of 2011.¹⁰ Aside from the establishment of the Center itself, U.S. policy-makers should take special note of the topic of their first discussion, "The Continental Conference on Imperialist Militarization", in which South

American Defense ministers discussed the re-militarization of Latin America by the United States.¹¹ Still in its early stages of development, South America's regional foreign policy remains malleable, allowing the United States some time to improve relations and formulate a South American policy that seeks to influence the broader region as a whole.

South American integration in the areas of free trade, regional banking, and coordinated defense policy do not necessarily pose a security threat to the United States. To the contrary, modeled after the integration of the Euro-zone, such a regional bloc may provide the stability needed to lift millions more out of poverty, foster more peaceful transitions between democratically elected governments, and deter armed conflicts in the region. Recognizing the significance of a rising power in “America’s backyard”, it is critical that the United States improves its diplomatic relations in the region to ensure future security.

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