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Latin America-U.S. Relations: A Latin-American Perspective

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International relations are, fundamentally, a very complex mixture of perception and reality, a dynamic interaction between opposed and common interests that shape in many ways the relations of nations. In no area is a grasp of the mix of perception and reality more needed to appreciate the respective states' interests than in Latin America. I wish to deal with these matters in a way that will lead to a better understanding between the United States and Latin America.

While Latin America consists of South and Central America, Mexico and some Caribbean Islands, we will consider mainly the nations of South America. These countries are widely different from one another in terms of expectations and national behavior. Yet, people in the United States tend to identify Latin America, from the tropical Caribbean to the sub-Antarctic Drake Passage, as a single, closed political or social entity with, from one country to the next, identical values and objectives. The truth is that there are a lot of national differences, which are in part responsible for the minor role in world affairs this huge territory has played.

The Elements of National Power in Latin America*

Given the differences in national characteristics and behavior, it is difficult to analyze in a general sense the collective national power of a whole continent. But since the United States views the region as a whole in devising its national policies in the area, it is still worthwhile to try this approach.

The Latin-American *population* has increased steadily over the past 50 years. By 1983, all Latin America—including Mexico and Central America—had a total population of 370 million. Population projections for the same area are for 594 million in the year 2000. This demographic explosion will have contradictory effects. On the one hand it will add to Latin-American influence in

*The analysis of the elements of national power follows the pattern given in: Frederick H. Hartmann, *The Relations of Nations*, 6th ed., (New York: Macmillan, 1983), chap. 3.

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world affairs. On the other hand, if the current socioeconomic conditions persist, an increasing population will be a major cause of internal instability.

In an important way *geography* has been kind to Latin America, for largely as a result of their position, the countries of the continent have managed to remain out of this century's major wars. However, this same geography has also isolated the region, especially western South America, from the more populated and influential areas of the world. This was especially true after the completion of the Panama Canal in 1914, which decisively altered the world's patterns of trade and the sea lines of communications. This isolated situation bestows upon Latin America the potential for becoming a maneuvering zone for future military operations in a global context. Another result of its isolation is that, as the Northern Hemisphere's fishing grounds are being depleted, South American waters are becoming a source for protein. The Soviet Union is taking a clear advantage of this fact, operating sizable fishing fleets in the southeastern Pacific and southwestern Atlantic.

The *economic* element, coupled with the *scientific-technological* element, is by now the weakest factor in the assessment of Latin America's power. Economic development is a top objective for every Latin-American country. However, the obstacles are enormous. Insufficient capital and a technological disparity with the more developed nations make progress very difficult. The bottom line is that most Latin-American nations are heavily dependent for their trade on the sale of one or two products. This makes their economies extremely vulnerable to fluctuation in commodity prices, that, in turn, lead to dramatic shifts in national income. These deficiencies are largely responsible for the region's external debt of \$360 billion. Such a massive debt is not only a terrible burden on the countries themselves, but is threatening the very structure of the free world's trade.

The *organizational-administrative and military* elements are closely related in Latin-American countries. Even though most states have had over 150 years of independent life, and, consequently, have had considerable experience in managing the complex affairs of modern government, ferment and turmoil have constantly characterized the political life of the region. Democracy is the declared method for political organization in all the national constitutions. This suggests that the constitutional framers recognized that real political power lies in the people and their ultimate will. Yet, the military establishment in Latin America has generally represented the crucible of national values, national identity, internal order and national security. Not surprisingly then, the military have been very influential in most of the countries since the very beginning of their independent life. They actively participate in political decisions and, at times, find it "prudent" to assume the reins of government. This military influence—seen in the national policies of a number of states—affected the spirit of unification and cooperation that lies in the very root of Latin-American relations. Although a great number of

national differences still persist, a common past, the same language (except for Brazil), similar problems, and basically the same expectations in a broad level, provide solid ground for an integrated regional stance in the future.

It is significant that, in spite of the many still unresolved regional conflicts, no major war has been waged in South America since the Pacific War in 1879, that involving Bolivia, Chile and Peru. Even the long controversy over the Beagle Channel between Argentina and Chile was recently settled without bloodshed through the good offices of the Pope. Also, the functional relations of states have grown since World War II, giving an enhanced dimension to international organizations and international law, further influencing the potential of integration in Latin America.

Finally, the *historical psychological-sociological* element gives a cohesive impetus to the Latin-American mood for integration previously mentioned. A common origin, geographical contiguity and the conceptual adherence to Western political values—deeply rooted in the ideas provided by U.S. independence and the French Revolution—have shaped societies into groups that identify themselves easily with the Western political structure. Nevertheless, as shall be shown later, communism has a strong appeal in some countries.

Contemporary Issues in Latin America

The External Debt. About half of the Third World debt is owed by Latin-American States, 80 percent of which has been borrowed from private lenders, at commercial interest around 13 percent. The remainder rests with governments and multilateral agencies such as the International Monetary Fund and the World Bank, at concessional interest rates. There are many kinds of loans and guarantees, and the total debt is continually in flux. All Latin-American countries are substantially indebted—Brazil leads by dollar amount, owing \$105 billion. After it follows Mexico owing \$96 billion, Argentina owing \$47 billion, Venezuela owing \$35 billion, Chile owing \$21 billion, Peru owing \$14 billion, and Bolivia owing \$4 billion.

The phenomenon is not new. Latin-American nations have chronically run deficits but, unlike the developed countries, they cannot make up the shortfall in the inadequate local capital markets. Therefore, they resort to foreign loans to get enough capital. This problem became acute with the major increases in the price of petroleum. The oil price hikes of the mid-1970s put severe pressure on the balance of payments of most Third-World countries. To manage their international accounts, they borrowed heavily in the international markets so as to fund programs already begun. At the same time, the financial system was flooded with petrodollars only too happy to find customers—countries borrowed zestfully, while the lenders were almost begging them to accept large sums.

Borrowing became the “easy” way to continue financing economic development but, for some states, foreign loans were necessary to maintain exchange rates, rates that soon became unrealistic because of an inflation rate significantly higher than that of the United States. Moreover, as inflation in the United States took off, real interest rates became very low and it was generally accepted that prices would keep on rising, so repayment would be easy. The premise was that the capital transfers would increase production, thus providing the means of repayment. But it became apparent that it was a mistake to support artificial exchange rates—they restricted the exports that were badly needed to service debts, and they subsidized imports.

Not until August of 1982 was the seriousness of the situation recognized, when the Mexicans suddenly admitted that they were unable to pay what they owed. The U.S. Government got hundreds of banks to put together a “bridge loan” to avert the crisis. Thereafter, the banks of course became reluctant to go on lending, and new loans were usually sufficient only to pay interest on the old. Because of this situation, imports had to be slashed drastically, while exports had to be promoted. Inflation and unemployment stimulated domestic tensions. Those who could mobilize money were anxious to get their funds to safety, and the flight of their capital bled the economy even more.

The series of conferences to arrange rollovers, stretchouts, reschedulings, renegotiations, etc., have only postponed a meaningful solution. The International Monetary Fund has sought to provide some relief through the imposition of conditions leading to sound economic management that are designed to make more money available to service the debt; chiefly, austerity programs, whereby the debtor country should reduce deficits and hence inflation. This program has led in most countries to a contraction of the economy and not the expansion needed to pay the debt.

To sum up, the situation is very difficult: dramatic reductions of imports, decreased production, severe inflation in some cases, high unemployment and lowered standards of living. The results in these impoverished economies are social unrest and resentment of the capitalist system and of the United States.¹

Conflicts in South America. To have an appreciation of the enmity existing among the countries in South America, one must discuss two issues. The first deals with border and territorial problems, and the second involves a type of conflict new to Latin America—one motivated by ideology and competition for influence and resources.

The long-standing conflict over the Beagle Channel between Chile and Argentina was settled peacefully by the Pope in 1985. The conflict had greater implications than just a definition of borders, because sovereignty of the Beagle area gives potential control over the Drake Passage and the Antarctic. True, the local territorial issue was solved but what will persist is a struggle

for influence in the area, especially when the definition of rights in the Antarctic sector adjacent to South America is at stake, as it soon will be.

Another area of friction has been the antagonism towards Chile, by Bolivia and Peru, former allies against Chile in the Pacific War they lost in 1879. As a result of that war, Bolivia lost its access to the sea and Peru lost a vast and rich southern territory. Ecuador and Peru waged a short war in 1941 over territory in the Amazon Basin. The subsequent 1942 Rio Protocol greatly favored Peru, and this fact has been a source for continuous animosity between the two countries.

The Gulf of Venezuela dispute between Colombia and Venezuela has soured the relations of these South American Caribbean States for some years. The basic problem stems, as is the case in many South American territorial disputes, from the very vague definition of the frontiers while most of the continent was under Spanish rule.

Although not a territorial conflict, the Argentine-Brazilian rivalry is a very influential one. It involves not only the two principal states, but also the three buffer states—Bolivia, Paraguay and Uruguay—and to some extent Peru and Chile. The bottom line of this rivalry is a struggle for influence in the southern cone of South America, which also includes the Antarctic. There is a nuclear element in this rivalry, since Argentina and Brazil will soon be able to construct nuclear weapons. The Falkland/Malvinas war was not alien to the Argentinian dream of hegemony in the area, and the British victory has by no means solved the problem. This war has some very important hemispheric implications; because of the marginal and indirect involvement of the United States in it, the Inter-American Military System was badly damaged. This has seriously affected the whole spectrum of relations between the United States and Latin America.

Nevertheless, the local conflicts briefly described have little importance compared to some compelling current global issues. Latin America is more or less drifting between the Western World and the world of communism. Recent economic developments in the Soviet world and the Soviet penetration in Central and South America have added depth to this issue.²

The Communist Appeal. In 1970 Chile became the first country in the world to freely elect a Marxist president. This was a shock for not only a majority of Chileans but also for the free world, who held the notion that Marxists could only gain power through violence. Why this occurred is rather hard to explain and the subject is much too complex to be examined in this essay, but some of the more salient aspects of the problem follow.

First, many of the inequalities in the socioeconomic structure of the Latin-American countries have persisted. But, unlike some newly decolonized republics, most of the people are literate, educated and politically conscious. Furthermore, a large number of intellectuals—especially

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teachers—are ill-paid and frustrated because of the few opportunities available for more rewarding occupations. These inequalities have persisted because of the internal socioeconomic organization and also because of external economic dependency. The multinational corporations' ownership of the main resources in some countries (Chilean copper, Bolivian tin are examples), awakened dormant nationalist sentiments engendering the hostility of the poor, the intellectuals, certain churchmen and even some military officers against the free market economic model.

Second, the so-called natural inclination for a free market model is, in Latin America, more a matter of perception than one of reality. At the very root of such a system is the idea of individualism, and the freedom to exercise that individualism in the fulfillment of personal needs and desires. The efficiency of the model is based precisely on the assumption that the individual's motivation for profit and economic reward will create a dynamic environment that will ultimately benefit the whole society. This notion is viable providing the society is organized in such a way that it permits the pursuit of individual interest with minimum restraints, and that the country has enough economic resources (capital, technology, raw materials) to sustain such individual economic activity. The latter is especially important because in a country without enough resources for its people, economic activity is motivated not chiefly for profit but mainly for survival, and in that case the democratic freedom remains a concept rather than a reality.

Compared to those of Western Europe and North America, Latin-American societies, generally speaking, have a more "group think" approach to economic activity. The individual has a reduced role in the final economic output, and individual economic success is often seen with distrust. The Catholic formation, and long-standing perceptions on the issue, have a lot to do with it.

Third, communism appeals to many because it offers an escape from the hardships of personal struggle in a highly competitive and dehumanized environment where there are not enough resources to assure an egalitarian satisfaction of everybody's needs. To others, communism offers an opportunity for generous selflessness and the hope to change a stratified economic situation that is perceived as the product of capitalism.

The aforementioned factors lessen the perception of communism as a threat and provide the Soviets with certain advantages from which to gain influence in Latin America.

U.S. Foreign Policy and Latin America

The United States treated Latin America throughout much of the 19th century and early 20th century as its private backyard, to do with as it wished.³ The early application of the Monroe Doctrine was confined to the

Caribbean rim, the major area in which the United States was heavily involved and capable of policing. Geographical proximity and the Panama Canal combined to make this region the most crucial of all to U.S. interests. In the first 20 years of the 20th century, U.S. forces intervened repeatedly in Nicaragua, Haiti, the Dominican Republic, Mexico and Panama. Throughout the first half of the 20th century, U.S. economic interests began to diversify and to expand beyond the Caribbean rim into South America, taking the form of direct investments, initially in petroleum and mining, and, after World War II, extending into the manufacturing sectors.

A variety of explanations have been offered to account for U.S. behavior. Apologists of U.S. expansion defend the policies of Washington in terms of inevitability, security necessities, or altruism. Conversely, critics of U.S. policy tend to stress the internal dynamics of capitalist expansion as the primary factor influencing the U.S. relations with Latin-American countries. Whatever the case, there is a basic economic ingredient in U.S. policies and interventions in the region. Maj. Gen. Smedley Butler of the U.S. Marine Corps stated some time ago:

"I helped make Mexico and especially Tampico safe for American oil interests in 1914. I helped to make Haiti and Cuba a decent place for the National City Bank boys to collect revenue in. I helped purify Nicaragua for the international banking house of Brown Brothers in 1909-12. I brought light to the Dominican Republic for American sugar interests in 1916. I helped make Honduras right for American fruit companies in 1903."⁴ During these years the Monroe policy was, in good measure, directed toward perpetuating existing U.S. advantages in the area, and in laying down the foundations of U.S. hegemony on the continent. But because U.S. policies were producing much enmity, President Franklin D. Roosevelt, after a reappraisal, announced on 4 March 1933, the "good neighbor" policy, adding a new dimension of mutual respect with Latin-American countries. As part of this new framework, the Rio Treaty of Reciprocal Assistance was signed in September 1947, and the following year the Charter of the Organization of American States (OAS) was approved.

Yet, in the ensuing years, the relations between the United States and Latin America have been marked by a clear lack of interest from the former. Washington has been preoccupied with Europe, Asia and the Middle East, regions where the threat of the Communist bloc was perceived to be greater than in Latin America. But although Latin America was not of much interest to the United States, the United States was of great interest to Latin America, and this situation has more or less characterized these relations throughout the recent decades.

Some contemporary developments and a differing perception of one another further complicate the present situation. First, and probably the most important factor, is the Soviet presence in Latin America—a physical

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presence in Cuba, Nicaragua and Antarctic. There is the presence of large numbers of Soviet fishing and research ships in the southeastern Pacific and southwestern Atlantic oceans, and a more subtle presence in the Soviet backing of Latin-American insurgencies, which are spreading, especially in the drug-producing areas. What we are witnessing is the phenomenon of cooperation between international criminal organizations and Marxism. Behind this is the fact that the Soviet Union has a permanent interest in taking advantage of any favorable circumstance to enhance its prestige and power in Latin America.

A second factor to be taken into consideration is the evolution of Latin-American countries toward a more independent stance, coupled with a decline in the U.S. ability to influence regional events. This trend has shown up because of a combination of a growing real power in Latin America and the changing power structure in the world. The latter includes, among other factors, the constraints posed by the international law and politics on the superpowers' ability to exert influence.

Conclusions and Recommendations

The point made in the essay is that, generally speaking, while Latin America is of marginal interest to the United States, for Latin America, the United States is of primary importance. Nevertheless, from time to time, the United States intervenes in Latin-American affairs, normally in a way that is particularly irritating to most of the countries; an example was President Carter's human rights emphasis in U.S. relations with the area. On the assumption that every other society could do as well as the United States if only they would follow the American example, he tried to impose the American model with complete disregard of national circumstances and without considering the fact that different stages of societal evolution would produce very different results. His actions were perceived as neointerventionism and they created much enmity.

Let us recall that Latin America has always regarded nonintervention in the affairs of others as a cardinal principle in international relations. So, any policy that might resemble intervention in any country's affairs is considered with resentment and distrust. Freedom and human rights are realistically exercised only within the constraints of a well-balanced combination of social expectations and national capabilities.

Even though Latin America will probably continue to have a low priority for the United States, there are some issues that could be of importance in any reappraisal. First, the geographical contiguity makes the area a major potential target for Soviet penetration, i.e., the Soviets can exploit a vulnerable U.S. flank. Second, the U.S. tendency to view Latin America (and the outside world) in "white and black," whereas the Soviets are prepared to

regard it in different shades of "gray," fuels Latin antagonism towards the United States, and provides the Soviets with leverage to enhance their influence. In the Third World, the United States has seemed insistent in pursuing a policy of "those who are not with us are against us" (dating to the Dulles "immorality" of nonalignment). The Soviets, on the other hand, have tended subtly to cultivate the approach of "those who are not against us are with us."⁵ Also, it is important to bear in mind that U.S.-Latin-American relations have been characterized by overtones of small countries being ordered about by a large one. Because of the threats and fears, real or imagined, implicit in disparities of power, such a relationship leads, inherently, to enmity.

As a final suggestion to North Americans in their dealings with Latin America, we Latins offer a very simple formula: If you will respect and understand national ways, needs and views, devising a coherent and persisting policy for the area, you will take full advantage of the natural inclination and esteem that Latin America has towards the United States.

Notes

1. Robert Wesson, "The Third World Debt," *Vital Speeches of the Day*, 1 August 1985, pp. 619-622.
2. For more detailed information see: Jack Child, *Geopolitics and Conflict in South America: Quarrels Among Neighbours* (New York: Praeger, 1985).
3. Frederick H. Hartmann and Robert L. Wendzel, *To Preserve the Republic: United States Foreign Policy* (New York: Macmillan, 1985), p. 362.
4. Cited in James F. Petras, ed., *Latin America: From Dependence to Revolution* (New York: Wiley, 1973), p. 233.
5. Alvin Z. Rubinstein and Donald E. Smith, eds., *Anti-Americanism in the Third World: Implications for U.S. Foreign Policy* (New York: Praeger, 1985), chap. 5.

