ISSUES IN INTERNATIONAL POLITICAL ECONOMY
Center for Strategic and International Studies ■ Washington, D.C.
July 2007, Number 91

The Derivative Nature of U.S. Hemispheric Policy

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U.S. relations with Latin America and the Caribbean (LAC) have long been unsatisfactory. Many U.S. scholars attribute this to protracted periods of neglect of the LAC region, interspersed with periods of constructive engagement as well as with hegemonic interference. This description is accurate but is more symptom than explanation. Others believe the problem is the failure of most LAC countries to achieve sustained economic growth or successful self-government, coupled with a tendency to blame others for their own shortcomings. This observation gets closer to an explanation. I prefer another interpretation; namely, that U.S. policy drawing on the considerations stated above generally has little to do with intrinsic aspirations of the region. Instead, U.S. policy is dominated by global and domestic concerns that are then reflected in a reactive and usually inappropriate fashion in LAC. The word "derivative" is used in the sense of being "drawn or having proceeded…from something else; not original…secondary."[1]

The goal of most hemispheric leaders is to create enough jobs to reduce unemployment and underemployment. The jobs that are created have to pay well enough to attract working-age people into the formal labor force from the informal economy, where they generally earn little but pay few taxes; or have to be the kind of jobs that make it unnecessary to emigrate out of the country. This, in turn, requires sufficiently high rates of economic activity, year-in and year-out, but growth in gross domestic product has rarely been sustained for long in the region during the past 30 years. Economic growth, such as it was in recent decades, is unevenly distributed, more to capital than to wages, so that the basic objective of creating enough good jobs in the formal sector has not been satisfied. These failures were reflected in political choices—the election of left-leaning presidents in country after country: Luiz Inácio Lula da Silva in Brazil, Néstor Kirchner in Argentina, Tabaré Vázquez in Uruguay; Hugo Chávez in Venezuela, Evo Morales in Bolivia, Rafael Correa in Ecuador, and the near miss of Andrés Manuel López Obrador in Mexico. Two of these presidents adopted conventional economic policies after they were elected—Lula and Vázquez—but the others have not.

U.S. policy approaches toward the LAC region only occasionally took these issues into consideration. A key U.S. emphasis was on combating production and trade in narcotics by removing aid and trade preferences from countries seen as not cooperating sufficiently with U.S. antinarcotics policy. Free-trade agreements were signed with many countries, but limitations were placed on their most competitive exports. Mexican workers were encouraged by U.S. business and agriculture, with implicit cooperation from the U.S. government, to come and work in the United States without proper papers, only to generate later demands to punish the workers. The North American Free Trade Agreement posits movement toward U.S.-Mexico economic integration, and this is now manifested by building fences along the border.

U.S.-LAC relations would be much worse today if it were not for the relatively high LAC growth over the past three years—3.82 percent a year per capita (using an estimated figure for 2006)—benefiting from high commodity prices for oil, soybeans, lumber, and copper stimulated by demand coming mainly from China.

The derivative nature of U.S. policy in LAC is of long standing. The Alliance for Progress instituted by former president John F. Kennedy in the 1960s was the U.S. way of limiting the influence of the Soviet Union in LAC. The anti-Communist derivation was not necessarily bad—the Marshall Plan in Europe had the same motivation—but it clearly was derivative policy. On the other hand, U.S drug policy toward LAC countries, which stemmed from the inability to reduce U.S. consumption, has had adverse consequences: Colombia paid a heavy price, because its

[1] The New Century Dictionary.

private entrepreneurs took advantage of the U.S. demand. A similar pattern is now being played out in Mexico, where President Felipe Calderón finds it necessary to bring in the military to mount an offensive against competing drug cartels. If drug usage were decriminalized in the United States, then Mexico, Colombia, and other LAC countries would obtain reflective benefits; instead, they are being subjected to punishment for not accomplishing the impossible task of disrupting their drug trade with the United States.

Constructive initiatives in addition to the Alliance for Progress have been the grant of trade preferences to countries in the Caribbean, Central America, and the Andes; indeed, the common market of the south (Mercosur, made up of Argentina, Brazil, Paraguay, and Uruguay) is the only area of the hemisphere that does not enjoy U.S. trade preferences. Venezuela does not receive the trade benefits that are granted to other Andean countries, but Venezuela exports few products for which preferential tariffs are meaningful; nor does Venezuela seek these benefits from the United States. President George H.W. Bush promoted hemispheric free trade, a suggestion taken up by former president Bill Clinton but that has come to naught. Instead, the United States has free-trade areas with individual countries, a program that does little to unify the hemisphere by encouraging trade integration among LAC countries.

U.S. hegemonic interference in the region has been frequent in the years since World War II. These include the overthrow of the Arbenz government in Guatemala in 1954; the Bay of Pigs invasion in 1961; the invasion of the Dominican Republic in 1965; and the Iran-contra episode of 1983–1988. The anti-Communist actions lost their relevance after the Soviet Union ceased to exist, although concerns exist about China's motives in LAC countries. Today's bugaboo in setting U.S. hemispheric policy is Hugo Chávez, president of Venezuela. Today's dominant issue shaping U.S. policy toward the hemisphere, as it is globally, is security; this is understandable in terms of self-interest, but the hemisphere is not a significant security issue. If anything, the United States is fortunate in having two peaceful countries on its land borders.

U.S. policy toward emerging countries in East Asia has evolved quite differently from that toward LAC. The main reason is the economic success in East Asia; its compound rate of growth from 1990 to the present has been 6.9 percent a year per capita compared with 1.3 percent a year in LAC. Even if China is omitted from the calculation, the East Asian per capita growth over the same time period has been 4.6 percent versus 1.3 percent. East Asian exports are now 10.2 percent of world exports, while those of LAC are 5.0 percent. U.S. policy attention is directed largely to where the action is.

U.S. policy, and European policy as well, is no longer derivative in East Asia, generally because the region has its own economic importance. LAC countries widely espoused dependency theory—that they were poor because the United States and other industrial counties framed policy to keep them dependent—while the East Asian countries kept growing. LAC countries were pessimistic about promoting their exports—arguing that their export growth would lead to trade restrictions by the industrial countries—even as the East Asians kept pushing their exports. The LAC countries fell behind economically and are falling further behind. This poor economic performance is unfortunate. U.S. actions toward Mexico, for example, would be quite different if that country's overall GDP were growing at 6 to 7 percent a year rather than at 3 to 4 percent in the good years. Brazil has long been an important destination for U.S. business investment, but until recently, the country was largely ignored officially because of its on-again/off-again economic performance.

There is considerable truth in the traditional descriptions of the lackadaisical relations that have prevailed between the United States and LAC countries—U.S. neglect interspersed with periods of useful and destructive actions and denigration of the region for its generally poor economic performance—and the indifference shows up in policies that are derived from what are seen as more important concerns in other regions. These include what is happening in East Asia. The conclusion one must draw from this reality is that LAC will remain a derivative area for U.S. policymaking, with injections of short-lived activity from time to time, until the region demonstrates its ability to grow at economically satisfactory rates over a sustained period.

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