



SOUTH AMERICA: DOMINATION AND EXPLOITATION

There was a time that South America was almost completely isolated from world affairs, despite ranking fourth in area after Asia, Africa and North America and its history has been one of authoritarian rulers, domestic and foreign. Hernán Cortés and Francisco Pizarro were two conquistadores, for example, whose goals were personal glory and gain as well as to secure the secular authority of the king of Spain and the spiritual influence of the Roman Catholic Church. In time parts of the continent had large swathes of land that was owned by Spanish, as well as Portuguese, colonists; indigenous populations were either massacred or treated like slaves.

The draw of possible wealth (especially in Argentina, Brazil and Venezuela) attracted foreign immigration on a large scale and today South America has a plethora of foreign nationalities. Although Spain and Portugal are predominant by language and cultural influences, Argentina has had a president of Syrian origin, one Peruvian president was an ethnic Japanese and past presidents of Paraguay and Chile have had, respectively, Hungarian ancestors and British blood.

Beginning in 1819, independence under Simón Bolívar (whose revolution was helped by Britain to thwart the Spanish) meant that the previous dictatorial control enjoyed by Spanish and Portuguese colonial administrations came to an end. With the crumbling of the old order a vacuum was created which was exploited by President James Monroe of the United States of America who, in 1823, boldly declared that henceforth the US (which had suffered itself under the yoke of colonialism) would protect all territories south of its border from threats against their sovereignty from nations outside the hemisphere. Thus the Monroe Doctrine was born: "The American continents, by the free and independent condition which they have assumed and maintained, are henceforth not to be considered as subjects for colonisation by any European powers". Critics of US policy have frequently observed that it was not the European powers, ultimately, that Central and South America would find had posed the greatest threat.

The US influence was felt particularly in 1903 when it encouraged Panama to break away from Colombia which it had elected to become a part of when Spanish rule ended in 1821. The US motives centred on self-interest and one of the overriding reasons was Washington's realisation that completion of a failed French canal project linking the Atlantic and Pacific oceans would have immense military and commercial benefits; the lack of a quick passage between those two oceans had exacerbated the US navy operations during its, albeit successful, 1898 war with Spain. The background to Panama's



independence, with its chicanery and intrigue, has been written about extensively, as have Washington's motives vis á vis the canal, and perhaps the words of Jean de La Bruyère, the French satiric moralist, are most apt: "Even the best intentioned of great men need a few scoundrels around them; there are some things you cannot ask an honest man to do".

In the main, however, US regional involvement would not be significant in any measure for several decades after Monroe's presidency and in the intervening period that role was left mainly to resilient and talented British businessmen, particularly in Argentina, Bolivia, Brazil and Uruguay. It was the British who would build much of the infrastructure in South America, including railways and public utilities, and it wasn't until the second world war that British influence dwindled and continued to do so as its former empire was dismantled. Meanwhile, between the 1898 Spanish war and its entry into the second world war in 1941, the US was emerging as a great power; by the end of the second world war it had become a superpower. It was in the intervening period between the first and second world wars that the US would begin to make its presence felt in the continent's affairs (notably in Nicaragua).

Seminal Moments and Single Steps

The former British prime minister, Margaret Thatcher, once said that the US was unlike any other country because it was founded upon an idea rather than upon a culture. If that is so, it needs some fresh ideas on how to deal with countries south of the Rio Grande within the context of its loss of influence. China's influence, on the other hand, is palpable in the region (as well as Africa) with its "peaceful rising" policy and it has been suggested that November, 2004, will be viewed by future historians as the seminal moment when China's economic power changed the global political balance. That was when Hu Jintao, the former president of China, toured Latin America on a commodities shopping spree and, at the same time, made alliances with some governments there that were not particularly comfortable with American policy. China, in fact, is replicating the approach adopted by the US that helped create successful economies in Taiwan, South Korea and Chile where sound institutions were established despite harsh dictatorships. Cuba was one of China's beneficiaries, helping the island to slowly emerge from an economic wilderness after it lost the sponsorship of the former Soviet Union.

Although the three issues that have primarily concerned the US about its southern neighbours have been immigration, trade and drugs, the administration in Washington is also aware of the political challenges caused by the presence of both liberal democracy and populism. It is an irony, therefore, that in the 21st century populism has waned in Latin America, but gained momentum in the US and Europe, just as nationalism has.



Much has been spoken about foreign direct investment into Latin America and just how fickle it can be when economic winds change, its fluidity brought about by the fact that the largest part of it is not invested in infrastructure which requires a long-term commitment. But what has been less talked about, however, has been the direct investment flowing in the opposite direction. Several Latin American companies have entered the international market and there has been a remarkable rise in outward foreign direct investment from the region. This is set to continue as Latin America grows in confidence and most of those multinationals (the largest are from Brazil and Mexico) that have sought markets beyond neighbouring countries are in the natural-resources-based sectors (steel, mining and livestock, for example). Certainly, because of the swinging political pendulum in the US and Europe, Latin America is no longer singled out for instability as in the past. This also applies to economic turbulence.

This article began by referring to South America's previous isolation from world affairs and the lure of riches that changed everything. But not quite everything, because the economic inequality, poverty and political divisions still exist. In order to take its rightful place in the world economy, South America must improve its institutions and education, make markets more flexible and especially ensure that the benefits of growth reach all, not just some, of the population.

What can the US, notwithstanding its diminishing influence, do for South America that will be constructive? It can leave the continent to experiment on its own and not employ destructive and divisive policies. To do this the US will need to change some ingrained habits and it could find inspiration for this from an American, Mark Twain: "Habit is habit and not to be flung out of the window by any man, but coaxed downstairs a step at a time".

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