

LATIN AMERICA

The Lingering Legacy of Colonization

Until the turn of the century, Latin America and Sub-Saharan Africa had forged fairly similar paths through world history. Once upon a time (well...500 years ago), thousands of indigenous tribes survived on subsistence farming, scattered across these two massive continents, divided by vast, unsurpassable environmental boundaries, the beneficiaries of bountiful ecosystems that were theirs for the taking. Regional empires had developed – the Mayas, Aztecs and Incas in Latin America and the empires of Mali, Songhai and Zulu in Africa – but these were the exception and not the norm, and millions existed outside the grip of these dominant kingdoms.

Within a century of European exploration, both Latin America and Africa suffered at the hands of European imperialism, first losing their land, then seeing their peoples enslaved and then suffering through centuries of fragmented states created seemingly randomly by colonial masters. Both regions were puppets in geopolitical games orchestrated across oceans, first by the Europeans and then through the Cold War decades by the US and the Soviet Union who vied for absolute obedience of all newly- independent nations. And both regions fell behind in the industrialization race to wealth, seeing their nations used as simply supply and demand hubs for global goods, but never as manufacturing centers where real fortunes could be made.

In recent decades, there appeared few signs Latin America would emerge from colonial rule any better off than did the Africans. In 1969, America's National Security Adviser Henry Kissinger dismissed the Chilean foreign minister, admitting that "(Latin America) is not important. History has never been produced in the South...what happens in the South is of no importance."

Latin America was viewed as merely the unspoken domain of the United States – a hemisphere under the implicit control of their big brother to the north. As long as Latin America did as the US demanded, they would be left alone, but if ever they steered a course that didn't match the US's vision of a Western future, they could count on America's military entering their borders to help clear up any confusion. Subservient to the West, crippled by economic stagnation, governed by a revolving door of military dictators (caudillos) who prioritized expanding and conserving their own supremacy over the dislocation and misery of their own people, Latin America was a lost continent.



Key Questions

- Explain ways Latin America still faces lingering effects from colonization?
- Describe the positive & negative effects of Free Trade in Latin America. What are the problems of just selling commodities?
- Describe two effects created by the Drug Cartels.
- What were positive & negative results from the experiments with Socialism?

But in the 1990s, Latin America started to separate itself from its northern brothers, charting a new path for itself, that although inconsistent and far from solidified, could stand out as the model for all developing nations.

A Brief History of “Latin America”

Before looking at how Latin America altered its future, first you need to know what actually Latin America is. You have to go back to the mid-19th century to find the term’s origin, back to France’s Napoleon III. In the 1860s, Bonaparte’s nephew wanted to recreate a French empire so he had his cartographers and public relations reps start speaking of this region as united by a shared history. If he could convince all the Portuguese and Spanish-speaking peoples that they somehow were linked to France (a la the Latin language), he could possibly justify why he was invading Mexico (which would allow him to then hypothetically unite the rest of the continent). Yet considering in 1860, French was only spoken in Haiti, French Guiana and a couple of tiny islands in the Caribbean (and the Spanish and Portuguese speakers weren’t exactly clamoring for French occupation), Napoleon’s vision never caught on and the French foray into Latin America ended when his puppet emperor to the Mexican throne was shot in the face by a firing squad in 1867.

The French Empire in the Americas died in 1867, but the name still sticks, and today Latin America has become the general term for Mexico, Brazil, Argentina, Haiti, Cuba, Chile and all of the other countries that make up the 43 nations of Central America, the Caribbean and South America.

Evolving Economies

The first component of Latin American that immediately stands out is its expanding economy. In the mid-1980s, the governments of Latin American began to one by one embrace the advantages of free trade, abandoning their protective policies of the early part of the 20th century. During the Great Depression, many developing nations (and even many developed nations) believed the best way to support their local businesses was to prevent foreign competition. This became known as import substituting industrialization, where prohibitive tariffs punished imports, encouraging citizens to only buy locally. This worked initially, but if a company is to thrive it must continue to grow its market. This was the lesson that the West has been teaching the world for the past century, and it’s why today McDonalds has 33,000 outlets worldwide, CocaCola can be bought in over 200 countries and General Motors sells more cars in Brazil, Russia, China, Mexico and Uzbekistan combined than they do in the United States. If you want to expand, you have to sell to your neighbors, even if that means you have to consider sending your stuff to neighbors that live 15,000 miles away. And when you agree to sell stuff to these neighbors, you don’t punish them with painful import taxes (tariffs).

This decision to remove tariffs led to the adoption of dozens of bilateral and regional trade agreements. NAFTA, the North American Free Trade Agreement linking Canada, the United States and Mexico, started the ball rolling in 1994, and since then Latin American nations have partnered with nations in the region, with Europe, with Africa, and most recently, and most profitably, with China. Aside from the multination pacts like the EFTA with Europe, the DRCAFTA between the US, Central America and the Dominican Republic, and Mercosur which links the largest South American nations, close to a hundred other pacts have been ratified in the last decade. This has led to billions of dollars of goods passing through Latin American ports.

However, the trade agreements with the outside world come with risks. Latin America almost exclusively sells commodities. Whether its wheat and corn from Argentina, oil from Venezuela, copper from Chile, sugar and beef from Brazil or natural gas and timber from Bolivia, the bulk of the economies of Latin America make money from resources whose value fluctuates widely in the world market and whose long term profits aren’t guaranteed. These resources are then taken by the industrialized economies of Europe, East Asia and the United States, turned into manufactured goods, and then sold back to South America. Latin America is in many cases still the beginning and the end of the supply and demand chain. For their economies to thrive long- term, they must expand their human and technological capital. That’s where there’s money to be made. For example, in Bolivia, China mines lithium, transports it back to China, turns it into batteries and then sells these batteries to the world. Should Bolivia ever nurture their own skilled, educated labor pool, they could keep the battery production in

country, not only increasing profits in the short-term, but creating a workforce that could later be utilized in other industries as well.

But at the moment, nations find it difficult to not jump on the commodities bandwagon. There's just too much easy money to be made. China has surpassed the United States as the top trading partner of numerous Latin American countries, especially since Chinese trade deals come with no strings attached (which holds particular appeal to dictators with questionable agendas like Hugo Chavez of Venezuela). China really doesn't care what you do in your country, just as long as you keep buying and selling goods. Subsequently, in the first decade of the 21st century, Chinese imports from Latin America exploded from \$5 billion to \$90.3 billion annually, and exports expanded at a similar rate (\$4.5 billion to \$88 billion). But these profits come at a cost. For decades, America was seen as an oppressive, condescending patriarch who constantly demanded their trading partners enforce labor laws, intellectual property regulations, counter-narcotics policies and political corruption deterrents. China couldn't care less. This indifference could mean that much of the American-pressured progress made toward fostering a protected, liberal, fair market could be reversed. Or it maybe it can now become internally motivated to ensure their economies progress while striving to protect the environment and their labor force.

Brazil

In forging its own path of progress, Brazil has proven the role model for Latin America. It too trades with China, it too has abandoned import-substituting industrialization and it too has confirmed dozens of free trade agreements. It however has the sixth largest economy in the world (recently passing Britain on Christmas 2011) and should pass France for fifth place within the next five years. It's made all the right decisions and it has primed itself to not only be an economic leader for years to come, but has also emerged as the unofficial spokesman for Latin America in geopolitical discussions.

Much of Brazil's recent success can be attributed to the leadership of Luiz Inácio Lula da Silva, the man Barack Obama recently called the "most popular politician on earth." He left office in 2010 with an approval rating above 70% (for comparison, George Bush left at 22%, and Obama hovers in the low 40s), a remarkable feat for any exiting politician, but especially for one who governed in Latin America, a region known more for its military coups and fanatical dictators than for its stable democracies. But Lula was the exception. He entered office in 2003 on a platform of zero fome – or "no hunger" – promising to tackle the income inequality of Brazil so every man, woman and child could be assured two meals a day. To achieve this lofty goal, he directed billions of dollars toward education and free public school lunches, while also ensuring access to water for subsistence farmers in even the most remote provinces.

Once he had taken care of his people, he then set out to take care of his country, and then his continent. He challenged the 20th century norm where Latin American countries danced to the tune of the gringos to the north, announcing at the beginning of his term that he would no longer merely react to the needs of the US. Lula realized Brazil could no longer flourish if they relied exclusively on a trading relationship with the US. He had to look for other trade allies, beyond even Europe, to the emerging economies of Russia, India, China and South Africa. This was a risky move, but in the post-Cold War era where "you're either with us or against us" partnerships seemed juvenile and outdated, it was a move that paid off. Brazil now exports over \$200 billion a year (of which only \$19 billion goes to the US), including not just the ores and crops that so many other Latin American nations produce, but also the high-skilled manufactured goods like cars, planes, computers and petrochemicals. They've diversified their economy, and now they can compete with the big boys.

And they've also made the region stronger. They've acted as both trading partners and intermediaries, linking many of the Latin American economies in partnerships that exist outside Western influence. Unlike in recent decades where outsiders attempted to impose their ideologies on local governments, Brazil has played the role of mediator, bringing all sides to the table to discuss, consensus-build and then move forward. But in no way does this mean Brazil is soft. With the thirteenth largest military in the world, and with a nuclear program that has developed both enrichment facilities and missile systems, Brazil always has the mettle to back up the mediation. Taking a page from America's foreign policy, Brazil can foster piece by yielding either the promise of a trading

partner or the threat of the military. Because of its role in mitigating regional disputes, because of its status as an economic powerhouse and because of its geopolitical links to the most important nations of the world, Brazil has become a voice in international organizations, often speaking as the lone representative of Latin America. At the G20 economic summits, at the World Trade Organization conferences and even at the United Nations, Brazil has positioned itself as the voice that must be heard. They might even be the lone nation able to convince the United Nations that the current structure of the UN Security Council (with France, China, England, the US and Russia as the only permanent members) is merely an archaic representation of “hereditary claims,” not an accurate or fair illustration of who will truly dominate the 21st century.

Drugs & Violence

Even with a Brazil as an emerging, respected regional role model, continuing crises threaten the stability and health of the region. The foremost problems facing Latin America are the rampant violence, the mounting narcotics industry and the staggering poverty. Latin America is home to 21 of the 23 nations with the highest homicide rates in the world (thanks South Africa and Russia for breaking up the monopoly.) If you live in Latin America your chances of getting kidnapped, mugged, robbed or killed are as much as ten times the global average.

Take Brazil for example. If Brazil is the crown jewel of Latin America, you’d expect it to be relatively immune from the vices that are tearing apart the region. Not exactly. Corruption runs rampant across Brazil, from the local cops who extort bribes from street vendors, to the local politicians who make millions off Olympics and World Cup construction projects, to even former president Lula who is under investigation for buying election votes. The current Brazilian administration has signaled its intent to crack down on federal and local corruption, both through the media and through tougher legislation. Lula’s romanticized reign has been tarnished even further the last couple years, not only because of the mounting accusations of corruption, but because the economy has stalled since 2012. The middle class now wonders if Brazil’s greatest growth years might be behind them. As the economy stagnates, acts of violence continue to escalate (Brazil is embarrassingly home to 15 of the 50 most violent cities in the world). And at the exact moment economic and social stats have turned dire, Brazilians look all around and see tens of billions of dollars of state funds being thrown into preparations for the 2014 World Cup and 2016 Olympics. Brazilians have been promised that these projects would lead to lasting infrastructure improvements (but just ask Greece how Olympic investments “helped” the long-term progress of their economy). In the summer of 2013, tens of thousands of disenchanting protestors took their frustration to the streets, and the less-than-charismatic government officials proved ill-prepared to respond to the calls for political and economic reform. If this discontent is not handled effectively, Brazil’s global games might become the showcase for their recent reversal of fortune and how a nation that was one minute the darling of Latin America, can the next minute appear simply another struggling state.

Another issue Latin American political leaders hope does not become a global focus when the international sports media rolls into town is the regional narcotics industry that increasingly feeds the addictions of their American neighbors to the north. From the time of the Aztecs and the Incas, marijuana and coca leaves were enjoyed by the indigenous populations (though the chewed coca plant produced a high only 1% of that of contemporary nose candy). Usage rates remained relatively restricted to the indigenous clans of Latin America until the United States encouraged Mexican immigration during World War II. These migrant farmers brought their marijuana, and it quickly caught on. By the 1960s, the drug was no longer the rural drug of farmers and migrant laborers, but the drug of choice of an educated and elite younger population. Then in the 1980s, marijuana was displaced by cocaine, the new drug of the rich, and by 2010, the United States of America ruled the world in yet another category – highest usage of illegal drugs. The World Health Organization reported in 2010, that approximately 43% of Americans have smoked pot and about 17% have snorted cocaine – far and away the highest rates reported in the world. One of the bi-products of being the richest country in the world is you can always buy happiness in a pill, a powder or a leaf if consumerism just isn’t giving you the high from the good ol’ days.

But this US demand has fueled a huge rise in crime not only deep in the heart of South America, but also in the towns just south of the US-Mexican border. In the first decade of the 21st century, it appeared every attempt by the government to reduce the kidnappings, mutilations and murders only seemed to make matters worse. In Mexico, the regional leaders and police departments had for decades turned a blind eye to the drug business, if they cartels promised to not hurt civilians. This passive acceptance allowed a few major cartels to establish regional fiefdoms, where they controlled not only the cannabis production and distribution, but also the budding methamphetamine trade.

But in 2006, when President Felipe Calderon announced he would be upping the anti-drug campaign to permanently wipe out drug-related violence, the tenuous status quo devolved into utter anarchy. Leaders of the top cartels were arrested, but instead of these incarcerations decreasing the violence, the policy had an inverse effect. Heirs to the cartel thrones stepped up and engaged in hundreds of turf wars, killing and maiming innocent bystanders, leaving a trail of decapitated corpses, blood-filled streets and mass graves, turning Mexico into this generation's "killing fields." The cartels acted in utter indifference to the vigilant actions of Mexican police officials and even the military, forcing even the mayor of Tijuana to discourage Southern California tourists from making trips south of the border.

This pattern of cartels persisting even in the face of fresh governmental pressure can be seen in the drug producing countries of Bolivia, Columbia and Peru, but also in many of the Caribbean islands that have become layovers for drug shipments heading to the United States. In Columbia, a nation that has received billions of dollars in US aid to counter the narcotics industry, coca plants continue to be grown miles away from the eyes of government officials. The drug trade now plays a key role in politics, funding the activities of the revolutionary organization FARC (Fuerzas Armadas Revolucionarias de Columbia – Revolutionary Armed Forces of Columbia). FARC now controls more than 40% of the countryside, becoming little more than a drug cartel with political ambitions, and the civil war that resulted from the power struggle has thus far taken over 600,000 lives.

The situation in Columbia does show signs of getting better, as US and regional authorities crack down on the manufacture and distribution of illicit drugs, and FARC officials have actually agreed to sit down and talk peace options. But these nations are also recognizing the balloon effect of the war on drugs. Squeeze out the production and crime in one area, it'll only blow up in another. As the Columbian drug industry starts to decrease, it has popped up in neighboring Venezuela and Brazil. Solve one problem. Create another. There will be no quick solution, as long as there are millions to be made up north.

Regardless of where the blame resides – whether in the US with all its druggies or in Latin America with its drug lords and thugs – the problem is clearly out of control. The drug trade grosses close to \$50 billion a year, and in 2011, Mexico saw its drug-related homicide numbers hit its highest mark in history with a reported 16,466 deaths (16,400 more than were registered just six years earlier). The Americas are losing the war on drugs, and if the demand and the supply aren't both reduced significantly in the coming years, this will turn out to be the deadliest war in Latin American history.

Northern Migration

Not surprisingly, with the upswing in violence, the lack of employment opportunities and the limited access to education, millions still head north each year for the promise of the United States and the American Dream. Yet, with the post 9/11 border tightening and the recent conservative push to build walls and strengthen border security, the trek to los Estados Unidos is stopping far further south of the border. This migration has seen population density rates skyrocket not just in Mexico's largest cities (like Mexico City with its 21 million inhabitants), but also in the rural areas and manufacturing towns that sprung up after NAFTA. Now towns across Mexico, and growingly across Latin America, have to deal with migratory patterns that are bringing together the displaced with the already suffering indigenous populations. This melting of ethnicities creates not only cultural clashes, but also changes the political atmosphere as governments must now attend to the needs of an increasingly diverse electorate.

And it is this poverty and lack of opportunities that will remain Latin America's biggest concerns moving forward. Ironically, since 2009, Latin America has been one of the few regions in the world to actually demonstrate an improvement in income equality. Some of that progress can be attributed to the fact that poverty rates were so low for the last half of the 20th century that they had nowhere else to go but up. In 2000, Bolivia, Columbia, Paraguay, Peru and Argentina each maintained poverty rates above 40%, and even Brazil saw 40 million of its citizens living on less than \$2 a day. However, over the last few years, millions have risen above the poverty line, and the discrepancy between the haves and the have-nots has shrunk. Governments are spending more money educating their people, providing health care and pension benefits and enforcing tax collection from the wealthiest of its citizens. Plus, most significantly, as Latin American countries continue to expand their manufacturing industries to meet the demand of the world economies recovering from the 2008 recession, there are simply more jobs available. In the coming years, Latin America should see even more jobs come to the region as pharmaceutical companies, automobile manufacturers, investment banks and medical tourism providers expand to fill market demand.

Experiments in Socialism: Hugo Chavez

A totally different way of confronting the cycle of poverty in Latin America was offered by Hugo Chavez, with his communist experiment in Venezuela. Hugo Chavez rode into the presidency in 1999, quickly took over all the nation's private oil companies and turned petroleum exports into his key to economic recovery. He would make money from oil exports and then pass it out to his people. And for a few years, this strategy worked. Poverty rates decreased, education and health levels improved and Chavez was seen as the savior of the poor. He pulled the billions in oil profits from the richest rich, and used it to fund the medical industry and schools across the country. He cut the poverty rate in half and provided elderly retirement benefits to over two million Venezuelans.

But then, his megalomania and poor economic planning got the best of him and his country started falling apart. The government ignored non-oil producing industries, allowing many to fall bankrupt or produce substandard products (in 2012, Conviasa, the nation's lone public airline, was banned from European airspace because its planes were seen as too dangerous to fly). As Chavez wanted all the credit for the economy's recovery, his federal agencies controlled pricing and production quotas for all goods and services, which unavoidably led to market shelves stocking far too much bathroom cleanser, and far too few bottles of milk. In fall of 2012, when Chavez won his re-election bid by only 11% of the votes, his shallow victory was seen by many outsiders as proof that his popularity was fading. Considering he had done everything possible to fix the election – limiting opposition TV time to six minutes a day, threatening voters to cast their ballots for his party, imprisoning opposition leaders – he should have been able to manufacture a far larger margin. His victory quickly proved a back-page story, as days later, Chavez admitted his cancer had returned, and within a few months he was dead. Venezuela now faces the choice of how to replace a dictator who claimed to rule under the guise of a democracy. To what extent will the nation continue to adopt Chavez's unique take on communism? Will future leaders seize this rare opportunity to diversify their economy to ensure all parties can best benefit from their resource gift? And was Venezuela's communist experiment simply a random outlier, or might other nations likewise tryout the outdated system?

Inconclusive Conclusion

Latin America is in flux. In recent years, there have been glimmers of hope, but there have also been indisputable pictures of cruelty and barbarism. There have been nations who have produced stable governments with diverse economies and an increasingly-educated workforce, yet there are still nations that pillage the natural resources for short-term gains or appease the political desires of a corrupt autocracy. There are millions who look outside their home country for a chance at safety and prosperity, and there are millions who have realized that these hopes rest no longer in the United States, but in Latin America where the economic opportunities are increasing.

Latin America is on the cusp of moving beyond developing, to becoming developed, possibly following in the footsteps of the one region – East Asia - that appears to have figured out how to participate as equals in the global economic game, while also bringing its people up from squalor.

But that is for another chapter.