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THE AMERICAS IN THE BALANCE

National Security Implications of Chinese Influence in Latin American

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Abstract: The United States has recently announced a "pivot" or "rebalance" of its foreign policy away from the Middle East and towards Asia. The focus on Asia is in large part due to the rise of China during the last decade. However, it is no secret that the impact of China's rise is not limited to the Asian region. Moreover, China's rise is due in large part to its aggressive economic engagement with other regions, notably Africa and Latin America.

Given Latin America's proximity to the United States and each nation's shared responsibility for regional stability, the United States must not overlook the effects of China's rise in the Western Hemisphere. Indeed some countries such as Chile and Brazil continue to thrive with the opportunities brought on by increased Chinese engagement. However, other countries such as Venezuela and Argentina struggle with turning Chinese engagement into national benefit.

This paper will identify some of the causes of these struggles and how they affect the stability of the Western Hemisphere and ultimately the national security of the United States. Additionally, this paper will identify some future areas of concern as well as methods by which the United States can best engage Latin American nations. The author aims to demonstrate why the United States must further develop its relationship with its Latin American neighbors in order to address national security implications resulting from China's expanding influence in the Western Hemisphere.

Introduction

As the United States identifies future challenges and seeks opportunities to meet them, the Middle East and East Asia have dominated the discussion since the end of the Cold War. However, the United States must not overlook its neighbors in Latin America. China has not. Latin American trade with China has increased by a factor of ten since 2000. Additionally, diplomatic and military initiatives have bolstered China's standing in the western hemisphere. However, China's increasing influence has the potential to create instability in the region and threaten the national security of the United States. To neutralize this potential tinderbox, the United States must increase its engagement with Latin America to better address the consequences of China's expanding influence in the Western Hemisphere.

The growth of China's economy and subsequent global influence has been instrumental in opening great opportunities for Latin American economies. China's increasing demand for hydrocarbon fuels, precious metals, and food products has provided a generous market for Latin American exports. Additionally Chinese firms' investment in infrastructure and manufacturing facilities has injected much capital into Latin American countries. The economic benefits have contributed to both political stability and quality of life improvement for many Latin American citizens. According to World Bank data, most (with the notable exception of Mexico) Latin America nations have seen a significant drop in poverty since the boom of Latin America-China trade began in the early 2000s.[1]

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[1] Data taken from World Bank website, http://data.worldbank.org.

However, Chinese growth has begun to slow. Subsequently, so has its demand for Latin American commodities. Additionally, those countries that have benefited from the commodities exports to China have seen their own manufactured products threatened by Chinese products in their domestic markets. According to a study by Kevin Gallagher and Roberto Porzecanski published in their book *The Dragon in the Room: China and the Future of Latin American Industrialization*, China's entry in the Latin American marketplace has generated significant direct and indirect threats to manufacturing.[2] Since many Latin American countries depend on each other as markets for their goods, the introduction of low-cost Chinese goods has stiffened competition, driving down prices and crowding out Latin American products. Furthermore, Gallagher and Porzecanski warn that the Chinese demand of primary commodity[3] exports may inflate the local currency. This inflated currency valuation has the negative effect of making the country's other export industries overpriced and uncompetitive in other markets. The effect is known as the "Dutch Disease,"[4] and it is the result of a phenomenon known as the "resource curse."[5]

When *Dragon in the Room* was written in 2010, Latin America faced trouble by currency inflation due to the export of its natural resources and the subsequent loss of competitive pricing for its manufactured goods. Furthermore, Gallagher and Porzecanski found that 94% of all Latin American manufacturing exports (representing 40% of all Latin American exports) were threatened by their Chinese counterparts.[6] Their research showed that China's industrial competitiveness was improving much faster than that of Latin America and subsequently predicted that the "worst may be yet to come" for Latin America.[7]

A subsequent study written by Gallagher and Rebecca Ray in 2013 reveals Latin America now carries an overall trade deficit with China, a deficit that is forecast to grow.[8] As predicted in *Dragon in the Room*, China's diverse exports of manufactured goods (electronics, automobiles) grew in value faster than Latin America's exports to China. Moreover, most primary commodities exported to China from Latin America have begun to see a reduction in demand and price, which further exacerbates the trade deficit.[9]

From 2002 to 2012, China's share of all of Latin America's exports rose from 2.2 % to 9.1%. During the same period, China's share of Latin America's primary–based products and crude oil exports rose from 3.7% to 15.3%, showing increased Latin American reliance on the Chinese market for primary

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[2] Kevin Gallagher and Roberto Porzecanski, *The Dragon in the Room: China and the Future of Latin American Industrialization*, Stanford, CA: Stanford University Press, Kindle Edition 2010.

[3] Primary commodities are defined as commodities in a raw or unprocessed state e.g. iron ore, bauxite. http://glossary.reuters.com/?title=Primary_Commodities. *OECD Glossary of Statistical Terms* lists primary commodities as the following: Food and live animals, beverages and tobacco, excluding manufactured goods; crude materials, inedible, excluding fuels, synthetic fibres, waste and scrap; mineral fuels, lubricants and related materials, excluding petroleum products; animal and vegetable oils, fats and waxes. http://stats.oecd.org/glossary/detail.asp?ID=6181.

[4] Jeffrey D. Sachs & Andrew M. Warner, "Natural Resource Abundance and Economic Growth," NBER Working Papers 5398, Cambridge MA, National Bureau of Economic Research, Inc, 1995.
Cited in Gallagher and Porzecanski, Chapter 2. Dutch Disease is described by the following statement: "Nations overly dependent on commodities have been shown to deindustrialize because discoveries of such resources and their subsequent export raise the value of a nation's currency and make manufactured and agricultural goods as well as services less competitive, eventually increasing imports, decreasing exports, creating balance of payments problems and leading to poor economic performance."

[5] Gallagher and Porzecanski, Chapter 2. "Resource curse" describes the paradoxical economic problems attributed to a nation's reliance on primary commodities for economic growth.

[6] Ibid, Chapter 3.

[7] Ibid, Chapter 3.

[8] Kevin Gallagher and Rebecca Ray, *2013 China-Latin America Economic Bulletin*, published by the Global Economic Governance Initiate (GEGI),Boston University, 2013.

[9] Ibid, 1.

commodity exports.[10] Moreover, while Latin America's economies have thrived with China's growth since 2000, it has been due mostly by increasing exports of primary commodities.

Latin America's reliance on primary commodity exports to China during the period of high growth is concerning. China's ebbing growth rate could have devastating effects on Latin America's economies if new markets are not found or if Latin American nations do not diversify their economic policies. Some Latin American nations have already developed economic and governmental policies that mitigate the boom-bust effect of commodity-based economies. Then again, other nations eschew sound policy and strategic economic planning in order to realize the greatest short-term gain. The following section identifies several examples of Chinese engagement in these Latin America nations and the impact that over reliance on China can have on both the nation itself and the Western Hemisphere at large.

Boom And Bust

Chile is one of the most successful Latin American countries in recent years. It is politically stable and considered business friendly. It has the lowest poverty rate of all the Latin American countries.[11] However, its economy relies heavily on trading copper, which provides 20% of Chile's GDP and 60% of its exports.[12] Furthermore, in 2012 China accounted for 80% of Chile's copper exports, making it Chile's number one export partner.[13] With continued decline in demand from China, Chile's copper revenues and subsequently the GDP would drop significantly as well. To offset this impact, Chile's copper industry must seek out new markets.

To further illustrate copper's importance to Chile's economy, a historical analysis from 2006 to 2013 shows a direct correlation of copper prices to Chile's GDP growth rate.[14] Most notably, from late 2008 to late 2009, copper prices were less than 2 USD per pound, during which Chile experienced a negative GDP growth rate.[15] During the remainder of the 2006-2013 period, copper prices ranged from 2 USD per pound to 4.50 USD per pound.[16] Consequently, Chile's average GDP growth rate during this period was about 5% with a high rate of 9% (Q1 2011) that corresponded with the copper high price mark.[17] Given that Chile sends four-fifths of its copper exports to China, it is easy to see that any significant change in China's copper demand would dramatically decrease Chile's GDP growth.

In addition to copper demand reductions and price decreases, there are other factors that negatively impact the marginal return rate of Chile's copper industry. For instance, the costs of extraction increase over time with the deepening of the mines.[18] The Escondida copper mine, the world's largest, began producing in 1991 when the ore was 1.4% copper.[19] By 2025, the ore is forecast to drop to 0.7% copper.[20] The diminishing ore ratio and increasing extraction costs translate to diminishing profit margins, even if the higher demand returns. Furthermore, competition from Peru, the United States and other countries with greater cost advantage will make Chilean copper less competitive in the global market. To counter such a slowdown in Chile's copper industry, the government established the Economic and Social

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[10] Ibid, 6.

[11] Data taken from World Bank Website, http://data.worldbank.org

[12] The Economist Staff, "Copper Solution." *The Economist*, April 27, 2013. http://www.economist.com/news/business/21576714-mining-industry-has-enriched-chile-its-future-precarious-copper-solution.

[13] Patricia Rey Mallén, "Trade Between Chile and China Grew 22 Percent in 7 Years as China Became Chile's Biggest Trading Partner," *International Business Times*. September 6, 2013. http://www.ibtimes.com/trade-between-chile-china-grew-22-percent-7-years-china-became-chiles-biggest-trading-partner.

[14] "Copper Solution." Chile GDP and Copper Price data sources cited as Haver Analytics and JP Morgan.

[15] Ibid.

[16] Ibid.

[17] Ibid.

[18] Ibid.

[19] Ibid.

[20] Ibid.

Stabilization Fund (ESSF). The ESSF is designed to smooth government expenditures by investing surplus copper revenues when prices are high in order to inject money into the government budget when the prices are low.[21] This policy is sound provided there is an "up" within reach of a "down" year. However, in order to maintain long-term economic growth, Chile must further diversify both its products and economic policies.

Another area of concern is the pervasiveness of loans proffered by the China Development Bank (CDB) and the China Export-Import Bank (EximBank) to Latin America. On one hand, these loans help build infrastructure and industry, enabling the recipient to maintain economic and political stability. On the other hand, these loans have served to provide cash to incompetent authoritarian governments who use them to provide handouts to ensure regime survival.[22]

For instance, since 2007, China has loaned Venezuela approximately 41 billion USD.[23] These loans have provided the Chavez regime, and now the Maduro government, the means to fund public welfare projects. These projects, in turn, have quelled some of the popular unrest from the failing economy and garnered patronage at election time from the recipients of these projects. Thus a failing, anti-American regime has been propped up for at least another Venezuelan election cycle.[24]

Additionally, for Venezuela, these loans are payable in oil, ensuring China's leverage in access to the oil. Currently, ten percent of Venezuela's oil production is sent to China as payment of these loans. Furthermore, these loans are often offered at substandard rates and with considerable conditions that are inconsistent with standard international lending norms, such as independent monitoring and review, environmental regulation compliance, and grievance mechanisms.[25]

Ecuador, which depends heavily on oil exports as well, also receives significant loans from China. Since 2007, China has loaned more than 9 billion USD to Ecuador.[26] As with Venezuela, these loans have been used by President Rafael Correa to prop up government spending (which increased by 7.8% in 2013).[27] And given that Ecuador possesses Latin America's fourth largest petroleum reserves, China is very comfortable offering loans to a nation that lost access to the global credit market after defaulting on loan payments in 2008 and 2009.[28] Ecuador continues to receive loans from China payable either in oil or in infrastructure projects that required Chinese contractors.[29]

Transparency is one of the greatest concerns, as CDB and EximBank do not release either terms or exact amounts of these loans.[30] Such transparency concerns extend to the political conditions as rival parties accuse the ruling power of corruption and mismanagement.[31] The trends do not reveal more

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[21] Sovereign Wealth Fund Institute Inc Staff, "Pension Reserve and Social and Economic Stabilization Fund," SWF *Institute Inc.*, Accessed January 4, 2014. http://www.swfinstitute.org/fund/chile.php.
[22] Charlie Devereaux, "China Bankrolling Chavez's Re-Election Bid With Oil Loans," *Bloomberg.com*. September 26, 2012. http://www.bloomberg.com/news/2012-09-25/china-bankrolling-chavez-s-re-election-bid-with-oil-loans.html.
[23] Eyanir Chinea, "Venezuela to seek renewal of $20 bln credit line with China," *Reuters.com*, October 4, 2013. http://www.reuters.com/article/2013/10/04/venezuela-china-idUSL1N0HU0NM20131004.
[24] Geoff Dyer, Jamil Anderlini and Henny Sender. "China's Lending Hits New Heights." *FT.com*, January 17, 2011. http://www.ft.com/intl/cms/s/0/488c60f4-2281-11e0-b6a2-00144feab49a.html?siteedition=intl#axzz2q74ifVWf.
[25] Kevin Gallagher, Amos Irwin, and Katherine Koleski. *The New Banks in Town: Chinese Finance in Latin America*, Washington, DC, The Inter-American Dialogue, 2012, 25, Table 11.
[26] Nathan Gill, "Ecuador Receives $1.2 Billion Loan From China for Budget," *Bloomberg.com*, August 26, 2013. http://www.bloomberg.com/news/2013-08-26/ecuador-receives-1-2-billion-loan-from-china-for-budget.html.
[27] Ibid.
[28] Ibid.
[29] The Economist Staff, "Ecuadorians Fear Their Country Is Being Taken Over By China," *Businessinsider.com*, August 21, 2012. http://www.businessinsider.com/ecuadorians-fear-their-country-is-being-taken-over-by-china-2012-8.
[30] Dyer, Anderlini and Sender.
[31] Chinea.

transparency. In 2012, $6.0 billion out of $6.8 billion USD of Chinese loans to Latin American countries were discretionary rather than earmarked for a specific project or industry.[32]

If China's loan practices to Latin America continue to flout accepted norms, support incompetent authoritarian regimes, and lack transparency, they will contribute to the corruption associated with poor governance and human rights abuses. In time, political instability in these abusive countries could lead to a failed state replete with valuable energy resources, modern weapons, and a sizable population of unemployed angry citizens. As evident in Somalia, Afghanistan, and Iraq, failed states are fertile ground for terrorists and violent non-state actors – some of the United States' biggest national security threats. Except this time, the fertile ground could exist in the Western Hemisphere.

In addition to loans, China is also investing in massive infrastructure projects in Latin America. In Nicaragua, Chinese billionaire Wang Jing and his company, HKND, have put forth plans to build a 40 billion USD canal to rival the Panama Canal. In June 2013, the Nicaraguan government offered a 50-100 year lease to build, control and operate the canal.[33] It now awaits the results of a feasibility survey.[34] The proposed canal would provide a greater capability by providing passage for deep draft ships incapable of utilizing the Panama Canal. While the route has yet to be decided, Brito is the most likely entry point from the Pacific Ocean, passing through Lake Nicaragua to one of three proposed Caribbean points: Cayman Rock, Punta Gorda, or Isla Del Venado.[35] It would reduce shipping times from China to the Caribbean ports of the United States and Latin America. The project is expected to take five years to complete.[36]

The efficacy of a second Central American canal seems apparent. Opening a canal that can service ships that are twice the tonnage of those currently permitted through the Panama Canal is the most striking contrast between the two. While the Panama Canal is currently undergoing expansion, HKND asserts that an increase in global trade demands an even larger canal than produced by the expansion.[37] Opening service to larger ships opens more opportunities to shipping companies that have made commitments to other routes due to the limits of the Panama Canal. Larger vessels realize an economy of scale in hauling their goods and thus reduce the cost of shipping goods. For China, this would help the competitive pricing of their goods on the East Coast of the Western Hemisphere, as well as the reciprocal benefit of lower transportation costs of products and commodities headed back to China. This is especially true for oil, as the petroleum tankers are generally the largest ships. Additionally, as a complement to the Panama canal, the Nicaraguan Canal opens up traffic flow for shipping lanes to the Pacific South American ports as well as reduced wait times to transit through the canal. During the high traffic season, it is not uncommon for ships to wait ten days to transit the Panama Canal.[38]

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[32] Rebecca Ray and Kevin P. Gallagher, *2013 China-Latin America Economic Bulletin*, Global Economic Governance Institute, Boston University, 2013, P.21.

[33] Eric Hannis, "Building a Canal to Power*," U.S. News and World Report*, October 22, 2013. http://www.usnews.com/opinion/blogs/world-report/2013/10/22/china-challenges-american-primacy-in-central-america-with-nicaraguan-canal.

[3434] Patricia Rey Mallén, "Chinese Workers Arrive In Nicaragua To Do Viability Studies For Controversial Canal," *International Business Times*, December 12, 2013. http://www.ibtimes.com/chinese-workers-arrive-nicaragua-do-viability-studies-controversial-canal-1507360.

[35] Ibid.

[36] Hannis.

[37] HKND Group, "Trends in Global Shipping Trade Demand a New Canal," *hknd-group-com*, accessed March 4, 2014. http://hknd-group.com/trends-in-global-shipping-trade-demand-a-new-canal.

[38] Kevin Knight, U.S. Army Corps of Engineers, Institute for Water Resources. *The Implications of Panama Canal Expansion to U.S. Ports and Coastal Navigation Economic Analysis*, Alexandria, VA. 2008, http://www.iwr.usace.army.mil/Portals/70/docs/iwrreports/WhitePaperPanamaCanal.pdf.

For Nicaragua, the poorest country in Central America[39], the injection of capital into its struggling economy has brought a sense of economic hope. With the possibility of creating 40,000 jobs and doubling the GDP[40], the canal project gives the Ortega administration a chance to emulate the success of its Latin American neighbors. However, the expectation of success resting solely on such an ambitious project has the danger of leaving behind economic and social devastation for Nicaragua should the project not yield the advertised benefits.

There is significant controversy surrounding both the construction and ownership of the canal. Skeptics say that the project will cost significantly more.[41] They also note the Nicaraguan government's plan to expropriate the land at below-market prices.[42] Furthermore, the issue of Nicaragua's sovereignty has been called in question. In order to grant the concession to HKND, the Nicaraguan government amended its constitution to allow HKND to expropriate the land and natural resources from indigenous tribes in areas that were previously autonomous.[43] The impact on the environment is another concern.[44] And in spite of HKND's assertions, some argue that this canal is not necessary or even feasible.[45]

The national security implications for the United States are apparent. China's investment in a Nicaraguan canal affords them a "strategic primacy" that provides license for further investment in security and infrastructure.[46] This is the same reasoning used by the United States in its opening of the Panama Canal to justify increased military presence in the Canal Zone. This is viewed by some as part of a "counter-pivot" by China to the United States' "Asian Pivot" or "Rebalance".[47]

In addition to the implications of a completed canal, the United States must also be prepared to address those problems arising from a delayed, incomplete, or cancelled project. One of these problems would include local terrorism against the construction sites and Chinese nationals and workers of other nationalities. This could invite foreign (most likely Chinese) military intervention at locations that are within hours of the United States. Further complications could come from unforeseen engineering, geologic or weather issues. The bottom line is that any construction that does not result in a completed and operational canal will have negative implications for the political and economic condition in Nicaragua. These implications include displaced persons, starvation, higher unemployment, terrorism, human rights abuses, and failure of government institutions. As with the risks associated with Chinese loans, these implications could lead to a failed state very close to the United States.

On their face, Chinese investment and loans should not be judged to be a detriment to Latin America writ large. However, in analyzing certain Latin American countries' political styles, it is clear to see where Chinese investments and loans would be susceptible to corruption and graft.

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39 Central Intelligence Agency, *The World Factbook: Nicaragua*, cia.gov, last updated on February 26, 2014. https://www.cia.gov/library/publications/the-world-factbook/geos/nu.html.

40 The Associated Press, "Nicaragua fast-tracks Chinese plan to build canal to rival Panama," *The Guardian*, June 11, 2013, http://www.theguardian.com/world/2013/jun/11/nicaragua-chinese-plan-canal-panama.

41 Mallén. "Chinese Workers Arrive In Nicaragua To Do Viability Studies For Controversial Canal."

42 The Economist Staff, "A man, a plan—and little else," *The Economist*, October 5, 2013, http://www.economist.com/news/americas/21587218-yet-again-nicaraguans-are-letting-their-longing-trans-oceanic-canal-get-better.

43 Jorge Huete-Pérez, "Nicaraguan Canal Could Wreck Environment, Scientists Say," interviewed by Brian Clark Howard, *National Geographic*, February 20, 2014, http://news.nationalgeographic.com/news/2014/02/140220-nicaraguan-canal-environment-conservation/?rptregcta=reg_free_np&rptregcampaign=20131016_rw_membership_n1p_us_ot_w#.

44 Ibid.

45 Mallén. "Chinese Workers Arrive In Nicaragua To Do Viability Studies For Controversial Canal."

46 Hannis.

47 Ibid.

In evaluating the political systems of Latin America, nations are identified as either programmatic or clientelistic.[48] Nations with programmatic political systems such as Chile, Brazil, Peru, and Uruguay are policy driven. These nations have strong institutions run by competent professional technocrats who deliver government service based on policy objectives. On the other hand, clientelistic nations, such as Venezuela, Ecuador, Argentina, and Nicaragua, deliver services and goods to their citizens in exchange for voter loyalty. Clientelism is often associated charismatic leaders and corrupt governments.[49]

As Latin American political systems relate to Chinese loans and investment, the most troublesome recipients have been clientelistic nations. As mentioned, Venezuela and Ecuador have used their loans to prop up government spending and garner votes at election time. The promise of 40 billion USD to the Nicaraguan economy may have the same effect for Daniel Ortega and the Sandinista controlled legislature that granted the concessions for the canal. While not a discretionary loan, the canal investment can yield the same political capital for Ortega and the Sandinistas.

In a programmatic system, an investment such as the canal demands a return on that investment, sound policy to operate and competent governance to regulate. The canal's operation is geared toward maximizing social and economic success regardless of political benefit. The canal would reap political benefit only if it provides national benefit. However, in a clientelistic system, the relationship is reversed; the canal's operation is geared toward political benefit. Maximizing social and economic success is subordinate to supporting the political regime in power. The canal may just be another vehicle for *quid pro quo* politics rather than an engine for long-term economic growth. For that reason, the Chinese loans and investments the United States should most be concerned about are those proffered to the clientelistic political systems such as Venezuela, Ecuador, and Nicaragua. Loans and investments in these systems are more apt to stoke corruption and perpetuate poor governance; conditions that lead to civil unrest and a possible failed state.

For China's part, greater transparency can alleviate the United States' concerns about China's broad engagement in Latin America. As mentioned, China's engagement has brought significant economic benefit to the region and has the potential for more. Latin America is vested in China's continued investment and trade as well as diplomatic and military engagement. The United States' Department of Defense is keen to the positive roles China can play as well. In a 2009 speech titled "Strategic Implications of China's Evolving Relationship with Latin America," Dr. Frank O. Mora, Deputy Assistant Secretary of Defense (DASD) for Western Hemisphere Affairs, specifically cites three concerns that can benefit from China's engagement:

- Under-governed and ungoverned territories
- Lack of economic opportunity; and
- Narcotics, arms, and human trafficking and other forms of transnational crime.[50]

However, Dr. Mora goes on to say that China needs to provide "assurances, transparency and concrete actions" that demonstrate it is ready to address corruption, inequality, and environmental concerns in its hemispheric agenda.[51] He further states that "concrete actions" will provide "evidence that the convergence of interests between China and the U.S. in the Americas is not only possible, but likely."[52]

One way to encourage China to address the above concerns is to make them a requirement for conducting business in the Western Hemisphere. Current initiatives such as the Trans-Pacific Partnership

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[48] As described by Dr. Jenny Pribble, Assistant Professor of Political Science and International Studies, University of Richmond, in an interview with the author.
[49] Ibid. These are the examples and definitions Dr. Pribble gave for *programmatic* and *clientelistic* nations.
[50] Frank O. Mora, "Strategic Implications of China's Evolving Relationship with Latin America," Speech at National Defense University, Washington DC, November 6, 2009. http://www.ndu.edu/chds/China-Wksp/Presentations/CHDS-ChinaSpeech-Frank_Mora.pdf.
[51] Ibid.
[52] Ibid.

(TPP) set the framework for demanding higher standards in trade. In addition to eliminating tariffs, higher standards in labor safety, intellectual property, financial transparency, and environmental conservation are several of the key components of the TPP.[53] While China is not party to the TPP at this time, the standards outlined in this partnership empowers the TPP nations to demand more transparency in foreign trade and investment from China and other non-TPP nations. Chinese corporations and investors will have to elevate their standards in order to compete in these countries. Additionally, TPP nations will be more apt to invest in other nations that demand similar standards.
Given the economic link between the United States, Pacific Latin American nations, and several prominent nations of Eastern Asia, the TPP represents the convergence of the "rebalance" to Asia and the strengthening of United States-Latin America relationships.

While China currently does not rely heavily on Latin America in its energy security strategy, turmoil and conflict in the Middle East and Africa could drive them to seek a more stable environment. If the United States allows this to develop without engaging its Latin America neighbors, China's demand for these resources could strain the primary commodity economies over the long term, making the region rife for political and economic instability. The effects on the national security of the United States could be severe with failed states, high numbers of refugees, and possible weapons of mass destruction within several hundred miles of the United States border.

Brazil's state-run oil company, Petrobras, has recently run into financial difficulties resulting from both oil extraction and price-lowering economic policies to control inflation.[54] While inflation control stabilizes the economy, the demand for external investment in infrastructure and exploration is higher. The recent auction of the Libra Oil Field rights yielded two of the four awards to Chinese companies (Royal Dutch Shell and France's Total were the other two).[55]

Other opportunities for Chinese investment are opening up as well, further expanding their reach into Western Hemisphere energy fields. Mexico's state-run oil-company, Pemex, has struggled as the federal government uses oil revenue to fund the government. Often there has been little to no remaining funds for exploration or reserves, stifling Pemex and its ability to effectively produce. This may change, however, as Mexico's new president Enrique Peña Nieto's oil privatization proposal was passed by the Mexican Congress in December 2013. While this has met stiff resistance from leftist Mexican lawmakers and most Mexicans, the inflow of private capital should help to firm up infrastructure for exploration and extraction.[56]

As previously stated, China does not view Latin America as a major player in its energy security strategy, as it only imports less than 10% of its oil from Latin America.[57] Rather it is part of an energy diversity portfolio that can also exploit Latin America's reliance on Chinese trade as leverage for influence in the western hemisphere.

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[53] Office of the United States Trade Representative, "Outlines of the Trans-Pacific Partnership Agreement," ustr.gov, accessed Feb 6 2014. http://www.ustr.gov/about-us/press-office/fact-sheets/2011/november/outlines-trans-pacific-partnership-agreement.
[54] Juan Forero, "Brazil's oil euphoria hits reality hard," The *Washington Post*, January 5, 2014. http://www.washingtonpost.com/world/brazils-oil-euphoria-hits-reality-hard/2014/01/05/0d213790-4d4b-11e3-bf60-c1ca136ae14a_story.html?tid=pm_world_pop.
[55] Ibid.
[56] Dolia Estevez, "Mexico Reverses History And Allows Private Capital Into Lucrative Oil Industry," Forbes.com, December 11, 2013. http://www.forbes.com/sites/doliaestevez/2013/12/11/mexico-reverses-history-and-allows-private-capital-into-lucrative-oil-industry/.
[57] Derived from Dr. Sun Hongbo's analysis of 2008 data in *China, Latin America, and the United States: The New Triangle* and compared with 2011 data from the U.S. Energy Information Administration. http://www.eia.gov/countries/cab.cfm?fips=CH.

Another commodity market where Latin American countries rely on China is soy. Brazil and Argentina are the world's largest and third largest soy producers, respectively.[58] What is more, Argentina and Brazil rely predominantly on the Chinese, which receives 60% of the world's exported soy.[59] In Brazil, where soy is the country's third largest export commodity,[60] China accounts for 70% of Brazil's soy exports.[61] In Argentina, where soy is the largest export commodity, China's demand for soy has an even greater impact on the trade between the two nations. Specifically, soy currently accounts for over 80% of Argentina's total exports to China.[62]

Because of its population and economic growth, China demands soy as both a protein source for humans as well as feed for meat producing livestock. Additionally, according to an article by Margaret Myers, director of the China and Latin America program at the Inter-American Dialogue, China's National Medium-Term Priority Framework (NMTPF)[63] does not include soy as a crop required to meet the 95% self-sufficiency standard.[64] Furthermore, Ms. Myers states that urbanization, pollution and climate change on arable land, as well as concerns about food price volatility, are leading Chinese officials and firms to look overseas for agricultural investment opportunities. She describes the result as a "two markets, two resources" approach to food security, where China improves domestic production capacity in staple foods while seeking to control production, processing and logistics for commodities, like soy, that cannot be supplied domestically in sufficient quantities.[65] China's investment in the Latin American soy industry can be expected to increase in order to maintain assured access to this commodity.

Accordingly, the soy industries in Brazil and Argentina are adapting and expanding to meet this demand, both with and without Chinese investment. In Argentina, a rail line specifically built for the soy industry is being constructed. Brazil is cultivating swaths of land for soy farming and Brazilian farmers are transitioning wheat and livestock farms to soy as well.

However, both countries have issues in this expansion. For instance, truckers in Argentina are protesting the rail line as a threat to their livelihood. Additionally, soy exported from Argentina is taxed at 35%, prompting some farmers to limit their planting.[66]

In Brazil, the transition of livestock farms and other crops to soy has displaced many farmers to the cities because soy farming requiring less labor. The most likely destination for these farmers are the favelas.[67] With little money and no training in non-agriculture, these farmers' prospects for finding new employment in the urban area are bleak.

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[58] Lester R. Brown, "China and the Soybean Challenge," *Permaculturenews.org*, November 6, 2013. http://permaculturenews.org/2013/11/06/china-soybean-challenge/.

[59] Lester R. Brown, "China's Rising Soybean Consumption Reshaping Western Agriculture," *Ipsnews.net*, January 8, 2013. http://www.ipsnews.net/2013/01/chinas-rising-soybean-consumption-reshaping-western-agriculture.

[60] Alex Brokaw, "Top 5 Exports: Brazil," Minyanville, September 18, 2012. http://www.minyanville.com/trading-and-investing/commodities/articles/iron-ore-Brazil-exports-Brazilian-iron/9/18/2012/id/44071?page=full.

[61] Delmy Salin, *Soybean Transportation Guide: Brazil*, May 2013, U.S. Dept. of Agriculture, Agricultural Marketing Service. http://dx.doi.org/10.9752/TS048.05-2013.

[62] Wesley Tomaselli, "How China's Appetite Is Changing Latin America," Ozy.com, February 21, 1014. http://www.ozy.com/fast-forward/how-chinas-appetite-is-changing-latin-america/6662.article.

[63] ftp://ftp.fao.org/TC/CPF/Country%20NMTPF/China/NMTPF%20Status/NMTPF%20China%20draft%202009-2013.pdf. According to the document draft at the Food and Agricultural Organization (FAO) of the United Nations website, the NMTPF serves to "define priority areas of collaboration between the Chinese Government and the FAO for the next five years." The focus areas are national grain security, nutrition and living standard improvement, amelioration of rural living conditions and agricultural technology improvement. The NMTPF calls for a target of 95% self-sufficiency for China in important staple foods such as grain. The document cited covers from 2009-2013.

[64] Margaret Myers, "China Eyes Latin America to Fill Its Kitchen Cupboard," *Caixin Online*, January 8, 2014. http://english.caixin.com/2014-01-08/100626498.html.

[65] Ibid.

[66] Phys.org staff. "China demand fuels record soy crops in South America." *Phys.org*. September 17, 2013. http://phys.org/news/2013-09-china-demand-fuels-soy-crops.html.

[67] Myers.

As demonstrated, Chinese demand has significantly influenced the soy industries of Brazil and Argentina. Consequently, both countries experienced economic benefit as well as some problems. However, as discussed previously with respect to political systems, clientelistic systems present greater concern than programmatic systems. Brazil is described as programmatic and Argentina as clientelistic. Brazil is policy driven while Argentina is *quid pro quo*. For that reason, the risks identified with the contrasting political systems reveal that Argentina possesses the greater potential for unrest and instability from Chinese soy demand.

Engagement and Relationship Building

So, how does the United States further develop its relationships in Latin America? Trade, immigration, terrorism, and trans-national crime are just a few of the areas the United States can engage with Latin America. The United States can employ existing trade and security partnerships to provide a framework to further engage these critical issues. But first, there must be a conscious effort to reconnect with Latin America as partners and equals, responsible for the care and security of the Western Hemisphere.

While the United States has been comfortable with the status quo of its relationship with Latin America, the same cannot be said of Latin America. Recent events provide two dramatic examples of Latin America's frustration at the United States' perceived dismissiveness and meddling. In April 2013, Bolivian President, Evo Morales expelled USAID from his country as a protest to Secretary of State John Kerry's reference to Latin America as the United States' "backyard."[68] Later, in September after the NSA spying revelations, Brazilian President Dilma Rousseff delivered a stinging rebuke of the United States at the United Nations and postponed a meeting with President Obama.[69] Additionally, according to a Brazilian government source who stated "the NSA problem ruined it for the Americans," a fighter contract that was expected to be awarded to Boeing was instead awarded to the Swedish company Saab.[70]

As in any relationship, both sides get a vote. Positive change must come from all parties. It's time the United States be the co-author of that change rather than fighting it or allowing it to happen unilaterally. The approach should be one of responsible multilateral stewardship rather than unilateral protectorate.

In order to engage countries in Latin America appropriately, the United States must identify areas that strengthen both the country and the country's relationship with the United States. U.S. policy with Latin America must be one of empowerment and respect. It must refrain from the attitude of protectorate and big brother as well as using phrases like "our backyard." Rather, the U.S. must recognize the countries of the Western Hemisphere as neighbors and sovereign equals. Much like a neighborhood whose residents can have varying levels of wealth and prosperity, it is still incumbent on each country to bear the burden of its sovereign responsibilities.

Some Latin American countries are already improving their position vis-à-vis China. According to a Boston Consulting Group (BCG) study released in June 2013, Mexico's rising manufacturing cost advantage exceeded that of China's in 2012. Mexico's cost advantage is based on its lower labor and

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68 Carlos A. Quiroga, Arshad Mohammed, Brian Winter and Eric Walsh, "Bolivia expels U.S. aid agency after Kerry 'backyard' comment," *Reuters*, May 1, 2013. http://www.reuters.com/article/2013/05/01/us-bolivia-usaid-idUSBRE94013V20130501.

69 Julian Borger, "Brazilian president: US surveillance a 'breach of international law,'" The *Guardian*, September 24, 2013. http://www.theguardian.com/world/2013/sep/24/brazil-president-un-speech-nsa-surveillance.

70 RT.com Staff, "'NSA ruined it!' Brazil ditches Boeing jets, grants $4.5 bln contract to Saab," *RT.com*, December 18, 2013. http://rt.com/news/brazil-nsa-defense-contract-454/.

energy costs as well as short supply chains. Additionally, Mexico is involved in 44 trade agreements (more than any other country) that push Mexican exports into markets with little or no duties.[71]

The study also predicts a boon to United States manufacturers, as products manufactured in Mexico use four times as many U.S. components as products manufactured in China. Of concern, the study identified low-skilled workers, violence, and corruption as problematic to attracting new investment. However, BCG noted that often the cost advantage of manufacturing in Mexico has warranted the investment in personnel training and security.[72]

The U.S. must build on this momentum by expanding trade agreements and economic policies with Latin America that exploit the cost advantage of western hemisphere vis-à-vis China. NAFTA has been a force to help Mexico's recent economic success, and the United States' entry into the Trans-Pacific Partnership (TPP) will help to bolster the quality and quantity of trade among the western hemisphere economies. These agreements are not without controversy, however. Many U.S. constituencies are affected by these agreements' policies and regulations. Issues include jobs, corporate profitability, labor relations, trademark protections, and intellectual flight. These concerns must be weighed with respect to their impact on the U.S. government's foreign policy goals for regional and global stability. It is important for the U.S. to engender a positive narrative that serves to illustrate the vital relationship between United States citizens and their Latin American neighbors. This narrative should speak to the collective responsibilities and roles each nation's citizen's share in ensuring a bright future for all involved.

For the United States, no other region in the world has the intermingling of domestic politics and foreign policy as Latin America. Therefore it is imperative that U.S. domestic policy and Latin American policy are complimentary in their development and implementation. While U.S. domestic politics will determine which political ideologies are in power, the sitting government must develop a whole of nation approach to Latin America that best serves the interests of national security and hemispheric stability.

On the domestic side, the United States must consider policy that serves to mitigate negative influences on its Latin American neighbors. In the area of illicit drug trade, the United States must continue to pursue an agenda and a policy that seeks to diminish the lure of illicit drugs to the U.S. population. Certainly, the impact of legalization of marijuana in Colorado and Washington State must be applied to the development of a strategy aimed at reducing illicit drug usage and trade within the United States. Whether through regulated domestic distribution or diminished public consumption, reducing the United States' demand for illicit drugs would help to quell the profitability and the attractiveness of the drug trade.

In narcotics trafficking, the U.S. and Latin America have a mutual vested interest and a history of law enforcement cooperation. This engagement must continue in fighting the narcotic producers and their supply chain as well as addressing narcotics demand in the United States. It is too soon to tell how the relaxation of drug laws, specifically marijuana, in both the United States and Latin America, will affect illicit drug enforcement in the western hemisphere.

The United States' JIATF-South is one government initiative that has achieved success in engaging Latin America in drug trafficking. Unfortunately, budget cutbacks have diminished several capabilities in narcotics enforcement, most notably airborne surveillance platforms. In March of 2013, the Navy Reserve shut down the only dedicated counter-narcotics E-2 squadron. To fill this mission, the Navy must direct carrier-air-wing E-2 units to the Caribbean. This has been done in the past, but as part of a normal rotation balancing inter-deployment cycle training and maintenance periods. However, increasing deployment lengths of carrier-air-wings and their shortened turnaround cycle limit the availability of these E-2 squadrons.

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[71] The Boston Consulting Group. "Mexico's Growing Cost Advantage over China, Other Economies Will Boost Its Exports—and U.S. Manufacturers." *BCG Press Release*. June 28, 2013. http://www.bcg.com/media/PressReleaseDetails.aspx?id=tcm:12-139022

[72] Ibid.

As part of increasing its engagement with Latin America, the U.S. could direct more of its surface ships to patrol the Caribbean, the South Atlantic, and Eastern Pacific. This would notably draw naval forces away from other commitments. However, in a time of balancing critical risk priorities and budget, rebalancing naval deployments to the Western Hemisphere would reduce transit time and provide a more efficient use of assets in protecting U.S. national interests. Additionally, successes (discussed later) against drug trafficking in Columbia, Central America, and Mexico have created a "balloon effect" that has pushed traffickers off the land and into the waters of the Caribbean, Eastern Pacific, and Atlantic. This increase in maritime drug trafficking further develops the case for increased maritime and air patrols in the Latin America region. Furthermore, this would provide more opportunities for port call diplomacy and U.S.-Latin America collaboration. U.S. ships visiting Latin American ports have the additive effect of U.S. dollars contributing to the economies of their neighbors and engendering goodwill.

Understandably, redirecting naval forces away from traditional deployment areas as the Arabian Gulf and the Western Pacific requires a major paradigm shift in how and where the United States uses its navy. To start, the U.S. would need to engage its partners in the regions affected by the shift. It would also require diplomatic engagement with Latin America to ensure any significant shift of forces to the Western Hemisphere is not construed as a precursor to aggression. Part of the diplomatic engagement comes in the form of multilateral law enforcement partnerships that bridge transnational and domestic efforts to combat criminal and terrorism activities.

Currently, several multilateral law enforcement initiatives already in place are helping to provide a framework for future success. The Central America Regional Security Initiative (CARSI) is the U.S. State Department funded program that aims to combat transnational criminal activity through collaboration with Central American partner countries. Collaboration areas include counter-narcotics, organized crime, community security, justice and legal institution improvement, and border security. The program has been provided $496 million USD from 2008-2012, while the Obama administration has requested $167.5 million USD for FY014.[73]

These efforts must continue and expand. Currently, CARSI funds the Central American participants in Operation Martillo, a multilateral counter-narcotics operation aimed at reducing drug trafficking through the Caribbean and Eastern Pacific. By most accounts, it has met with much success. For example, although Martillo took a hit in mid-2013 when sequester cuts shortened the deployment of two U.S. Navy frigates,[74] the operation still managed to seize $2.6 billion USD of cocaine and apprehend 295 suspects.[75] As of this writing, Martillo has already netted $53 million USD in cocaine seizures in 2014.[76]

With successes like Martillo, U.S. collaboration with its Latin American neighbors (as well as other nations) has strengthened the collective commitment to regional security issues. In light of the economic, political, and social vulnerabilities identified previously, prudence demands maintaining an active ongoing security commitment vice a security treaty that is reactive in nature. This is important in several ways. First, active engagement with partner countries provides an opportunity to create an expectation of responsible governance and a commitment to shared values such as human rights, rule of law, and reducing corruption. Secondly, active participants are able to provide understanding and context to the challenges each country faces. The interaction generates a dialogue among neighbors rather than a

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[73] Peter J. Meyer, Clare Ribando Seelke, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, CRS Report for Congress R41731 (Washington DC: Congressional Research Service, May 7, 2013), 22, https://www.fas.org/sgp/crs/row/R41731.pdf.
[74] Dianna Cahn, "Budget cuts force Navy out of anti-drug operation," *The Virginia-Pilot*, March 6, 2013. http://hamptonroads.com/2013/03/budget-cuts-force-navy-out-antidrug-operation.
[75] United States Southern Command, "Operation Martillo," *southcom.mil*, March 4, 2014. http://www.southcom.mil/newsroom/Pages/Operation-Martillo.aspx.
[76] Ibid.

lecture. This dialogue should seek to improve not only the cooperative security apparatus of the partner countries but also the effectiveness of government institutions and governance as well.

Good governance and competent government institutions are the key to regional stability. In Latin America, several countries have a recent history of fighting security issues within their borders while concurrently strengthening both their economy and their government institutions. Mexico and Columbia are two examples. Whether revolutionary forces such as the FARC in Columbia and the Zapatistas in Mexico or well-armed, well-financed drug cartels, each has generated significant violence to achieve their goals. However, these challenges were overcome by the population's confidence in the ability of their government to not only provide current needs but also to foster confidence in a stable future situation.

Immigration is another area in which the U.S. has a vested interest in engaging Latin America. Data from the Department of Homeland Security publication "Estimate for the Legal Permanent Resident Population in 2012" shows that Mexico accounts for 25.1% and 30.6% of all immigrant residents and immigrant residents eligible for naturalization, respectively.[77] Furthermore, Latin America accounts for an additional 17.5% of each of those numbers.[78] These numbers combined with the volatile political and economic situations in Latin America demonstrate that the United States must build a foreign policy for Latin America that is complimentary and consistent with any immigration reform.

Immigration reform is needed and desired in the United States. Bi-partisan solutions have been offered, such as The Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744). The bill has been passed by the U.S. Senate but is stalled in the House of Representatives. The process is slow due to the lobbying of groups affected by reform and consequently a House vote before the 2014 mid-term elections is uncertain. Furthermore, while national security concerns have been raised in these debates, they often are lumped in with border security and transnational terrorism rather than regional economic and geo-political concerns. Reform must address all these issues with the understanding that both national character and national security are not mutually exclusive.

Immigration reform also provides an opportunity for the United States to moderate the perception that the U.S. is dismissive about or even hostile towards Latin American immigrants. According to Carl Meacham, Director of the America's Program at the Center for Strategic and International Studies, immigration reform would send the message that the U.S. government "recognizes the region's (Latin America) and its people's importance in our own prosperity moving forward."[79] Immigration reform that promotes the preceding sentiment while addressing U.S. domestic and national security concerns also promotes the United States as both a good home and a good neighbor for those in the Western Hemisphere.

One agenda that is perhaps the most controversial in Latin America-United States relations is the normalization of U.S.-Cuba relations. However, this also may provide an opportunity to neutralize an antagonistic nation that has emboldened numerous other Latin American authoritarian regimes to challenge U.S. interests. Removing a legacy source of antagonism could help break down the diplomatic barriers to other confrontational Latin American nations, most notably the membership of Bolivarian Alliance for the Peoples of Our America (ALBA)[80].

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[77] Nancy Rytina, "Estimates of the Legal Permanent Resident Population in 2012," Office of Immigration Statistics, Policy Directorate, U.S. Department of Homeland Security, Washington, DC. 2013, 4. http://www.dhs.gov/sites/default/files/publications/ois_lpr_pe_2012.pdf.
[78] Ibid, 4.
[79] Carl Meacham, "U.S. Immigration Reform: Good for the Americas?" *csis.org*, Center for Strategic and International Studies, Washington, DC. June 13, 2013. https://csis.org/publication/us-immigration-reform-good-americas-0.
[80] ALBA member nations are: Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, Saint Lucia, Saint Vincent and the Grenadines, and Venezuela.

It is unlikely the U.S. political climate will allow for normalization of relations with Cuba with a Castro regime in power. However, the U.S. policy for Cuba normalization must articulate both a call for good governance as well as a vision for bilateral engagement to enhance regional stability. The United States must ensure that the dialogue has moved beyond settling scores and towards building a relationship that will serve as positive influence throughout all of the western hemisphere. Constructing a trade agreement and bringing Cuba into security initiatives like CARSI can create opportunities to build a positive relationship. No doubt the concerns of the Cuban-American community will weigh heavily on the character and conduct of normalization negotiations, however, the U.S. government must not let old grievances impede diplomatic progress.

As seen, the United States is not disengaged from Latin America. It has healthy engagement with Latin America in anti-crime initiatives and is a strong trading partner with most Latin American nations. However, the perception is that the U.S. takes Latin America for granted. It doesn't take much more than following the news in the United States for a week to see that Latin America is barely mentioned, short of a natural disaster or a sensational narco-trafficking murder. This must change in order to break that negative perception. The rhetoric has certainly been there. Take, for instance, President Obama's speech in Chile in 2011 where he offered the following:

> I believe that in the Americas today, there are no senior partners and there are no junior partners, there are only equal partners. Of course, equal partnerships, in turn, demands a sense of shared responsibility. We have obligations to each other.[81]

In order for these words to have meaningful impact, the U.S. leadership must communicate that rhetoric to its citizens as well. If U.S. citizens do not have "sense of shared responsibility" with Latin America, it is foolhardy to think that the elected U.S. politicians will be able to muster (or in some cases, divert) the support and resources to advance an effective strategy for Latin America.

That said, Latin American citizens are still bullish on America. In a recent survey of Latin American citizens, the United States scored more positively than China in the areas of trust and model for development.[82] However, in the same survey, respondents place China six percentage points ahead of the United States with respect to being a positive influence for Latin America.[83] So, in other words, Latin America likes and trusts the United States, but believe that currently China is doing more for them.

It is no secret that in some areas of the Latin American public, China is sometimes welcome for being nothing more than an alternative to the United States. This is a dangerous viewpoint for Latin America, as it blindly grants China a pass just by putting on a different flag. And while Latin American governments still understand a necessary relationship with the United States, they often can stoke latent public animus towards the U.S. to divert attention away from domestic problems. The U.S. must focus its foreign policy in Latin America towards reinforcing the positive engagement that continues as well as communicating the value of the United States – Latin American relationship in providing a stable hemisphere.

[81] Barack Obama, "Remarks by President Obama on Latin America in Santiago, Chile," Office of the Press Secretary, The White House. Washington, DC. March 21, 2013. http://www.whitehouse.gov/the-press-office/2011/03/21/remarks-president-obama-latin-america-santiago-chile.
[82] Joseph Boris, "China seen favorably in Latin America," *China Daily USA*, March 29, 2013. http://usa.chinadaily.com.cn/2013-03/29/content_16357265.htm.
[83] Ibid.

Conclusion

Increasing engagement with Latin America is not about crafting a grand strategy to strike a harmful blow to an adversary vis-à-vis China. Nor is it about exerting national power to widen its seat at the global table. It is about developing both existing and latent relationships that will best prepare the United States to address national security challenges brought on by increased external influence in the western hemisphere. In this case, the most dominant external influence is China.

On their own, most Latin American countries are well equipped to meet the many challenges faced by nations in the modern world. The region possesses natural resources, geography, vibrant economies, and a desire for success. However, these assets can quickly turn to liabilities if subject to the negative forces of human nature such as greed and fear. These forces foster a lack of respect for laws and human life. Thus, as neighbors and partners in the Western Hemisphere, the United States and Latin American nations equally share the responsibility in ensuring that good governance, rule of law, and respect for human rights are the predominant forces in play in the Americas.

For its part, the U.S. must demonstrate its commitment to the American neighborhood by prioritizing its foreign policy to the same. This foreign policy must meld the governmental and institutional capabilities of the United States and Latin America to successfully meet the challenges posed by the increasing influence of China in the Western Hemisphere. Moving forward, the expectation is that Latin America will demand the same transparency and accountability from China as they invest within each other's borders and trade within each other's markets. U.S. entry into the TPP would reinforce its own commitment to transparency and accountability in trade. In addition to TPP, cyber security is another area of engagement to protect trade as well as infrastructure. A multilateral commitment to cyber security provides both transparency and accountability for member nations' cyber activities in addition to building a well-structured network against cyber-attack. A pervasiveness of transparency, accountability and rule of law would serve to provide a more stable political and economic environment, thus a more secure hemisphere. Therefore, it is imperative that the United States strengthen its relationship with Latin America as a cornerstone to its broader national security strategy.

As for the bad actors in the region, the United States must not meddle in the domestic politics of sovereign nations. It is hypocritical at best to try to manipulate the regime makeup and government of a sovereign nation. To truly develop long-term credibility as a social and government construct worth emulating, the U.S. must allow a sovereign nation's citizens to steer their own course. The U.S. should be viewed as an enabler for democracy, rather than a using democracy as an enabler for their own self-interests. If called upon to assist a suppressed people, the United States must ensure that the people, structure, and will are in place for a capable and legitimate government to thrive. If not, the U.S. must avoid the "anybody but <u>fill in your favorite dictator</u>" model of regime change. As has been proven in many cases, most recently Iraq, the cost of blood, treasure and national prestige are immense.

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