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SOUTH AMERICA:

ENGAGEMENT AND ECONOMY OF EFFORT

CORE COURSE 4 ESSAY

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INTRODUCTION

South American nations and governments have changed in dramatic and laudable ways, the hemisphere's assignment now is to consolidate the still-fragile gains.

- attributed to Secretary of State Warren Christopher¹

During the four decades of the Cold War, the United States supported numerous authoritarian and repressive governments, including several dictatorships, in South America. This support of governments antithetical to the American democratic model was repugnant in many respects, but was seen by the overwhelming majority of policy makers as a necessary evil. Without such support, those countries might easily have fallen into the hated and feared Communist camp. This certainly was not the only time in the Cold War that less-than-palatable means were utilized to attain essential ends.

Because of the end of East-West polarization, there is an opportunity today to reevaluate this policy. No longer must the United States support unsavory regimes to keep them aligned with the Western world. The opportunity is enhanced by the current positive indicators of South American progress towards elimination of problems which have plagued the continent for decades, if not centuries. Except for Cuba, all the governments in Latin America were elected in free democratic elections. Cash-strapped Cuba is no longer able to export its revolution, so the insurgencies of the past two decades are largely eliminated, although not totally. Border disputes, also not totally eliminated, are being resolved diplomatically or at least contained and minimized when hostilities infrequently erupt. The armed forces of the various countries are "in the barracks" instead of fighting insurgents in the streets or fighting neighbors at the frontiers.

Probably underpinning all these positive trends is the economy. Massive debt problems have virtually disappeared and the economies throughout the region are on an upswing. The

¹ Paraphrase of Secretary of State Warren Christopher. "Christopher Pines New Latin America." The Washington Post, 29 February 1987, p. A17.

potential for continued political, military, and economic success seems good, but chances for retrenchment remain moderately high.

It is essential that the United States remain engaged in South America to ensure these trends come to fruition, but the region is nonetheless one which the United States can call an economy of effort. More pressing challenges to more vital interests are found elsewhere and must receive more direct involvement of American policy makers and American resources. Threats to American interests continue to exist in South America, so the area cannot be ignored, but only limited effort need be applied to maintain appropriate engagement in the area.

GEOSTRATEGIC CONTEXT

In December 1994, the United States hosted the "Summit of the Americas" in Miami to meet with the leaders of its Latin American neighbors. Thirty-four nations were represented in discussions of multilateral political, economic and security concerns. In July 1995, the defense chiefs of these same nations met in Williamsburg, Virginia, for the inaugural Defense Ministerial of the Americas in an effort to continue the dialogue of the Miami summit. These two meetings illustrate the emphasis that United States foreign policy is placing on the region. At least in its rhetoric, the U.S. has elevated South America's status in the post-Cold War environment to the point of recognizing the region's interests and those threats which are of mutual concern. Beyond rhetoric, though, only few tangible resources are being committed. Within this "American" hemispheric envelope, several optimistic trends are present.

South America is generally peaceful, especially in the context of weapons of mass destruction, including nuclear weapons. Brazil and Argentina are adhering to a regional non-proliferation treaty, while the rest of the continent shows no tendency toward nuclear weapons development. Both of the South American nuclear research pioneers have refrained from further nuclear weapons development. Brazil stopped work on its nuclear Cachimbo tunnel shaft in

1986 Argentina stopped work on its nuclear-capable missile (with a 1200-kilometer range) in

1985 Further development of these and similar systems is not anticipated, although development of nuclear energy should continue There is an attendant threat of conversion of this development into research, production of weapons, but that threat is relatively low The costs of nuclear arsenals both financial and political, are too high Whether signatories or not, the South American countries are expected to adhere to both the Nuclear Non-proliferation Treaty and to the Missile Technology Control Regime

One of the most encouraging recent trends is that of the non-intervention of the military in government affairs When corruption begets resignations of responsible individuals (signs of increased public accountability) and when economic progress is widespread, the militaries are not likely to intervene Should conditions change, history indicates a willingness to intervene to protect the country from perceived internal threats. The Spanish military tradition still dominates societies in many South American countries. For decades armies formed the foundation of civilian governments Throughout the continent, civilian governments' only legitimacy was obtained from the blessings of the military hierarchy Military control of the government occurred regularly through *coup d'etat* whenever the military's elite was threatened But this history of illegal seizures of power left the military suspect, excluded, when possible, from the decision-making process The elitism of the officer caste, a lack of understanding of the principle of accountability within their military subculture and their belief that the state is all important caused this rift

Perhaps the best example of the continuing importance of the military is in Argentina Military misadventures have left Argentines with a complete lack of faith in their military Their defeat in the Malvinas/Falklands War of 1982 dramatically changed the Argentine view of its military It was bad enough that the military chose to fight the wrong enemy at the wrong time It was made even worse by their miserable performance in battle Not only did they fail to regain

possession of the Malvinas Islands from the British they also misled thousands of their conscripted troops to disaster Accordingly, military reform was mandated liberalizing many domestic governmental policies with a positive effect on the country The Argentine example demonstrates the type of change which has occurred in that and other South American countries Some civilian regimes no longer share their power with the military Military involvement in government has been purposely restricted Still, history suggests that it is prudent to be cautious about proclaiming a new era of improved civilian-military relations Civilian control of the military, in Argentina and throughout the continent may be only a facade and is at best fragile.

Insurgency and border disputes affect regional stability in some, but not all, South American countries There is almost always potential for border disputes among neighboring nation states with conflicting national interests. Several countries have border disputes, most of which are being resolved diplomatically with support from the U S and around the world. When one does erupt into conflict, as in Peru and Ecuador, it is at least contained within fairly small sub-regions Cuba's isolation (and its loss of support from the Soviet Union) is perhaps the major reason why the active insurgencies of the past twenty years are no longer so hot Despite this, the demarcation of class distinctions and the inequitable wealth distribution continue to provide fertile ground for revolution

“...the major challenge is to address the region's deep-seated social problems Despite recent growth, per capita income (about \$2700) is still below the 1981 average. Income inequality is probably worse than in any other major world region. More than one-third of Latin America's people live in poverty. [In Brazil,] 80 percent of children never finish elementary school ”
- Bureau of Inter-American Affairs, U.S. Department of State²

Europe began its colonization of South America in the 16th century That legacy left a continent which is essentially ruled by descendants of European ancestry A colonial genocide was inflicted on the indigenous native population which has never recovered Native South

Americans are illiterate, poor and while not completely disenfranchised, participate in government politics in only limited ways. Along the Atlantic seaboard, north of Argentina, a large African population is beginning to exert itself to share more in the economic and political processes of these newer democracies. Although not presently a significant challenge, ethnic conflict could erupt at many places in South America.

Democracy, although perhaps not strictly following the U.S. model, has been established, at least superficially, throughout the region. Of potential hegemonic powers, democracy in Brazil is most suspect. Stability and economic prosperity undergird democracy. Without these preconditions, frail democracies are liable to be overcome by more authoritarian regimes.

Open markets and enhanced trade throughout the region and with the U.S. have led to increasing levels of economic prosperity. The cumulative world debt (reported in 1986) of \$270 billion carried by Brazil, Argentina and Venezuela has been forgiven or paid, without massive U.S. bailouts, as in Mexico. While some of this debt was paid through illegal drug trafficking, some has been paid legitimately. *Mercosur* (shorthand for *Mercado del Sur*, a regional trade organization in the Southern Cone) has structured \$12 billion in trade among Brazil, Argentina and Chile. NAFTA and a possible SAFTA (South American Free Trade Agreement) are future trade expeditions. South America's tremendous natural resource dictates that the region will continue to be a global source of minerals and foodstuffs, leading Brazil and Argentina to seek east-west trade alliances in addition to north-south trade partnerships.

Centuries of U.S. heavy-handed dealings and misunderstanding of South American concerns have built an institutional resentment among too many countries in the region. South America wants to be treated as an equal partner in regional decisions, not as a serf on the manor. Democratization, open market economies and regional cooperative security are the stated cornerstones of U.S. South American policy. As South America continues to progress toward these goals, the countries there will demand full partnership. How much the U.S. benefits from

this partnership is uncertain given the South American tendency to contribute to decisions but not to bill-paying. Nonetheless, the U.S. cannot afford to continue treating its Southern neighbors as second-class citizens in the hemisphere.

U.S. INTERESTS

“What’s in it for us?”

- COL Robert Nixon

United States interests in South America have changed significantly since the collapse of the Soviet Union. No longer worried about communist expansion in the region, U.S. interests have turned to the “new agenda” issues of trade, narcotics, democratization, human rights, the environment, immigration, weapons of mass destruction and nonproliferation. These interests are intricately linked to the Clinton administration’s hemispheric vision of economic liberalization and free trade, democratization and sustainable development and alleviation of poverty.

Free trade with open markets is the primary major U.S. interest in South America. It is the third largest regional market for U.S. exports and one in which the U.S. maintains a favorable trade balance. The region is not only an expanding market for exports but also a major source of important natural resources. For example, Venezuela is the third largest exporter of oil to the U.S., Brazil is the second largest producer of iron ore and Chile is the world’s leading producer of copper. The importance of trade in the region to the U.S. was demonstrated by the agreement to create a Free Trade Zone of the Americas by 2005 during the Miami summit.

Another major U.S. interest in South America is regional stability. Stability is a necessary ingredient for democratization and trade liberalization. Instability resulting from border disputes and insurgencies will probably not expand to the point where physical security of the United States is threatened, but it can easily result in the export of additional terrorism to America’s shores. The largest impact of instability is felt on trade. Industrialization, product distribution

labor availability and other ingredients of economic progress are adversely affected by violent conflicts between or within nations

The United States also has a major interest concerning environmental issues in the region. Polls suggest that the U.S. public feels that South America is not doing enough to protect the environment, which is an increasing source of tension. Exploitation of natural resources and pollution not only adversely affect the global environment but also lead directly to immigration and refugee problems.

South America has made tremendous advances in the last fifteen years transitioning to democratic governments. Even so, this has not lessened the United States' interests in promoting democracy in the region. Instead, the U.S. has reaffirmed its commitment to sustaining democracy by helping to institutionalize the democratic gains achieved.

As in other parts of the world, the U.S. wants to avoid the proliferation of weapons of mass destruction. All the countries appear to be progressing toward keeping the region a nuclear weapons-free zone. The progress of Brazil and Argentina in this area is especially promising, as is their commitment to join the Missile Technology Control Regime.

THREATS

The primary and major threat to United States interests in South America comes directly from the drug trade. It impacts U.S. society directly in the form of increased crime, health care costs, money laundering, and increased resources to combat the problem. It also impacts the stability of regional governments and militaries by corruption and direct attack from the drug-related criminal elements. This leads to decreased government legitimacy in already fragile democracies which in turn can lead to increased regional instability.

Border disputes and insurgencies present additional threats to U.S. interests. Although these infrequent conflicts do not directly threaten the physical security of the United States, if not

resolved they could adversely affect trade, producing a noticeable economic impact. Unresolved disputes and insurgencies could also lead to terrorism, both within the region and directed against the U.S. Although not a major threat, this would further disrupt economic interests.

The loss of South American trade and markets to APEC or the EU could have serious implications for U.S. national security, but only in the long term.

Immigration from the northern part of Latin America (e.g., Mexico, Cuba) presents a direct threat to U.S. borders. The distances of South America from the United States makes this less of a problem. However, intra-regional immigration, caused by environmental problems, border disputes, economics or crime can create regional tension and increase instability.

RESOURCES

The resources the United States commits to its efforts in dealing with South America are rather small when compared to other regions of the world. This is understandable considering the instability and threats to U.S. interests occurring in other parts of the world; Central Europe and the Middle East being obvious examples. In comparison, South America as a whole is a relatively stable, democratic region.

Currently, trade and economic leverage is the strongest tool of statecraft the U.S. has in the region. The U.S. must be cautious, though, as Mercosur and individual countries look to the EU and APEC to expand and diversify their markets. The U.S. must not position itself through short-sighted policies to lose this developing and expanding market.

Military cooperation and training programs are currently and will continue, reaping major benefits. Programs such as IMET, E-IMET, confidence- and security-building measures (CSBMs), joint exercises, Personnel Exchange Programs, and schools such as the U.S. Army's School of the Americas are all small investments that provide huge dividends. Direct aid to the region is insignificant.

Interagency coordination is better now than in the past, but has room for improvement. The various agencies (DOS, DOD, CIA, DEA, Trade Rep) need to ensure their individual policies and programs do not undermine another agency's. For example, DOS economic reform policy undermining DEA's war on drugs effort.

STRATEGY

United States objectives (not necessarily in order of priority) in South America might be described as follows:

- 1 Institutionalization of democratic norms, including civilian control of the military and respect for human rights
- 2 Peaceful resolution of disputes (both border disputes and insurgencies); Promotion of confidence- and security-building measures, including taking steps to make military budgets transparent.
- 3 Coordination of efforts to combat drug trafficking
- 4 Expansion and deepening of defense cooperation
- 5 Prevention of or assistance to humanitarian crises
- 6 Non-proliferation of weapons of mass destruction
- 7 Sustainable development and free/fair trade

***Americans need cooperation with the hemisphere across a broad spectrum of economic, political and other issues.
- The Washington Post³***

It is foolish to believe that a single strategy is possible for the diverse countries and sub-regions of South America. A policy which links American policies to drug interdiction may be appropriate in Peru, Bolivia and Colombia, but will be of much less utility in Venezuela, Uruguay and Suriname. The U.S. strategy should focus on Brazil, Argentina and possibly Chile, all of which aspire to be regional leaders, if not hegemons. Other countries may share this hope, but these seem particularly poised to achieve it. Intense efforts here will produce broad results.

³Editorial, "Learning from the Americas," The Washington Post, 29 February 1996. Editorial Page

throughout all of South America. Still, individual strategies must be crafted for each country taking advantage of their unique needs and capabilities.

The adopted strategy must also be seen as a partnership, even to the extent of including the countries in development of the strategy. When a given policy is presented to South American countries as "take it or leave it," they will perhaps take it out of necessity, but will quietly subvert it. The same policy, when developed in substantive consultation with those same countries, should be executed with more vigor because of their perception that their interests are being taken into account.

Trade is the only real leverage the United States can employ in the region. Aid would be welcome but is unlikely to be forthcoming in significantly increased amounts. Continued liberalization of trade is ostensibly the goal, but American policy makers must understand that this goal sometimes works at cross currents with other goals. Removing restrictions to trade makes it easier for all trade, including illegal narcotics. Immigration could also become more of a threat because of reduced barriers to movement. Free trade will continue to drive U.S. interests, but strategists must understand that South America is interested in fair trade. To them, fair trade means that natural resources are not removed for industrial use elsewhere. South Americans should expect assistance in industrialization within their own countries. A promise to open the market to imports of American automobiles may be accompanied by an insistence that an auto industry, or at least parts of it, be built in South America. The U.S. will have to resist the temptation to impose tariffs or other trade restrictions if the region protects its own markets in order to develop their own industries. Limited protectionism is only inappropriate when the industries are capable of surviving on their own, as in Japan.

“It is hard to understand that the major consumer country of illegal drugs in the world passes judgment on other nations”
- Victor Aviles, Minister of Press and Public Affairs, Embassy of Mexico⁴

South America's major threat to the United States remains drugs. Policy makers must decide whether America is fighting a drug war or not. Fighting and winning that war requires tremendous amounts of resources applied in the region by multiple U.S. agencies. It requires a balanced attack on the supply side and the demand side. Agriculture can help with crop substitution, Customs will be involved in protecting borders, the military will have a role in training and assisting local military and police forces, other agencies will assist as possible, coordinated by the drug czar. If this is a war, alliances will be required and a blind eye may once again have to be turned toward some authoritarian practices and regimes. If it is not a war, then perhaps Baltimore Mayor Kurt Schmoke's idea of drug legalization may be the only remaining option.

Democracy and human rights must remain on the U.S. agenda, but will never receive terribly high priority. Linking policies to these ideological stances will frequently be counterproductive. If engagement is the strategy to enlarge the community of democratic nations, it is only logical to expect that the U.S. must be engaged with non-democratic regimes. Only through consistent and gentle pressure, applied over many years, will democratic institutions really take root. Forcing it militarily or with trade sanctions can produce superficial changes, but can just as easily produce obstinate adherence to authoritarianism. The U.S. model is not necessarily the only way to ensure representative government. Democracy and human rights must remain goals, but pragmatism must remain the key in execution of policy.

⁴Quoted in "Mexico's Commitment to Fighting Drugs," Letter to the Editor, The Washington Post, 29 February 1997, E1, D01, E1, D01.

CONCLUSION

If the positive trends in South America continue and the United States does not remain engaged, the economic and political forces there may develop themselves into a regional economic entity (*Mercosur* or SAFTA) or may align with APEC to the West or the European Union to the East. A mixture of the two options is probably more likely than either extreme. Whatever the ultimate outcome, the result would be a Fortress America, surrounded by closed regional trading blocs on all sides, with only limited trade between NAFTA and the other regions. A decline in American national security would follow as American economic power was gradually eroded. The United States can avoid this by limited expenditure of resources in South America. Economy of effort is the appropriate strategy for the region, but continuing engagement is critical. Focused effort in South America will produce tremendous returns on investment.