

Preparing for Deterioration of the Latin America and Caribbean Strategic Environment

By R. Evan Ellis

When a military leader perceives that the tide of battle is turning against their forces, prudence dictates changing posture to cover emerging vulnerabilities. When a leader assesses that the battle is lost, the imperative shifts to preserving the force and repositioning to most effectively fight another day. The leader may be tempted by the prospect that “if headquarters only gives me another brigade, we can turn this around.” Yet a good commander, upon assessing that such reinforcements are not coming, moves quickly to reposition for another day and a different fight.

Although the outcome is not inevitable, Latin America and the Caribbean are currently on the precipice of a downward spiral into populist authoritarian governments, economic collapse, social unrest, and expanded presence and influence of China across the hemisphere—and it does not look like “the calvary is coming” to turn the situation around. Although those dynamics are just now becoming clear, numerous reinforcing dynamics are driving the strategic environment of the region in a very troubling direction. For the moment, the skies of the region are still mostly clear, but the storm is coming.

The Reinforcing Effects of Leftist Authoritarian Populism, China, and Covid-19

The region’s worrisome trajectory is the consequence of **three mutually reinforcing phenomena**: the Covid-19 pandemic, engagement with China, and the spread of a particular model of leftist authoritarian populism. The dynamic is enabled by long-standing citizen discontent with poverty, inequality, corruption, insecurity, and poor governance that fails to address those ills. While right-wing populism is also problematic, the dynamics that lead left-wing populists to turn away from free markets and embrace the

People's Republic of China (PRC) as an alternative source of resources present unique challenges for U.S. foreign policy and the U.S. strategic position in the hemisphere.

During the early 2000s, with intellectual and other help from Cuba, Venezuelan populist Hugo Chávez pioneered a new authoritarian path that exploited citizen discontent and tepid commitment in the region to democratic institutions and procedures. These leftist populists came to power through elections, supported by citizens disillusioned enough with the long-standing corruption and poor performance of traditional parties that they were desperate to try something—anything—different. The newly elected leftist populists progressively hijacked and subverted those institutions while simultaneously moving against bases of opposition, including the press and bases of economic activity independent from the state. To varying degrees, Ecuador's Rafael Correa, Bolivia's Evo Morales, and Argentina's Cristina Fernández de Kirchner all followed that playbook with variations that reflected their personal styles and the characteristics of the states in which they maneuvered for power. In each case, China played a key enabling role in the consolidation of power by those leftist populist leaders, although largely as an artifact of China's **pursuit of its own commercial and strategic interests** in those countries.

The increasingly authoritarian, anti-market regimes created discontent among Western governments and investors by moving against the private sector, trampling on the rights of their citizens and their own laws and democratic constitutions in the process. Chinese companies and the Chinese government provided an alternative stream of resources indifferent to how the populists governed or against whom they acted, so long as they followed the Chinese Communist Party line on core issues such as Taiwan, protected Chinese companies, and structured the deals in such a way as to ensure that Chinese companies and banks were paid. In the process of authoritarian consolidation, Chinese resources thus served as an incubator of leftist authoritarian populism in the region. These regimes' financial needs, leftist political orientation, and centralized power in conditions of decreased transparency combined to expand their engagement with China and its companies in ways far broader, often more corrupt, and on terms far more advantageous to China than engagements with China by non-populist predecessors. Thus, even though China is not explicitly attempting to overthrow pro-U.S. democratic regimes, the result is similarly grave for U.S. foreign policy objectives: in providing resources to populist regimes as those regimes consolidate power, move against the private sector and the media, and subvert their own constitutions and institutions, the Chinese contribute powerfully, if indirectly, to the evolution of a region that is less democratic, less adherent to the rule of law and protections for individuals, and less disposed to listen to, much less cooperate with, the United States.

The Covid-19 pandemic **added a powerfully destabilizing element** to the dangerously reinforcing cycle between China and populism. Significant protests in Ecuador, Chile, and Colombia in the fall of 2019 signaled that citizen discontent with even relatively effective governments in the region was at critical levels. In addition to the enormous and prolonged direct public health effects of Covid-19 in the region, the pandemic contributed to the populism-China dynamic through its indirect effects on the economies of the region, crime and insecurity, and the fiscal balances of governments. The pandemic fueled citizen ire over the deficiencies and, often, corruption of government responses. The economic effects from both the pandemic and government control measures deepened citizen ire over both, including the inability of their elected representatives to adequately protect people from harm. Expanded government spending to combat the health and economic effects of the pandemic, coupled with decreased revenue from business taxes and export earnings, devastated fiscal balances across the region. Governments were hobbled and facing expanded demands to address poverty and insecurity and make the investments in human capital and infrastructure needed to take their societies forward.

While not all of the social protest and unrest that began to reemerge by late 2020 was explicitly about Covid-19, virtually all of these incidents reflected pressures generated by the pandemic, from the [burning of the Guatemalan congress](#) in November 2020, to the [protests against tax reform](#) that paralyzed Colombia beginning in April 2021, to the July 2021 [demonstrations across Cuba](#).

At the same time, the combination of economic need and fiscal constraints dramatically increased China's leverage in the region. In addition to the lure of Sinovac, Sinopharm, and CanSino vaccines (despite [their low efficacy](#)) in the absence of Western alternatives, [China's early recovery](#) from the virus and relatively strong economic performance increased the importance of its demand for Latin American commodities and foodstuffs, including Chilean copper, [Brazilian soy](#) and beef, [Ecuadoran shrimp](#), and [Salvadoran sugar](#), among others.

Similarly, with the weakened position of Western companies and markets due to the pandemic, the relative importance of Chinese loans and investment grew for policymakers in the region looking to rekindle economic growth. This added importance to decisions by Chinese companies regarding major projects and investments, including the development of [Peruvian mines](#) and the new [port of Chancay](#), the [Bogotá metro](#), the [Dos Bocas refinery](#), the [Bacanora](#) lithium deposits, the [Maya train](#) in Mexico, and the [Amaila Falls](#) hydroelectric facility in Guyana.

The Present Turn to Leftist Authoritarian Populism

Latin America and the Caribbean have routinely oscillated between statist and private sector-oriented solutions to its endemic problems of underdevelopment and inequality. Still, never before in modern times has the region moved so far toward the authoritarian populist left, reinforced by so many factors that deter a move back toward more centrist, market-oriented policies before the actions of such regimes produce profound, widespread, and enduring damage.

Among regimes where the authoritarian left is already deeply entrenched, Cuba in 2021 demonstrated its ability to complete the political transition to the new generation represented by Miguel Díaz-Canel, all while successfully [using Chinese-supplied information tools](#) and the repressive apparatus of the state to quash unexpected protests in July 2021.

In Venezuela, the Maduro regime fortified its position in 2021. The regime went from reeling from Trump administration sanctions and pressures to dealing a death blow to the opposition in rigged [December 2020 legislative elections](#) and consolidating that victory with equally undemocratic November 2021 municipal elections, elections which the European Union was manipulated into helping validate by [sending observers](#). By the end of the year, Chinese petroleum companies were quietly working to ramp up their oil production in the country, while Russia and Iran were openly shipping [refined petroleum](#) and [arms](#) to the Maduro regime.

In Nicaragua, leftist populist Daniel Ortega, having [outlawed or jailed the entire field](#) of credible opposing presidential candidates, was [reelected to power in](#) November 2021, showcasing his near complete consolidation of control over the country. In December 2021, his government [changed diplomatic relations from Taiwan to the PRC](#), opening the door for a new wave of Chinese activities in the country, including electricity, transportation, and other infrastructure projects (including the [possible revival of the "Nicaragua Canal"](#)), as well as possible military, surveillance, and electronic control architectures, such as those implemented by other authoritarian populist states with relations with the PRC such as Venezuela, Ecuador under Rafael Correa, Bolivia under Evo Morales, and Argentina under the Peronists.

In multiple other instances in the region, although the regimes in question still show evidence of some democratic pluralism, the direction in which their current leadership is taking them, both in terms of their ideology and healthy democratic institutions, is worrisome.

In Bolivia, alienated Bolivian voters returned the MAS movement of Evo Morales to power **in October 2020**. By the end of 2021, its government under Luis Arce had already **imprisoned** the prior transitional president, Jeanine Añez, and begun moving against former members of the government and **military** who had played a role in removing the MAS over its attempt to steal the October 2019 elections.

In Argentina, with the return of the leftist Peronists to power in 2019, Vice President Cristina Fernández and the more radical elements that supported her were gaining the upper hand in governing the country. In a September 2021 cabinet reshuffle, most of the moderate politicians favored by the more centrist president Alberto Fernández were ousted in favor of those **more aligned with Cristina**.

In Peru, the July 2021 election of previously unknown schoolteacher Pedro Castillo, backed by the **Cuba-trained Marxist Vladimir Cerrón**, reoriented traditionally conservative Peru sharply to the left. The nation also faced a deepening crisis as a fragmented Congress **pushed back against** the government's radical cabinet choices and agenda.

In Mexico, strategically vital for its geographic and economic connectivity to the United States and influence in Central America and the Caribbean, leftist populist Andrés Manuel López Obrador and his governing Morena movement pursued an increasingly radical international policy, including restoring relations **with North Korea** and calling for the **abolition of the Organization of American States (OAS)**, increasing state control of the oil and **energy sectors** prejudicing U.S. companies, and **imposing significant obstacles** to effective security cooperation with the United States.

In Honduras, leftist populist Xiomara Castro was elected president on November 28. To date, she appears intent on beginning the relationship with the Biden administration on a good footing, based on common interests on issues such as the fight against corruption, poverty, and disadvantaged groups. She has also delayed implementing her electoral commitment to switch her nation's diplomatic relations from **Taiwan to China**. Nonetheless, with more radical actors within Libre such as migrant caravan organizer and now **Libre congressman Bartolo Fuentes**, Castro's government is likely to eventually part ways with the United States.

In Chile, leftist former student protest leader Gabriel Boric was elected president in December 2021. Although he will likely be restrained by a divided Congress and Constituent Assembly currently rewriting Chile's constitution, his agenda in reworking Chile's pension system, increasing the minimum wage, shortening the workweek, expanding the government's role in education and healthcare, and increasing taxes and environmental restrictions on Chile's key mining sector is likely to wreak havoc on the Chilean economy and precipitate investor flight in ways that could radicalize the regime.

In other cases across the region, left-oriented parties and movements are poised to take power. While it is premature to anticipate that such governments, if elected, will undermine democracy, the prior behavior of the "democratic left" in Latin America suggests that they will be more resistant to work with the United States in multilateral forums against populist regimes who are also left-oriented and more likely to work with China and other extra-hemispheric actors of concern to the United States.

In Costa Rica's February 2022 elections, the **race is wide** open between multiple candidates as the traditionally strongly institutionalized and democratic nation faces a **deepening fiscal crisis**. The risk there is the **range of possibilities** in an election that is fundamentally wide open.

Colombia, which has leaned to the right and been the United States' most steadfast ally in South America for the past two decades, will hold its presidential election in May 2022, with former M-19 guerilla and leftist Gustavo Petro currently **leading in the polls**, although Colombians, like their Ecuadoran neighbors, frightened by the prospect of a turn to the hard left, could yet rally around a more centrist (albeit still left) alternative such as former Medellín mayor Sergio Fajardo.

In Brazil, absent a shift to a more centrist candidate, polls currently show rightist president Jair Bolsonaro **losing badly** to Workers Party candidate and leftist Luiz Inácio Lula da Silva. Lula's **imprisonment on corruption** charges at the hands of the previous conservative administration has likely **deepened the radicalism** of his leftist populist orientation. The issue is not whether the policies of a President Lula would be better or worse than those of President Bolsonaro, but rather that a President Lula would likely increase opportunities for Chinese engagement in the country, would be more resistant to supporting the United States in aggressive stances against authoritarian regimes such as Maduro in Venezuela and the Ortegas in Nicaragua, and would be more cooperative than his predecessor with organizations such as the São Paulo forum, the Community of Latin American and Caribbean States (CELAC), and the Bolivarian Alliance for the Peoples of our America (ALBA), among others.

Absent unexpected developments, by this time next year, the only governments in the region willing to work with the United States to push back on the advance of populist governments and expanding Chinese presence in the region could be Ecuador, Uruguay, and Paraguay. Nor is the status of Ecuador certain. There is an impasse between the center-right government of Guillermo Lasso and the Ecuadoran congress over passing the administration's projects. This has led the president to threaten to **dissolve the legislature**, which would bring about early elections in which his CREO movement could lose ground.

Even states otherwise friendly to the United States are deepening cooperation with China in troubling ways. Examples include Uruguay's push for a free trade agreement with China that could **force a crisis in MERCOSUR**, the Bukele government's commitment to a **major Chinese port project** and **national stadium** in El Salvador, and a major new **hydroelectric facility** and an array of other projects with China in Guyana, overseen by the otherwise U.S.-friendly government of Irfaan Ali.

The issue is not whether right-oriented governments are inherently better than left-oriented ones, but rather the enormous foreign policy challenge that will confront the United States when the region with which it is most connected in terms of geography, commerce, and family, is comprised of authoritarian regimes with anti-U.S. and criminal tendencies that are increasingly dependent on China and neighbors who do not particularly see that as a problem.

Implications for the United States and the Region

It is difficult to overstate the potential negative consequences for the region's deepening turn to the radical populist left. As most recently illustrated in **Mexico**, and previously in **Venezuela**, **Bolivia**, **Ecuador**, and **Argentina**, populist leftist governments have habitually adopted laws and policies and fomented controversies that **impede security cooperation** with the United States, which is vital for the struggle against shared issues such as transnational criminal organizations, terrorists, and the management of migrant flows.

In multilateral affairs, the changing politics of the region significantly undermines U.S. efforts to promote values such as democracy, free markets, rule of law, good governance, and human rights through institutions such as the OAS. Conversely, it opens up spaces for anti-U.S. multilateralism through entities that exclude the United States, such as CELAC and previously the Union of South American Nations

(UNASUR), and through the affiliation of such multilateral organizations with powerful extra-hemispheric rivals such as the [China-CELAC](#) forum.

Through and beyond multilateralism, the shifting political dynamics of the region facilitate expansion of China's economic and security presence and its associated influence in the region's affairs. Such activity similarly facilitates the expansion of more directly threatening activities in the region by [Russia](#) and [Iran](#), as already seen in [Venezuela](#).

The consequences also go beyond government. The dynamics anticipated herein have grave implications for U.S. firms doing business in the region, as well as for nongovernmental organizations and other entities with a significant presence there. Those interests are put at risk through the deterioration of the business environment and greater vulnerability to displacement by Chinese competitors. There is also heightened risk to U.S. operations and personnel from the possible expansion of criminal activity that has occurred in populist states such as Venezuela and Mexico, as well as populist hostility directed toward Western entities. Threats also include decreased protection for U.S. firms and nationals as a product of the region's political evolution, leading to reduced options for the State Department and other U.S. government entities to protect U.S. nationals in the region.

The Audacity of Hope

When confronted with a challenge, it is arguably the American way to presume that with the application of sufficient organization, planning, and resources, the threat can be overcome. World War II and the Cold War arguably shaped that American "can do" attitude, yet the more recent Global War on Terrorism and the U.S. withdrawal from Afghanistan highlight its limits. In the Americas, the Mérida Initiative and the Central American Regional Security Initiative (CARSI) further illustrate that help to U.S. neighbors is desirable and can make a positive contribution, yet the profound and mutually reinforcing problems in Latin America and the Caribbean go beyond what such modest programs can address.

The United States can and should contribute more economic and security assistance to Latin America and the Caribbean to help address the conditions and pressures contributing to the current spread of leftist populism. It should also do more to incentivize the private sector to expand commercial alternatives to dependence on often predatory engagements with China. This includes decreasing the requirements that shackle those programs and undermine their agility and expanding the list of which countries and entities can receive investment. The United States should hope for the best—that such programs will make a difference—but it should plan its strategy with eyes open to the reality that they will probably not.

There are numerous reasons to be pessimistic about the trajectory of the region in the coming years and the reasonable ability of the United States and partners such as the European Union to turn the situation around. For example, Congress, amid its current profound divisions and approaching midterm elections, is unlikely to allocate money for Latin America and the Caribbean on the scale needed or sufficiently unencumbered by constraints from domestic U.S. political agendas to support effective and locally targeted programming. There are also few partners in the region willing to take U.S. funding and reinforce cooperation with the United States while curtailing bad behavior. The Development Finance Corporation (DFC), one of the most promising instruments in the U.S. arsenal for engaging with the region, is hampered both by challenges in persuading the private sector where to invest money and by constraints on the program itself regarding with whom they can work. While private enterprise is an enormously powerful tool in the short term, it is limited in comparison to the ability of the Chinese state to channel engagements through state-owned enterprises, as well as the leverage of Chinese

domestic regulatory powers and the Chinese Communist Party. For example, such Chinese entities are able to win contracts and permissions but are not subject to strong oversight, such as through the U.S. Foreign Corrupt Practices Act.

While the United States should by no means give up on Latin America and the Caribbean, U.S. senior political and business leaders should plan strategies and contingencies on the realistic presumption that the coming decade or more in the region will probably be characterized by the dominance of leftist populist governments, associated low levels of security and law enforcement cooperation with the United States, and a greatly expanded presence of Chinese companies and infrastructure (including telecommunications, e-commerce, and surveillance architectures and “smart cities” that will potentially make data about U.S. government entities and U.S. businesses and their intellectual property subject to compromise by China). The United States should also plan for an environment that includes diminished security cooperation, profound economic malaise and social unrest, and expanded power of transnational criminal organizations and other violent armed groups. It should further plan for a multilateral institutional dynamic in the region through which extra-hemispheric U.S. rivals rhetorically, legally, and economically attack the United States and its companies and interests.

Planning for that eventuality looks dramatically different than planning for a hoped for but fundamentally unrealistic persistence of the status quo. The United States should:

1. Continue to work through diplomatic, economic, and other sources of pressure, including public diplomacy and sanctions where appropriate, to discourage populist governments from non-transparent deals with China and other predatory actors.
2. Use those instruments to discourage such governments from consolidating power through personnel changes and other actions that violate the democratic separation of powers and their own constitutions. The United States should work through civil society groups to call attention to improper practices and what is at stake for regional democracies. Similarly, the United States should work through elites whose own position is threatened by such populist maneuvering, providing them with information where appropriate to continue that fight. This includes more aggressively addressing elites engaging in improper transactions or violating their own legal frameworks and constitutions, threatening sanctions where appropriate.
3. Work with partners such as the European Union, respected nongovernmental organizations such as the Carter Center, and through multilateral entities such as the OAS, where possible, to monitor elections for indications of impropriety.

Together, these steps will probably not halt the consolidation of power by leftist populist regimes or the expansion of Chinese influence in the region. However, they may slow the spread of such influence down and sow the seeds for rebuilding democratic institutions, rule of law, and free markets when the time is right.

In addition, the United States should:

4. Prepare a homeland security posture based on expanded threats and decreased ability to work with partners in the region, including flows of drugs, migrants, and possibly even infiltration by terrorists and extra-hemispheric rivals across U.S. borders. Doing so arguably implies greater attention to physical border security with Mexico, as well as an expanded U.S. maritime security presence in the Caribbean.

5. Consider the reallocation of some military forces from other parts of the world to the Western Hemisphere focused on the defense of the homeland. The United States should work with willing partners to stem illicit flows of drugs, money, people, and goods that fuel corruption, criminal groups, and associated populist states in the region. Doing so will arguably also be a more effective use of U.S. resources, leveraging U.S. cultural familiarity, geographic proximity, and cultural ties with the region.
6. Revise defense and homeland security planning to include scenarios regarding the possible use of the region by radical groups and extra-hemispheric actors to attack the U.S. homeland. This includes possible operations by Chinese and other extra-hemispheric actors to put U.S. supply lines and the U.S. homeland at risk in time of a major conflict. Plan for the possibility that, in the context of a major war, China would be better positioned to project forces into the region and could possibly secure agreements by states hostile to the United States for the military use of their ports, airfields, and other facilities, even in the absence of a current military alliance or basing agreement.
7. Expand security, commercial, and other forms of cooperation with like-minded democratic states with stakes and presence in the region, including the United Kingdom, Canada, members of the European Union, Japan, Korea, Israel, and India, where possible.
8. Collect examples from across the region of how populism and Chinese dependence is impoverishing the people of the region and making their plight worse. While such stories may fall on deaf ears in the region at present, the United States should be prepared with such evidence when the region is more receptive and at critical moments of political transition for individual countries.
9. Look for ways to increase costs to China, Russia, and Iran to challenge their influence in the region. This may include everything from protests to potentially promoting resistance movements, where appropriate.
10. Work closely with Taiwan in the region and apply commercial, political, and other pressure to prevent the remaining states in the region that diplomatically recognize it from changing their position. As the number of states recognizing Taiwan moves toward zero, the temptation for China to forcibly incorporate Taiwan within a greater China grows, increasing strategic instability and the prospect of a major war in Asia that could possibly escalate to nuclear proportions.
11. Seek opportunities to communicate the prejudicial effects of leftist populism and predatory engagement with China from the Western Hemisphere in other regions more receptive to democracy and free markets. Such information can be used as a cautionary tale regarding the risks of working with China.
12. Look for states seeking to pull themselves back from the brink of populist governments and dependence on China and be prepared to vigorously support their efforts at critical moments.
13. Reformulate the U.S. concept of engagement and strategic messaging with the region. On one hand, it will be vital for the United States to unequivocally stand for true democracy, adherence to human rights, rule of law, and good governance. It will be important to show the region and the rest of the world through the U.S. example at home, and in its engagement abroad, the long-term superiority of such principles in protecting the interests and advancing the development of the peoples of the region. Part of doing so also involves drawing contrasts between the sometimes difficult but ultimately beneficial approach of democracy and free markets and working with democratic actors

such as the United States, and the negative consequences to the societies dependent on China and less democratic principles.

14. Be more strategic in U.S. engagements, pressure, and application of sanctions, and be clear about its reasons for doing so. It should not undercut regimes that are struggling against the advance of populism and China and other extra-hemispheric actors because of their imperfections on issues of corruption, the use of the military for internal security, environmental policies, or similar matters.
15. In the context of a diminishing set of U.S.-friendly states in the hemisphere, the United States should be more prepared than ever to defend the security and sovereignty of its friends against both the overt and more ambiguous threats from leftist populist neighbors. The threat to Colombia from both armed groups operating from sanctuaries and nourished by money from illicit activities in Venezuela and the more direct threat to Colombia of an armed attack from Venezuelan state forces heavily armed with Russian equipment are prime examples.

Conclusion

Not since the United States emerged as a great power in the twentieth century has it faced a combination of a politically unfriendly hemisphere and the expanding presence of multiple rival powers. It is culturally and politically painful for the United States to accept the reality of this situation and the associated imperatives. The implied reduction of U.S. “forward presence” in other parts of the world is anathema to the U.S. self-image as a global power. Politicians can debate how we got to this point. Yet it is vital for planners to formulate strategy and resource allocations based on today’s reality, not past expectations. The arguments of this work will seem premature to many. Latin America and the Caribbean are still generally democratic areas friendly to the United States where the U.S. economic and cultural footprint outweighs its rivals. The skies over the region are still, for the moment, mostly clear, yet the storm is coming. The United States should hope and work for the best, but responsible leaders should plan for the alternative. ■

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This report is made possible by general support to CSIS. No direct sponsorship contributed to this report.

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