

INTERNATIONAL

Viewpoint: How U.S. Can Compete With China in Latin America

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During the Cold War, the struggle between the United States and the Soviet Union forced attention to the question of whether government, or free markets and private property, best supported achieving the broad range of human desires from prosperity to security to dignity.

That debate played out in a range of centers of thinking, political movements and insurgencies across the globe, although the core philosophical question was colored by perceptions in the developing world of the benefits that “capitalism” had brought to them, as well as the complex historical relationships with the United States and former colonial powers as its champions.

The fall of the Soviet Union seemed to settle the question in favor of capitalism, perhaps best symbolized in Francis Fukuyama’s iconic essay “The End of History?” Latin America, among other parts of the world, was temporarily infected by the idea that capitalism was the best route, with a wave of conservative and neoliberal governments elected in the 1990s such as Raul Menem in Argentina, Alberto Fujimori in Peru, Carlos Salinas de Gortari in Mexico, and Gonzalo Sánchez de Lozada in Bolivia, among others.

The diverse group of leftist governments that came to power in the early 2000s, from populist socialists such as Hugo Chavez in Venezuela, Rafael Correa in Ecuador and Evo Morales in Bolivia, to more moderate social democratic coalitions such as the Workers Party government in Brazil, the Concertación in Chile and Frente Amplio in Uruguay, reflected the inability of neoliberal policies to satisfactorily address the region’s problems.

Yet the range of political responses also reflected a diversity of thinking about why Latin America’s neoliberal moment had not satisfied elevated hopes and what was the best path forward.

Latin America’s latest “turn to the left” is both broader than the region’s last “pink tide,” and arguably more problematic for the United States in strategic terms, with increased challenges to U.S. security, migration, and

economic cooperation with the region's partners, decreased leverage to pursue its policy objectives in bilateral and multilateral forums, and possibly greater opportunities for the People's Republic of China to expand its presence in the region.

While Latin America's new left is diverse, in both its ideology and commitment to democracy, the new political landscape also highlights a monumental shift across the hemisphere, including in the United States, with respect to fundamental questions about the role of government versus private enterprise and initiative, in both achieving desired economic and social objectives, and in protecting individual rights and liberties.

The remarkable commonality across Latin America's heterogeneous left is that virtually all its regimes look to the expansion and empowerment of government to address the grave challenges of their countries.

While the particular agendas, and the likelihood of implementing them, vary greatly across countries, virtually all involve the expansion of government spending, programs and authorities, whether for poverty reduction, helping marginalized groups, infrastructure construction, public security, or providing education, healthcare and pensions.

Most, from Chile to Colombia to the United States, involve some corresponding form of tax increases to pay the bill.

While the Biden administration has important differences with and concerns about the new governments in the region, it arguably concurs on important parts of the new agenda, from attention to social justice to health care and education, to environmental protectionism and dismantling the carbon economy for an accelerated transition toward green energy.

The Biden administration has not abandoned the private sector and continues to work through it in organizations such as the Development Finance Corporation. Yet its reflexive coincidence with Latin America in focusing on expanded government programs, spending, authorities and taxes de-emphasizes the primacy of the private sector as the primary generator of wealth, inspiration of human initiative, and source of protection for individual rights and liberties.

The eroding attention to the fundamental role of the private sector as generator of value and protector of individual rights and liberties is compounded by the growing wealth and power of the People's Republic of China and its impact on the hemisphere through its engagement, discourse and example.

Most Latin Americans understand that the authoritarian Chinese system impinges on the free expression and other liberties of its population, as well as on others, including its imprisonment of Uyghur Muslims and its suppression of democracy in Hong Kong.

Nonetheless, the economic transformation of Communist Party-led China over the past 40 years, whatever the true causes or underlying contradictions, sends the message, in ways the failed economy of the Soviet Union never could, that state-led development can produce results.

In the same fashion, Beijing's use of state control, empowered by emerging technologies, generates the superficial appearance of security, order, and efficiency attractive in Latin America where such conditions are often lacking. From afar, it is easy for Latin Americans to overlook the corresponding sacrifice of personal rights and privacy.

Going beyond the power of its ambiguous example, China has also become increasingly assertive in publicly

challenging the West as embodying democracy and human rights versus its own authoritarianism. While few maintain that China has the same quality of democratic freedoms and the protection of individual rights as the West, its obfuscation of democracy and rights creates moral space for authoritarian governments from Russia to Venezuela.

Such moral ambiguity also facilitates expanded government programs, authority and intrusive technologies on populations who hope that accepting them will bring them the security, order and economic benefits they yearn for.

What is arguably missing as the United States responds to the challenge of China, as well as to the crises and transformation of its own region, is clarity of thought and effective communication of the value of protecting and empowering the private, vis-à-vis the government as the fundamental generator of value and guarantee of human rights and liberties.

Doing so is not an easy sell in Latin America and other parts of the developing world as educational institutions, the media and public discourse have long associated capitalism with society's ills. In the wake of Covid-19 and the inflationary effects of Russia's invasion of Ukraine, societies have become fatigued with the inability of market-based democracies to overcome endemic corruption, inequality and insecurity.

Yet time and time again, empowering the state over the individual and the will of the strongman over the rule of law has proven a recipe for disaster, whether the dystopian authoritarian kleptocracy of Venezuela, or those finding themselves not aligned with the interests of Xi Jinping in Beijing, from the Uyghurs, to democrats in Hong Kong, to neighbors whose territorial waters are on the wrong side of China's "9-dash-line," to Hu Jintao at the 20th Party Congress.

The non-state basis of Western economies means the United States cannot compete with China in mobilizing resources into questionable projects to win Latin American hearts and minds. Nor can its diverse political system out-propagandize Beijing with ambiguous platitudes that protect dictators while wooing the economic interests of democrats.

In Latin America, emphasizing common ground with the economic and social agendas of Latin America's new left may permit friendly interactions in the near term, but may ultimately be self-defeating if the statist projects of those new governments unleash capital flight, economic collapse, further social conflict and Chinese dependence.

Against the siren song of Beijing's seductive statism, and Latin America's turn to unpromising government-led solutions, the Biden administration's emphasis on democracy, however laudable, is not enough.

U.S. intellectual leadership in Latin America, and against mounting challenges to the Western-led global order more broadly, requires a return to first principles. That includes a focus on the fundamental nature of the private sector, coupled with effective rule-of-law, to collectively enable the prosperity and protection of individual rights and freedoms that makes true democracy viable.

The key for the United States in maintaining a secure and prosperous Western Hemisphere for all, and in effectively responding to the global China threat, is not to outbid China with gifts, but to show a new generation the merit of putting private, not government, initiative at the core of its sovereign national strategies and policies, and to make those same good choices itself.

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