China, United States and Hegemonic Challenge in Latin America: An Overview and Some Lessons from Previous Instances of Hegemonic Challenge in the Region*

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Abstract

Has China been a hegemonic challenge to the United States in Latin America in recent years? The article explores this question by setting a comparison with historical cases of instances of hegemonic challenge in Latin America, searching for similarities and differences, and looking for makers of rivalry as a way to start to distinguish perception from reality. I stress the instrumentality of framing issues, since they serve for internal mobilization and for control of allies. The article also attempts to illuminate the issue of how the United States has reacted to China's growing presence in an area historically considered within its sphere of interests, or "backyard," and about the dialogue between the United States and China about the region. It provides insights on the United States, China and Latin American countries' policy makers' thinking, collected through off-the-record interviews and closed-door debriefings.

Keywords: perception; framing; hegemony; rise; challenge; diversification; backyard

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In this article I focus on whether China has been a hegemonic challenge (HC)[1] in Latin America in recent years, and the potential for this to teach us something about the current dynamic between the United States and China.[2] Power transition and hegemonic challenge are concepts that international relations scholars,

* This piece is partially based on interviews that I conducted, under agreement of confidentiality and anonymity, in Beijing, Shanghai, Washington DC, and many capitals in Latin America since 2006. In addition, my analysis draws from comments made in closed-door, off-the-record debriefings by high-ranking US officials.

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1 For stylistic purposes I will use both hegemonic challenge and HC; the same with power transition and PT; and Hegemonic Stabilization Theory and HST.

2 China or Beijing refers to the People's Republic of China (PRC); Taiwan, Taipei and ROC refer to the Republic of China; Washington, USA and US refer to the United States of America.

 doi:10.1017/S0305741011001469

policy makers and even pundits have used frequently in recent years to describe the dynamic interplay between the United States and China. This research explores previous instances of hegemonic challenge involving the United States in Latin America in order to provide a historical background to the possible current case of China–US relations.[3] To this end, it explores similarities and differences, and it also draws potential lessons from them.

A loose definition of hegemonic challenge is the following: a rising power defies the status quo created and/or sustained by a hegemonic power, seeking peer status or attempting to become the new hegemon. I do not deal with cases of resistance to the hegemon, or with those of refusal to accept hegemony by not-great powers.[4] Also, I do not deal with hegemonic challenges within Latin America, only those from external or extra-regional powers. In this context "hegemonic challenge" resembles more the international relations' concepts of power transition (PT) and hegemonic stabilization theory (HST).[5] Nevertheless, despite this affinity, I will use HC and not PT or HST for several reasons. First, I want to avoid the narrow international relations realist discussions of the PT concept, and HC allows for broader theoretical perspectives and even multidisciplinary approaches; second, although I want to consider mainly the points of view of Washington and Beijing, I also intend to shed some light on the views of the Latin American countries that might be affected by the hegemonic challenge or even take advantage of its opportunities to pursue their own foreign policy objectives. Of course the existence, increase, decline or end of US hegemony in Latin America have produced an immense body of literature that cannot be discussed in detail here, and it is a central theme (if not *the* central theme) in the field study of US–Latin American relations studies. Hegemony and eventual challenges to it have continuously been relevant to the debates of policy makers and to public opinion in the region, more so than

3 Most Chinese observers usually consider everything south of the United States as Latin America, including the Caribbean. For a discussion of Latin America as a region, see Marie D. Price and Catherine W. Cooper, "Competing visions, shifting boundaries: the construction of Latin America as a world region," *Journal of Geography*, Vol. 106 (2007), pp. 113–22.

4 For an updated debate on hegemony see Ian Clark, "Bringing hegemony back in: the United States and international order," *International Affairs*, Vol. 85, No. 1 (2009), pp. 23–36. Regarding constraints to hegemony see David B. Bobrow (ed.), *Hegemony Constrained: Evasion, Modification, and Resistance to American Foreign Policy* (Pittsburgh: University of Pittsburgh Press, 2008). Blasier called hegemony "the dominant theme explaining the United States' behavior" in the hemisphere, stressing that "United States analysts, and US citizens generally, have been reluctant to recognize" it. See Cole Blasier, "Security: the extracontinental dimension," in Kevin J. Middlebrook and Carlos Rico (eds.), *The United States and Latin America in the 1980s* (Pittsburgh: University of Pittsburgh Press, 1986), pp. 523–64. "Primacy" has also been used; however, for the historical relevance of the debate I will use hegemony.

5 See A.F.K. Organski, *World Politics* (New York: Alfred A. Knopf, Inc., 1958); Charles Kindleberger, *The World in Depression, 1929–1939* (Berkeley: University of California Press, 1973); Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981); John Mearsheimer, *The Tragedy of Great Power Politics* (London: W.W. Norton, 2001); Ronald Tammen *et al.*, *Power Transitions: Strategies for the 21th Century* (New York: Chatham House Publishing, 2000). For a recent analysis on the current China–United States situation, see Steve Chan, *China, the US, and the Power Transition Theory: A Critique* (New York: Routledge, 2008).

PT, which is mainstream in the capitals of both the hegemon and the potential challenger. In this regard, HC is a crucial structural aspect that has conditioned (but might also enable) the policy-making of Latin American countries.[6]

It is also worth noting that paradoxically hegemony can also be *perceived* hegemony, and as such it functions as a context in which both the challenger and the Latin American countries act. Again, it is usually ex post facto that we have a more clear idea about the nature of phenomena and so it is normally the task of historians to clarify it. Even potential or probable hegemony or hegemonic challenge might be enough to deploy the powerful rhetoric device that creates an enabling framework for decision-making, and in certain cases it receives popular support. Where there is consensus that there is not a situation of ("real") hegemony or of challenge, the potential of them can still have powerful consequences.[7]

It is important to stress that perceived challenges to hegemonic power are almost as important as real ones, for two main reasons: first, it is usually difficult to distinguish between them in real time; and second (but connected), policy makers and states frequently act as if a challenge were real (particularly but not exclusively in the realm of security).[8] They prefer to err on the side of caution or to use – or even reinforce – the perception of challenge (or "threat") for domestic or political reasons. They also frequently use it for domestic mobilization purposes.[9] This instrumental aspect has frequently been crucial in the Latin America context.[10] It can also be a widely shared perception or a more or less contested one. If a given state's foreign policy or economic foreign policy or activities are perceived as a hegemonic challenge, then this perception creates a framework for purposed action and policy. As an intersubjective phenomenon, it is in itself *real* and capable of producing effects.

In order to address the difficult question of whether China has been a HC in Latin America in recent years, and to try to distinguish more clearly real and

6 The analysis of the possibilities for more autonomous foreign policy of Latin American countries, beyond just the theoretical concern of great power politics, has been always one of my most important concerns. However, a full-fledged treatment of this issue is not possible here.

7 Blasier, one of the most important experts in the US on USSR–Latin America relations, said: "In practice, Soviet activities in the hemisphere have evoked dismay and fear not because they represent a *present* threat but because they *might* threaten vital US interests in the future" (italics mine). See Cole Blasier, *The Giant's Rival: the USSR and Latin America* (Pittsburg: University of Pittsburg Press, revised edition, 1987).

8 When we speak of "perception," in international relations, in fact, we mean both "perception" and "misperception." See the classic book of Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976).

9 See e.g. Thomas J. Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict, 1947–1958* (Princeton: Princeton University Press, 1996).

10 Instrumentality is crucial to understand hegemony, real or perceived. Wallerstein has argued that at "the stage of real hegemony, it is essential for the hegemonic power to *construct* both an '*enemy*' and a network of alliances. I would argue that the alliances are not constructed in order to combat the enemy, but rather that the *enemy is constructed* in order to control the allies" (italics mine). See Patrick Karl O'Brien and Armand Clesse (eds.), *Two Hegemonies: Britain 1846–1914 and the United States 1941–2001* (Aldershot: Ashgate, 2002), p. 360. Two other Wallerstein comments are useful here, the first considering hegemony not as a structure, but as a process with stages à la Kondratieff (p. 358); the second, related to the semantic discussion on hegemony or about one phase ("real") of it.

perceived HCs, I will compare the current situation to previous instances of HC in Latin America. Methodologically, there are three major underlying assumptions in this exercise. First, regarding the scope, my concern is broadly with Latin America as a region, while being aware that effects on and reactions of individual countries may not conform exactly to the general pattern. Second, hegemonic challenges are thick historical phenomena that may continue for several years, and so the intensity and actions might show great variation and diversity. In the confined space of an article I will not be able to address these important variations.[11] Furthermore, there is a "hegemonic presumption"[12] most of the time in Latin America, but hegemony is not a constant phenomenon and also displays variation across space and time (see below). The third assumption is that, even accepting that each of the hegemonic challenges studied here were complex idiosyncratic historical events, treating them as instances of the same phenomenon might teach us something that could be useful to understand the current and future triangular relations between China, Latin American countries and the United States.[13]

Instances of Hegemonic Challenge in Latin America

Extra-regional powers have been crucial in the region's history. Most of what we know today as Latin America was colonized by Spain, an extra-regional power, after 1492. It remained a colony (or a group of colonies) up to 1808, when Napoleon conquered Spain (Portugal conquered today's Brazil, and followed a different but well-known pattern and trajectory). This created an opportunity for local elites to take control, increase autonomy and finally achieve independence. In many cases, these elites sought the support of another extra-regional power, Great Britain (GB). In the 1820s London recognized the new republics, increasing its influence. Trade with Great Britain, however, began to grow only during the 1860s, and the quasi-empire reached density during the 1880s and 1890s. The United States successfully challenged Great Britain's hegemony, by consensus dated roughly to 1898, with victory in the American–Spanish war. It is important to note that the United States' regional hegemony over the Western Hemisphere preceded the global pre-eminence that was achieved after the Second World War.[14] The transition between the *Pax Britannica* and the

11 This need of broad generalization is, in fact, one way of making sense of history.

12 See Laurence Whitehead, "Debt, diversification, and dependency: Latin America's international political relations," in Middlebrook and Rico, *The United States and Latin America in the 1980s*, p. 87.

13 For the theoretical underpinnings of this kind of analysis see James Mahoney and Dietrich Rueschemeyer (eds.), *Comparative Historical Analysis in the Social Sciences* (Cambridge: Cambridge University Press, 2003). For a masterful and classic example of this type of analysis see Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia, and China* (Cambridge: Cambridge University Press, 1979).

14 See Gilpin's chapter on "The rise of American hegemony" in O'Brien and Clesse, *Two Hegemonies*. Gaddis posits the US "understood the advantages of hemispheric hegemony long before it began to think about global hegemony." John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Clarendon Press, 1997), p. 177.

Pax Americana was basically completed in the region well before it happened at a global level. Some factors shaped this hegemonic challenge: first, the nature of British imperialism in the region, one of "informal empire"[15] and a weak military capability (a textbook case of "overstretching"); and second, common democratic and cultural values of both challenger (USA) and hegemon (GB), with liberalism at the centre.[16] It can also be argued that this case, and later the case of Japan, are probably cases of "democratic peace theory." The successful US challenge and the hegemonic transition was therefore a contested but peaceful one.

There have been five instances of hegemonic challenge in Latin America involving the United States (that is, in relations with the region): first, the US challenge to Great Britain at the end of the 19th and beginning of the 20th century; second, Nazi Germany's challenge (and to lesser extent, Fascist Italy's) to the United States in the 1930s and the first half of the 1940s; third, of course, the USSR's challenge to the United States; fourth, Japan's emergence in the 1980s and the perceived challenge to the United States; and finally, in this century, potentially, the current instance of China's rise and potential threat to the United States or its interests around the world. Of the five cases, in the first one the United States was the challenger; in the other four it was challenged.

I will concentrate on the cases in which the United States was challenged. Of this group, two were with European powers (Germany and the USSR) and the other two with Asian countries (Japan and China). I first review the status of China after the first decade of the century in Latin America. I then compare China to Japan and, subsequently, to the cases of the HC of Nazi Germany and the USSR, to draw comparisons and lessons that might be useful to understand the current situation, and to help distinguish between reality and perception.

China Challenges the United States?

The current situation between China and the United States might qualify as a new instance of HC in Latin America. The standard tool of theoretical analysis in the capitals of both countries is some version or adaptation of the power transition theory. In recent years, journalistic accounts that portray US–China relations as conflictive and even antagonistic have proliferated. These accounts reflect the ideas existing in many sectors of US society about the nature of the bilateral relationship, but also expand and reinforce them. In China, the view

15 For updated scholarship on informal empire sees the excellent book edited by Matthew Brown, *Informal Empire in Latin America: Culture, Commerce and Capital* (Oxford: Blackwell, 2008). See also Niall Fergusson, *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power* (London: Basic Books, 2002), p. 243.

16 Friedberg argues about this limited military capability as crucial to understand the end of Britain's hegemony and the rise of that of the US. See Aaron Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905* (Princeton: Princeton University Press, 1988 [2010 edition]). For a constructivist account see Yongping Feng "The peaceful transition of power from the UK to the US," *Chinese Journal of International Politics*, Vol. 1 (2006), pp. 83–108.

of the United States as a threat to China is also very popular. Wang Jisi said "they reverse the political scientist Samuel Huntington's argument that 'the ideal enemy for America would be ideologically hostile, racially and culturally different, and militarily strong enough to pose a credible threat to American security'."[17] It might be the case that an antagonistic relationship becomes a self-fulfilling prophecy. Nevertheless, even if this position is taken, this analysis may still be useful in order to learn some lessons about how to prevent or mitigate the emergence of a potential conflict.

So far, it is a fact that China has frequently tried to reassure the United States of the non-confrontational nature of their relationship. In this century, the Chinese notion of "peaceful rise," after an initial moment of full official endorsement, was downplayed because it was perceived in Beijing circles that in the United States and the so-called Western world there was more emphasis on "rise" than on "peaceful." This terminology was soon replaced by "peaceful development" and by Hu Jintao's "harmonious world."

The United States–China case differs crucially from the previous ones in that the United States and China have tried and are trying to institutionalize bilateral relations creating several mechanisms for an overarching dialogue. One that is most relevant here is the United States–China dialogue on Latin America, which started in 2006 during the Bush administration and continued during the Obama administration.[18] The timing of the beginning of the dialogue, just days before the visit of Hu Jintao to Washington DC on 18–22 April 2006, seems to indicate its importance. Although the public is aware of the existence of this dialogue, its content is still largely unknown.[19]

Through my interviews and field research I can provide some general idea of the content, and some specific results of the dialogue. A central intention of both Beijing and Washington was to make clear to the other party their own interests and policy, to increase transparency and avoid miscalculations. For the United States one of the main concerns was China's relations with Chávez's Venezuela, while the Chinese were concerned with potential US interference with Cuba's political transition process. The dialogue is an extraordinary

17 See Wang Jisi, "China's search for a grand strategy," *Foreign Affairs*, Vol. 90, No. 2 (2011), p. 72.

18 Gonzalo Sebastián Paz, "Rising China's offensive in Latin America and the US reaction," *Asian Perspective*, Vol. 30, No. 4 (2006), p. 107.

19 The author has conducted several off-the-record interviews with US diplomats and officers and Chinese diplomats and academics to try to reconstruct the content of these meetings, including four with very high-ranking officers in the Western Hemisphere Affairs office during the Bush administration in 2008 and 2009, and two during the Obama administration in 2010; a meeting with a George W. Bush administration former Deputy Assistant Secretary of Defense for the Western Hemisphere Affairs in 2008 and a high officer in the same office during the Obama administration in 2011; and a visit to US South Command in July 2011. I also met over 20 Chinese diplomats: high officers at the Chinese embassy in Washington DC who have dealt with OAS since 2006; high officers at the Latin America Department of Latin American and Caribbean Affairs of the Ministry of Foreign Affairs in Beijing in 2008; several interviews with Chinese scholars at CASS-ILAS, at Beijing University, the China Institute for Contemporary International Relations, Fudan University and Shanghai Institute of International Studies in 2008, as well as many Chinese ambassadors in Latin America from 2004 to the present. I also visited several Latin American embassies in Beijing in 2008.

process, since the United States is giving China peer-status treatment in a region that it has considered of vital interest since the Monroe Doctrine in 1823. Together with making this concession full of symbolic value, the United States has used the dialogue to convey a message of concern and of limits to China's increasing engagement in the region. From Washington's point of view, the dialogue is considered to be a mechanism to shape and to influence China's role in the region.[20] On the Chinese side, it offers an opportunity to reassure the United States over the stress in economic relations and to dispel any mistrust of potential political effects. There was a broad general agreement and a compromise to continue developing the institutionalization of this dialogue. So far, there have been four rounds of dialogue, the last one in 2010 during the current Obama administration.

Both countries took some modest measures to ensure that Latin American countries did not resent the dialogue taking place, and to dispel any suspicion of a G2 or "condominium" being negotiated. Chinese and US policy makers have had separate meetings with Latin American ambassadors for debriefing, in which they have explained their position regarding the dialogue, and commented superficially on some of the content. However, two of the ambassadors of very important Latin American countries whom I interviewed in Beijing were in private very concerned with the dialogue, and considered it as against their own countries' sovereignty.

A crucial point is that the United States' hegemony in Latin America is frequently perceived as a fact, as a given, practically treated as a constant, even for China, and as such it has an important effect on the crafting of China's own foreign policy. The deliberate Chinese effort to downplay "rise" and reassure the United States of Beijing's peaceful intentions around the world is compounded by the Chinese perception of US hegemony in Latin America and has had a powerful effect on Chinese foreign policy towards the region. This was why the bilateral dialogue on Latin America was so welcomed and encouraged by China. Chinese authors' frequent statements describing Latin America as the "backyard" of the United States are clear evidence of this.

China has so far clearly exerted political restraint in the region, and the evidence that I have found shows that there is reasonable consistency between voiced policy and deeds. According to my interviews with three former cabinet ministers in Buenos Aires in 2008, 2009 and 2010, in November 2004 President Kirchner secretly requested Chinese financial support to pay the debt with the International Monetary Fund (IMF), to "liberate" Argentina from the sticky supervision of its economic policies. The IMF is the institution that embodies Washington's policy towards the region, and was at the core of the so-called

20 The attempt to *shape* China's actions is the cornerstone of most Washington's initiative and strategy in recent years (closed-door debriefing in Washington, DC, with members of US delegation for the fourth round of dialogue with China in Beijing, 2010). Also see Thomas J. Christensen, "Shaping the choices of a rising China: recent lessons for the Obama administration," *The Washington Quarterly*, Vol. 33, No. 4 (2009), pp. 83–104.

Washington Consensus. To help Kirchner would be to challenge the United States directly (for the record, Argentina paid the full debt with the IMF one year later using reserves), and China rejected the request.[21] In 2006, Venezuela sought a chair in the United Nations Security Council, an initiative that Washington tried to block (it did so successfully). China was very reluctant to support Chávez, but when it did, it voted for him without throwing its weight behind the campaign, as was clear in several of my interviews. The timing of the release of "China's Policy Paper on Latin America and the Caribbean," 5 November 2008, the first Chinese "white paper" on Latin America, was not a coincidence. They did not want to release it in the middle of the US presidential campaign so they waited until the day after the election (which was 4 November). Thus so far there seems to be consistency between Chinese proclaimed policy and concrete action in events in which its credibility was tested, preventing or reducing in this way the possibility of the growth and strengthening of a perception of HC.

Japan Challenges the United States

In order to understand more clearly China's current situation in Latin America, it is useful first to compare it with the challenge that the rise of Japan posed to the United States.[22] It was the last and most recent challenge (real or perceived) to the United States, and it was the only one between the United States and an Asiatic power. When the USSR's perceived threat was fading, Japan began to be quite seriously considered as a possible strategic rival by the United States, a perspective that today, with the benefit of historical record, seems strange. It is one of the most interesting cases to assess, because it was probably more a case of *perceived* challenge than a real one (real also in the sense that there was not a deliberate policy on the Japanese side to threaten the United States' hegemony in the region). Nevertheless, particularly when Japan achieved the status of the second largest economy in the world, many alarms rang in Washington. Ezra F. Vogel wrote in 1979 an influential book entitled *Japan as Number One*, and in 1986 he speculated on a possible *Pax Nipponica* in a frequently quoted article in *Foreign Affairs*.

There is an evident affinity of the Japanese case with that of China as both economies were seen as unstoppable, threatening US supremacy in this realm. It was not, however, a case of ideological challenge, and Japan is a democracy (like Great Britain but, more important, unlike China). At the centre of the fear was a perceived connection between economic capability and potential development of military power, something that today is clearly linked to the case of

21 Paz, "Rising China's offensive in Latin America," p. 109.

22 Concerning this case, see e.g. Ezra F. Vogel, *Japan as Number One* (Cambridge, MA: Harvard University Press, 1979); Leon Hollerman (ed.), *Japan and the United States: Economic and Political Adversaries* (Boulder, CO: Westview Press, 1980); Ezra F. Vogel, "East Asia: Pax Nipponica," *Foreign Affairs*, Vol. 64, No. 4 (1986), pp. 752–67.

China.[23] The deterioration of the relationship, of course, received a lot of attention of scholars and policy makers, as well as pundits. The relative economic decline of the United States at the beginning of the 1990s and the emergence of Japan caused "many US citizens to view Japan as a competitor or potential adversary instead of an ally," according to Kaufman Purcell and Immerman, and the same authors added that "Latin American governments generally have welcomed the greater interest and more active role of Japan in the region, not only because of their hunger for Japanese capital, but also because of their long-standing efforts to reduce their economic dependence on the "Colossus of the North."[24] Stallings and Székely posited that "in economic terms, although not politically or militarily, Japan has come to rival the United States and has surpassed any single European nation."[25]

An important issue of this period was that the consideration of Latin America as the "backyard" of the United States was an accepted idea in Japan (and, later, in South Korea). It is an important legacy and antecedent of Chinese foreign policy towards the region, although for different reasons. The idea of "backyard" has at least two aspects: one the geographical contiguity with the territory of United States, and the other used as a shortcut for hegemony, that is, not just a neighbouring space but an area where power is exercised at will and without interference. There is an immediate sense of déjà-vu when we compare the cases of Chinese and Japanese foreign policy towards the region. I contend, however, that beyond obvious similarities there is an important difference. In my view, Japanese actions usually follow the pattern already established by the United States in most areas, but more importantly they even *support* Washington's policies.[26] Important evidence for this is the Japanese support for the efforts to restructure the external debt after the crisis of 1982, and after the "lost decade" of the 1980s.[27] China's idea of the "backyard" seems at best to be limited to more-or-less restraining itself and not interfering openly with the United States; it is difficult to find a case in which China has actively and directly helped the United States. In other words, to not interfere is not the same as to support.

The Latin America interest in having alternative sources of capital during the rise of Japan is also similar to the region's interest in the current phase of the rise

23 Hobson has argued that the lack of military capability prevented Japan from establishing a *Pax Nipponica.* See O'Brien and Clesse, *Two Hegemonies*, p. 319. According to Hollerman the policy debate between Japan and the United States "has increasingly assumed the attributes of an adversary proceeding." See Hollerman, *Japan and the United States*, p. xv.

24 See "Japan, Latin America, and the United States: prospects for cooperation and conflict," in Susan Kaufman Purcell and Robert M. Immerman (eds.), *Japan and Latin America in the New Global Order* (Boulder, CO: Lynne Rienner, 1992), pp. 121–45. According to Stallings and Székely this year had already had "the largest source of capital for the region": see Barbara Stallings and Gabriel Székely, *Japan, the United States, and Latin America: Toward a Trilateral Relationship in the Western Hemisphere* (Baltimore, MD: The Johns Hopkins University Press, 1993), p. 3. See also Whitehead, "Debt, diversification, and dependency."

25 Stallings and Székely, *Japan, the United States, and Latin America*, p. 3.

26 Peter H. Smith, "Japan, Latin America, and the new international order," Visiting Research Fellow Series, No. 179 (Tokyo: Institute of Developing Economies, 1990).

27 Paz, "Rising China's offensive in Latin America," p. 104.

of China. The aforementioned case of Kirchner's request is a good example. Further evidence is provided by the switch in recognition of Costa Rica from Taipei to Beijing, which was sweetened with the Chinese purchase of $300 million of Costa Rica's bonds.

However, there are important potential differences between Japan and China in the security realm. There remains today a close security relationship between Japan and the United States (in fact, there are still US bases on Japanese territory). In the case of China, the situation of Taiwan is a possible trigger for the use of force, with the potential to escalate. Furthermore, China is building military capability and projection means that might be used one day in Latin America, if needed; nevertheless, it is still far from the level required to overcome the massive resources that the United States might display in so close a region. Any US direct engagement in a potential open conflict in Taiwan might well trigger a change in China's policy towards Latin America, opposed or less favourable to the United States, and putting to use new assets and advantages acquired in the region. Even a diplomatic retaliation or operation of diversion can be deployed with important effects.

It is possible to argue that the explanation of why the rise of Japan never reached the level of conflict of the previous two (Nazi Germany and the USSR) is "democratic peace theory" (like in the case of Great Britain), but compared with Japan, China is clearly dissimilar on this. The economic stagnation of Japan in the 1990s caused its demise as a serious contender for primacy with the United States, in the eyes of both public opinion and policy makers. As in the case of the Soviet Union, the hegemonic challenge ended for internal causes in Japan, the idea of Japan's threat faded in the mind of policy planners in the United States, and disappeared unnoticed by the media and the public.

Nazi Germany Challenges the United States

It is also important to compare China with the other two cases of HC of major illiberal states, Nazi Germany and later the USSR. A major instance of hegemonic challenge – and the first one against the United States – was the growing influence of Nazi Germany and the challenge to the Monroe Doctrine in several countries of Latin America (including Mexico, Brazil, Argentina, Chile and Bolivia) during the 1930s and even during the Second World War. According to Nancy Mitchell "at the turn of the century … the idea of a German challenge to the Monroe Doctrine became lodged in American minds."[28] At the core of the relations between Nazi Germany and Latin American countries was trade, which expanded at a high rate up to 1939.[29] Some of the most important partners were

28 See Nancy Mitchell, *The Danger of Dreams: German and American Imperialism in Latin America* (Chapel Hill: University of North Carolina Press, 1999), p. 2.

29 Salvatore Prisco, "Vampire diplomacy: Nazi economic nationalism in Latin America, 1934–40," *Diplomacy & Statecraft*, Vol. 1, No. 1 (2001), pp. 173–81.

Brazil, Mexico, Chile and Argentina. According to Blasier, US perceptions of German influence in Mexico were correct.[30] After 1935, the single most important item of Germany's exports to the region was arms. The Second World War was a blow to this profitable trade. In addition, the framing of good and evil was a signature of the period.[31] The same kind of approach was applied later to an entirely different kind of challenge, that of the Soviet Union, which had its origins during this time.

These two issues, the arms trade and the framing of good versus evil, have been since then potential milestones in the "rise" of a challenger and important markers of rivalry. The arms trade worried Washington and made Germany very suspicious. If a challenger "rise" opens a window of opportunity for Latin American countries, then a "good versus evil" framing creates a situation in which they cannot "diversify" and must choose, in true realism fashion, between pure balancing and bandwagoning.

German people or those of German ethnic origin were harassed and spied on. In several Latin American countries German (and also Japanese) settlements were displaced by force, national authorities being forced by the United States. It was of course a tense situation that created the conditions for these extreme measures. Nevertheless, this historical example is relevant today: the existence of several Chinese communities currently in Latin America risks exposure to instances of racism beyond individual expressions or open political hostility.[32] This, in turn, might trigger China's efforts to protect the diaspora. So, for four decades or so, the perception of a German threat in Latin America was crucial in shaping US foreign policy towards the region. There were ups and downs, but the image persisted almost untouched.[33] An example of how a country used the rise of a challenger for its own benefit was Mexico, when in 1938 it nationalized the oil industry. Although most of the nationalized companies were American, the United States reacted in a mild way, careful not to push Mexico to Germany's side.[34]

As a result of the influence of this period of hegemonic challenge, and because it was beginning to see on the horizon a new and bigger one, the United States promoted the creation of the Organization of American States in 1948, the oldest regional grouping of this kind, and later, the Inter American Development Bank.

30 See Cole Blasier, *The Hovering Giant: US Responses to Revolutionary Change in Latin America, 1910–1985* (Pittsburgh: University of Pittsburgh Press, 1989). Blasier studied German influence in Mexico in both World Wars. For Snyder, Mexico was always the "ultimate domino": see Jack Snyder, "Introduction," in Robert Jervis and Jack Snyder (eds.), *Dominoes and Bandwagons* (New York: Oxford University Press, 1991, pp. 3–19.

31 "Fundamentally, the United States saw World War II as a battle between good and evil." They aptly added that "uncooperative nations were seen not as opponents with their own interests, but almost as traitors." See Thomas M. Leonard and John F. Bratzel, *Latin America During World War II* (Lanham, MD: Rowman & Littlefield, 2007), p. 1.

32 See Look Lai, Walton and Tan Chee-Beng (eds.), *The Chinese in Latin America and the Caribbean* (Leiden: Brill, 2010).

33 Mitchell, in the *The Danger of Dreams* asked the following questions: "What did Germany do in Latin America and what did the United States think it did?"

34 Stephen R. Niblo, "Allied policy toward axis interests in Mexico during World War II," *Mexican Studies/Estudios Mexicanos*, Vol. 17, No. 2 (2001), pp. 351–73.

It also created the Caribbean Command in 1947 (successor to the US Caribbean Defense Command, 1941–47), and the South Command on 6 June 1963, with headquarters first in Panama and now in Florida. For the record, the United States resurrected the US Fourth Fleet on July 2008; it is based on Mayport, Florida, and is under the control of the Southern Command. The move was highly resisted by Venezuela, Brazil and Argentina, among others.

This case was the first to introduce a factor that was also very important in the challenges of the USSR and Japan: the *perception* of threat, the utility of manipulation of threat, and the gap between what really happened and the policies implemented. In the United States, real elements were greatly exaggerated to push domestic public opinion in a certain direction, and to discipline uncooperative allies. A very important theme that has its origin in this period is the use, in the United States, of the portrait of the challenge as one of "Good versus Evil," also used later in the case of the rivalry with the USSR. On the Latin American side, a relevant issue was anti-Americanism, present at one time or another in most parts of the region, an important factor also in our next cases.

In this period several Latin America countries such as Mexico, Brazil and Argentina were able to obtain benefits from the opportunities created by German interest in the region.[35] However, when the great power rivalry openly crossed the line between economics and security (or, better, between peace and war), attachment to German trade or neutrality proved to be very costly,[36] and bandwagoning with the United States, as in the case of Brazil, produced tangible benefits for years. These are issues that we must also keep in mind when analysing the growing presence of China in Latin America.

The USSR Challenges the United States

This section compares China with another non-democratic state, the USSR, vis-à-vis the United States and the relationship with Latin American countries. The USSR was the second instance of hegemonic challenge to the United States in Latin America.[37] This was also the longest (1945–91) sour and bloody challenge in the region, seriously affecting almost all the countries in one form or another, and the one that first comes to mind when discussing the topic of

35 Max Paul Friedman, *Nazis and Good Neighbors: The United States Campaign Against Germans of Latin America in World War II* (Cambridge: Cambridge University Press, 2003); Alton Frye, *Nazi Germany and the American Hemisphere, 1933–1941* (New Haven: Yale University Press, 1967); Christian Leitz, "The Nazi regime and the American hemisphere," in Christian Leitz, *Nazi Foreign Policy, 1933–1941: The Road to Global War* (London: Routledge, 2004), pp. 105–22.

36 E.g. Argentina.

37 For a synthetic yet useful treatment of the Cold War in Latin America in a global context, see Jussi Hanhimaki and Odd Arne Westad, *The Cold War: A History in Documents and Eyewitness Accounts* (Oxford: Oxford University Press, 2003), pp. 379–411. For a full account and updated scholarship on the subject see Hal Brands, *Latin America's Cold War* (Cambridge, MA: Harvard University Press, 2010). See also G. Pope Atkins, "The Soviet Union and after: Latin America in Soviet policy," in G. Pope Atkins, *Latin America and the Caribbean in the International System* (Boulder, CO: Westview Press (4th ed.), 1999), pp. 121–28.

hegemonic challenge in the region. Millet traces US "preoccupation, both actual and rhetorical" with the USSR to 1924.[38] According to Gaddis, Dulles traced it back to Tsar Alexander I and argued that this was one of the reasons for the enacting of the Monroe Doctrine.[39] Whatever the actual origin, perception of rivalry can have a long brewing process, and this is a relevant factor for today's case of China. The Inter-American Treaty of Reciprocal Assistance (also known as TIAR, in Spanish, or Rio Treaty) signed on 2 September 1947 consolidated a security alliance in the region (even before NATO was created on 4 April 1949). On 30 April 1948, in Bogotá, the Organization of American States was created.

In the 1950s, Guatemala and Cuba renewed Washington's concern with the USSR. A CIA-sponsored coup d'état ended the Arbenz experiment in 1954 in Guatemala, and in 1959 the Cuban Revolution with the Castro brothers and Ernesto "Che" Guevara claimed victory over Batista. The CIA's Bay of Pigs operation in 1961 was a major failure in controlling the communist revolution (so close to US territory, just 90 miles), and showed the limit of Washington's power. "Losing Cuba" looms large for generations of American policy-makers. Containment (coined by George F. Kennan in 1946) became the core of the United States strategy during the Cold War.[40] The domino theory emphasized the prevention of any single country becoming communist, and so it constituted the key of Washington's policy towards the area. According to Snyder, "the domino theory, in one form or another, has been the central organizing concept behind American containment strategy," and he posited that "there is a tendency to see tight connections between threats to the periphery and to the core of an empire."[41]

Humanity was at its closest point to nuclear war with the Cuban Missile Crisis in October 1962.[42] The crisis was resolved by both superpowers, neglecting the role of Fidel Castro, something that showed the limits for agency of small countries in the region. At the end of the decade, Cuba had become more dependent on the USSR, and intervened in proxy wars outside the region. Lourdes and Bejucal became some of the most important Soviet bases in the world,[43] monitoring US communications and naval movements in the Caribbean and the Atlantic.[44] Nevertheless, Castro resented the fact that the Soviets negotiated

38 See Richard L. Millet, "US perceptions of Soviet strategy in Latin America," in Eusebio Mujal-León, *The USSR and Latin America: A Developing Relationship* (London: Unwin Hyman, 1989), p. 91.

39 Gaddis, *We Know Now*, p. 178.

40 See John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of American National Security Policy During the Cold War* (Oxford: Oxford University Press (revised and expanded ed.), 2005).

41 In Snyder, "Introduction," p. 3.

42 See Gaddis, *We Now Know*, for an excellent summary, pp. 260–80. The classic account is Graham Ellison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little Brown, 1971).

43 Possible current Chinese engagement in these former Soviet intelligent important facilities in Cuba has been subject to intense speculation, although diplomatic and academic Chinese sources at the Ministry of Foreign Affairs and at the Institute of Latin American Studies in the Chinese Academy of Social Sciences interviewed by the author in Beijing in 2008 rejected categorically any strategic implication. A high officer of the Bureau of Western Hemisphere Affairs told me in Washington, DC, in 2009: "something is going on there, but nobody will tell you."

44 In Latin America, Cuba was the first country to recognize the People's Republic of China, on 28 September 1961. Allende's Chile was the second, on 15 December 1970.

the crisis without asking his opinion. Latin American countries learned a hard lesson: pushing diversification too much, and turning it to pure balancing, has the effect of just changing one type of hegemony (and dependency) for another one, certainly an undesirable situation. This lesson looms large for the region's policy makers and is relevant still today.

The Cold War was not so cold in the region. According to Gaddis, "many people then saw the Cold War as a contest of *good versus evil*, even if historians since have rarely done so"[45] (italics are mine). Ideology was a central element in this hegemonic challenge, and communism was seen as a direct attack on capitalism and democracy. In Latin America, anti-Americanism was one of the central themes of the period, and it was used by the USSR, with diverse success. As Moscow soon discovered, however, anti-Americanism does not necessarily equate to a pro-Soviet or pro-communist attitude. This is also a factor of which Chinese policy makers must be acutely aware.

The hegemonic challenge produced a strong impact in the region. Several civil wars – in fact, proxy wars – were fought on the region's soil in the context of the Cold War. Coup d'états and violations on human rights were committed because of the context of this hegemonic challenge, and political (in)stability was more important than democracy.[46] It is only necessary to mention Nicaragua, El Salvador, Guatemala and Grenada, Salvador Allende's rise through democratic elections, and fall at Pinochet's will, as well as the long dictatorships, military governments and "Juntas" in many countries in the region.

Yet looking at Soviet foreign policy, with the benefit of the archival material now available, it is now known that involvement was cautious and watchful, even in the more intense years of the 1970s and 1980s. In Latin America countries, internal sectors that favoured the USSR for ideological reasons were frequently disappointed with its lack of sustained commitment.[47] In 1987, the USSR was advised not to stretch its resources and ambition too much in Latin America.[48] It seems clear to me that the Chinese are very aware that their resources and power, although growing, cannot be stretched at present. On the other hand, many Latin American countries wanted to develop relations with the USSR, even those that do not want to copy the political system, or to be under Soviet influence, an insight that is valid today in the relations with China.[49]

45 Gaddis, *We Now Know*, p. 286.

46 See e.g. Lars Schoultz, *Beneath the United States: A History of U.S. Policy Toward Latin America* (Cambridge, MA: Harvard University Press, 1998), pp. 332–48.

47 See Fernando López-Alves, "Soviet insurgents in Latin America," in Augusto Varas (ed.) *Soviet-Latin American Relations in the 1980s* (Boulder, CO: Westview Press, 1987).

48 See Blasier, *The Giant's Rival*, p. 6.

49 Blasier's description of Latin American countries' interest during the Cold War was very accurate, and still has value for the current situation: "Many Latin American leaders are not necessarily admirers of the Soviet system, its foreign policies, nor of the local Communist parties whose programs many believe are contrary to their country's interests. Even so, they welcome ties with the Soviet Union, first and foremost as the right of an independent state. Second, such ties give them room for maneuver and bargaining leverage in disputes with the United States. Finally, relations with the USSR can bring material benefits." See *ibid*. p. 158.

Blasier stressed that the Soviet Union's main interest in the region was trade, but also recognition. It is important to note that recognition was (is) also very important in the two Asian cases: in the case of Japan, at the time when it signed the first treaties with Latin American countries (at the end of the 19th and beginning of the 20th century, well before it became a challenger of the United States); in the case of China, because of its protracted struggle with Taiwan (roughly half of the countries that still recognize Taiwan are in the region).

Conclusions

This article examines the current dynamic between China and the United States and some of its effects, constraints and opportunities for the countries in Latin America. It does not assume that a Chinese HC will or will not happen, but it posits that the analytical and methodological framework proposed here is relevant in the Latin American region to assess the chances and eventually realize how to manage it. As an analytical framework it uses the concept of hegemonic challenge and methodologically sets up a comparison of China's foreign policy and recent deeds with all the previous instances of hegemonic challenge in Latin America in which the United States took part. This enables a better assessment of real and perceived HC. All cases in which the United States was challenged were preceded by intense fear and the perception of rivalry. It is difficult to say when a HC exactly begin, but it is clearer when it ended.

There is an institutionalized dialogue between China and the United States on Latin America. The details and results are not fully disclosed but a basic general agreement was reached and so far there is no important and public contrary evidence that both sides have not acted consistently. This dialogue was warmly accepted by China, since Latin America is almost uncritically considered the "backyard" of the United States. The United States has attracted China to the dialogue with the intention not to stop or contain all Chinese initiatives in the region but to *shape* them.[50]

According to the historical record, none of the challengers was most of the time overtly and purposefully challenging the United States hegemony; however, if they were perceived as such, they were also treated as such by Washington, and pressure was exerted over the countries in the region. In the cases where the HC had a high dose of violence, as it did between Germany and the US, ethnic communities living in Latin America have been the target of tough measures, including discrimination and expulsion. They can easily become scapegoats in any deterioration of relations between the challenger and the challenged. This

50 Several of my interviewees from Latin America (particularly a senior advisor in Cuba and diplomats from Venezuela) emphatically asserted that, as one of them put it, "Los Estados Unidos no la van a poder parar a China" ("the United States will not be able to stop China in Latin America"). However, in my view US strategy emphasizes not *stopping* but *shaping* China's actions and options, embodied in the bilateral dialogue started in 2006, which implicitly acknowledges the increasing weight of China's presence in the region.

might trigger an escalation and China may be compelled to defend the Chinese communities in the region.

The goal of Latin American countries to overcome the hegemony of the United States, or at least to mitigate it, finds an opportunity when a new power rises and challenges the United States. Diversification has been an important (albeit underdeveloped) concept for policy makers to understand and to guide Latin American foreign economic and political relations. Nevertheless, if relationships between the challenger and the hegemon (United States) turn to open conflict, they are pushed to choose sides, a position that they find uncomfortable, except when there are specific internal political projects that clearly support one option over the other.

Pervasive anti-Americanism has always provided a beachhead for the challengers.[51] However, it would be a major mistake for Chinese policy makers automatically to equate anti-Americanism with a pro-China position. In all cases of HC to the United States, trade growth has been important in the relations of Latin American countries and the challenger. This has been well received in the region as an opportunity for trade diversification. However, when arms and weapons systems become an important share of the trade, as in the cases of Nazi Germany and the USSR, perceptions of HC in the United States, and of threat, gain weight. Arms trade is an important marker of rivalry, and Latin American attempts at diversification become increasingly risky. So far, China's engagement in arms procurement in the region has been modest. However, China has been selling increasingly sophisticated equipment to countries that used to buy just military clothes or shoes, and in some cases arms trade is a tempting opportunity for more business.

Framing is also crucial in HC. A clear threshold has been "good versus evil." This framing is almost a war declaration, and from this point, for most practical purposes the classic realist choices of bandwagoning and balancing are the remaining (ideal-type) options for Latin American countries although this may be to some extent qualified by distance to the US, country size, capabilities and assets, and so on.

Ideology was not a component of the United States' rise and subsequent challenge to Great Britain, nor in HC of Japan, but it has clearly been an important factor in HC of Germany and HC of the USSR. As an illiberal or non-democratic country, this is a risk factor in the case of China, even though the anti-capitalist element of Marxism promoted by the USSR is absent. Although China's activities in Venezuela and Cuba clearly favour the current political status there, there has been not an open challenge to democracies in the rest of the region, a move with which United States policy makers are concerned. The debate on the so-called "Beijing Consensus" or "China Model," in particular

51 In recent years there has been a strong development on scholarship on anti-Americanism. See e.g. Peter J. Katzenstein and Robert O. Keohane (eds.), *Anti-Americanisms in World Politics* (Princeton: Princeton University Press, 2007). For a more detailed account of anti-Americanism in Latin America see Alan McPherson (ed.), *Anti-Americanism in Latin America and the Caribbean* (Oxford: Berghahn Books, 2006).

as opposed to the Washington Consensus, is still a discussion that so far has received only modest interest in Latin America, and has also not elicited strong reactions in Washington. Compatible democratic and cultural values made the first HC (United States–Great Britain) less violent and confrontational (and it was the same with Japan). In this sense, China's case is clearly less compatible.[52]

A Chinese hegemonic challenge to the United States is on the way, according to some voices. Others claim it is not the case.[53] Unfortunately, it can also be possible that in the long run it might become a self-fulfilling prophecy.[54] As most cases of hegemonic challenges have been preceded by long periods of engagement, it is important to keep an eye on the *longue durée*. It will be important to see if, in the coming decades, the restoration of China's importance in world affairs and economy will be correlated with more room to manoeuvre on the side of Latin American countries, and to examine if there might be a connection between both. However, paradoxically increasing trade deficit and trade friction vis-à-vis China might push Latin American countries closer to the United States.

China fragility[55] cannot be totally discounted, and this can mean the end of HC, as in the cases with the USSR and Japan. The USSR's end in December 1991 dated the end of its HC, although internal reforms in the years before had already ended the challenge for most purposes. When stagnation and crisis hit Japan in the 1990s after the boom, it quickly disappeared from Washington's radar as an alternative challenger to the USSR, and also its appeal to Latin American elites diminished greatly.

It is not clear if China's growing economic size and power (in trade, investment and finances), coupled with growing military might may prevent or increase the possibilities of hegemonic challenge, as well as whether recovery or decline in the United States may forecast any outcome. Yet the lessons of the past may be important to sensitive and concerned policy makers, to reduce tensions and prevent unwanted escalation. Efforts to increase transparency will reassure Latin American countries as well.

52 If ideology is not an important element of Chinese presence in Latin America, soft power concerns are. About China's diplomacy and soft power see Wang Yiwei, "Public diplomacy and the rise of China's soft power," *The Annuals of the American Academy of Political and Social Science*, Vol. 616, No. 1 (2008), pp. 257–73.

53 Chung-chian Teng, "Hegemony or partnership: China's strategy and diplomacy towards Latin America," in Joshua Eisenman *et al.* (eds.), *China and the Developing World: Beijing's Strategy for the Twenty-first Century* (Armonk, NY: M.E. Sharpe, 2007).

54 Charles Glaser, "Will China's rise lead to war?" *Foreign Affairs*, Vol. 11, No. 2 (2011), pp. 80–91.

55 See Susan L. Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2007).