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BRICs and U.S. Hegemony: Theoretical Reflections on Shifting Power Patterns and Empirical Evidence from Latin America

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BRICs and U.S. Hegemony: Theoretical Reflections on Shifting Power Patterns and Empirical Evidence from Latin America

Alexander Brand, Susan Mc Ewen-Fial, Wolfgang Muno and Andrea Ribeiro Hoffmann

Abstract

The paper assesses the rise of the "global South" for its implications regarding U.S. world political hegemony. As the rise of "BRIC power" is more often than not portrayed as intimately tied to a new wave of decline of U.S. hegemony, or at least as a contestation to the formative role of the United States in global politics, it tries to assess the validity of such claims by looking at current developments in Latin America. This regional focus has several merits. First, it specifies a "target region" of political strategies allowing for a more differentiated account of how gradually shifting power patterns or potentials indeed translate into political consequences "on the ground." Second, shifting patterns of regional hegemony might also be indicative of global power shifts. Third, Latin America as a region in itself is interesting for our purposes. On the one hand, it is seen as the "traditional backyard" of the regional hegemon, the U.S. On the other hand, the region is home to one of the BRIC-states, namely Brazil, which is increasingly being discussed as a regional powerhouse with not only the potential to act as such but also the aspirations to do so. Last but not least, Latin America has recently been deemed of heightened strategic importance by another BRIC-country situated outside the region, namely China. In that sense, if the ascendancy of the BRICs is to be interpreted as the rise of contenders to U.S. hegemony, developments in Latin America should give us a grasp on the emerging form of contestation. In the paper, the activities within the Latin American region on behalf of the U.S., China and Brazil, respectively, are therefore comparatively assessed. Our analysis is structured around four dimensions of power: military, economic, institutional and soft power, which in combination might lead to a more substantiated account of any hegemonic rivalry.

Keywords: U.S. hegemony, Latin America, China, Brazil, BRICs, hegemonic rivalry, power (dimensions), military/security, economy, institutions, soft power

Contents

Introduction

The rise of the "global South" in the economic sphere is often seen as a harbinger of changes in terms of world politics as well, not least regarding a reconfiguration of the global distribution of power (e.g. Dadush/Shaw 2011, Kupchan 2012). In this regard "BRIC power" tends to be portrayed as intimately tied to a new wave of decline of U.S. global hegemony or at least as a contestation to the formative role of the United States in global politics (e.g. Lindsay 2011: 777-779; Kappel 2011, Layne 2012).

In our paper we want to assess the validity of such claims by looking at current developments in Latin America. In general, a regional focus as such has its merits beyond the question what makes Latin America a rather unique case given a peculiar constellation of factors (see below): In specifying a "target region" of political and other strategies, it allows for a more differentiated account of how gradually shifting power patterns or potentials indeed translate into political consequences "on the ground". In our case, a regional focus is to elucidate the factual political implications of a shift in capabilities and patterns of actions among states and between their respective societies. Moreover, shifting patterns of regional hegemony might (as has historically been the case) be indicative of global power shifts. This is because global hegemony – sketched here in a first attempt as the propensity of a state to shape the fate of others on a global scale[1] – at least with regard to the case of U.S. hegemony clearly had a regional base to start with a/o to rely upon (e.g. Layne 2006).[2]

Latin America as a region in itself is interesting for at least three reasons. First, it is seen as the "traditional backyard" of the regional hegemon, the U.S. (e.g. Livingston 2009). Therefore, it could be assumed that any perceived challenges would be tackled in some way or another by the United States thus leading to some form of hegemonic rivalry. Second, the region is home to one of the BRIC-states, namely Brazil, which is increasingly being discussed as a regional powerhouse with not only the potential to act as such but also the aspirations to do so (e.g.

[1] The concept of hegemony is further elaborated below.

[2] On the other hand, regional hegemony should not be interpreted as leading necessarily to aspirations of global hegemony, see e.g. the discussion in: Prys 2008.

Varas 2008). And third, it has recently been deemed of heightened strategic importance by another BRIC-country situated outside the region, namely China.

Although the authors might disagree about the implications for such activism regarding the status of China as a regional hegemonic contender – in terms of its calculus as well as its perception in the eyes of key U.S. policymakers (e.g. Paz 2006; Cala 2011) – it should be clear that the alleged (coming or already existing) hegemonic rivalry between the U.S. and China on a global scale serves as a backdrop to such thoughts. In this regard, it is not by chance that both diagnoses often go in tandem: the "rise of China" is seen as part of the "U.S. decline". [3] In that sense, if the ascendancy of the BRICs is to be interpreted as the rise of contenders to U.S. hegemony, developments in Latin America should give us a grasp on the emerging form of contestation as well as efforts on behalf of the United States to manage such attempts.

The second section outlines a more differentiated concept of hegemony. Such an account allows us to infer political intentionalities as well as politically relevant implications of changing patterns of action among a set of actors. This is not to say that a more traditional reading of, let us say, military capabilities, trade volumes, monetary reserves and financial flows is of no use. But a rather simple talk about shifting trends in figures and relative shares within some sectors is either misleading (Strange 1988) or just "not enough" (e.g. Nye 2011: esp. 153-204) if one is to assess political consequences in terms of power shifts or alterations in the patterns of influence. In other words, to speak about quantifiable trends might constitute an important aspect of any assessment of hegemony and hegemonic rivalry, but obviously omits key facets as well.

In order to arrive at analytical categories, the concept of hegemony is then translated into several dimensions of power: military, economic, institutional and soft power. Within all four dimensions, the respective activities of (and perceptions generated by) the United States, China and Brazil in Latin America are sketched. The analysis of these crucial dimensions offers a more nuanced picture of the consequences of the rise of the BRICs for U.S. hegemony. More than that, it also allows for understanding which opportunities the United States has in managing the rise of regional powers instead of succumbing too quickly to the belief that U.S. hegemony is inevitably doomed. Hence two main questions guide the subsequent analysis in the third section:

1. Are "power shifts" detectable which have the potential to translate into hegemonic rivalry? (In order to give a first account of such shifts, we will however resort to a more static account of things as they have evolved during the last decade until approximately mid 2011. Such a "snapshot perspective" is deliberately taken in order to assess the future potential of the analytical tools sketched below which are, in principle, amenable, to forms of more thorough (comparative) time series analysis as well.)

2. Does increased Chinese activism in Latin America and the emergence of Brazil as a regional powerhouse relate to a weakening of U.S. hegemony globally a/o in regional terms? (Does "BRIC power" – if it exists at all or to a substantial degree – really contest U.S. hegemony?)

[3] See the short sketch of the discussion in the otherwise superb account of the "end of the American century" (and the factors that led to it) given in: Mason 2009: 167-170. The interpretation of a primarily "conflictive" relationship based on intensifying rivalry, however, rests on a somewhat selective and simplistic reading, not least given the manifold interdependencies that paved the way for the "rise of China" within a still, to an impressive degree, U.S.-defined world order (e.g. Ikenberry 2008, or, for that matter on the idea of "Chimerica" – despite all claims made that the constellation has come to an end: Ferguson/Schularick 2008; see also: Swaine 2011: e.g. 211-215).

1. Hegemony and Power: Analytical Categories

Differentiated Concepts of Hegemony and Hegemonic Rivalry

As has been suggested above, it is necessary to sketch a differentiated concept of "hegemony" in order to grasp the political implications of shifting power potentials, i.e. the manifold resource bases often talked about when hegemonic decline or ascendancy is debated. Thus, we will rely on a conceptualization of international hegemony as has been developed by Robel (2001, see also Brand/Robel 2011: 75-79, and Prys/Robel 2011) who in turn used ideas put forth by Triepel and Kindleberger. According to Robel[4], international hegemony can be defined as a specific form of leadership in which the existence and continuity of the relation depends on

- the power resources of the hegemon,
- its will to produce and maintain such a relationship,
- its strategic competence to do so as well as
- basic forms of allegiance among (at least a core group of) other states a/o the respective political and societal elites there; hence, perceptions of legitimacy, at least tacit acceptance – not open contestation – on behalf of the states led is a requirement for "hegemony" to be in existence.

In regards to Latin America and the case of U.S. regional hegemony, one could question the applicability of the last dimension right away from the start, at least if "acceptance" is taken to mean "popular consensus". However, in marked contrast to what Robel calls the "inner circle of hegemony" (the so-called OECD world), Latin America has been characterized throughout the ages by an ambivalent take on U.S. aspirations to be the hegemon in the Western Hemisphere: on the one hand, more often than not factual elite consensus to U.S. hegemony – despite different rhetorical gestures especially on behalf of leftist governments – and varying degrees of attractiveness ascribed to e.g. cultural and economic aspects of the United States have consistently co-existed with broad, popular as well as sporadic elite repudiations of U.S. hegemonic ambitions.[5]

The value of such a differentiated notion of hegemony as a form of leadership based on the requirements specified above lies in its applicability to political processes. Such an understanding arguably digs deeper into the politically relevant dimension of the phenomena under consideration than the sole intention held by an actor to exert overwhelming influence, a stated/alleged form of "dominance" ascribed to a relation based on relative (quantifiable) "power shares" or simple preponderance in resources can ever achieve. Especially its focus on "how power is used" (by a hegemon or a would-be hegemon) and what such applications evoke at the other end of the relationship (Prys/Robel 2011: 267-271) are of formidable use in this regard. For our purposes here, then, the differentiated notion of hegemony might entail the analytical dimensions with which to assess the political implications of emergent BRIC power vis-à-vis the U.S. "Hegemonic rivalry" might be an apt term if one is to conclude that the activities of the relevant actors – the U.S., China, and Brazil – signal the command of certain resources, the will and strategic competence for regional hegemony as well as the evocation of allegiance among Latin American countries towards the respective hegemonic contenders.

4 The following paragraph is based on Brand/Robel 2011: 75-79.

5 See on that Lempp/Robel 2006.

Hegemony and Dimensions of Power

The subsequent analysis, however, is clustered around various dimensions of power, not hegemony in the first place, for two reasons. One, hegemony as a form of leadership is based on certain power resources. The whole idea of looking at hegemony in terms of "how power is used" (and what consequences this might produce)[6] shows that there is an intimate relationship between power and hegemony. „Power", in contrast to hegemony as defined above, is here understood as a rather loosely defined indicator for the strength to impact upon things (e.g. Hearn 2012: 3). It thus encompasses traditional notions of relational power in the Weberian sense – getting others to do things they would do in the first place – as well as structural power in the meaning conveyed by Susan Strange's writings – shaping the frameworks of action for others. In that sense, it is indicative of activities as well as potentials on behalf of a (would-be) hegemon vis-à-vis other states. In this sense hegemony and power can be separated analytically: power can, but need not lead to hegemony, while hegemony necessarily rests upon power and tends to reproduce power asymmetries in order to uphold the very relationship. With this differentiation in mind, it is the activism within key dimensions of power – military, economy, institutions and "soft power" dynamics – as well as phenomena to be discerned there (see e.g. Nye 2011: 157pp.) which lend themselves to a comparative analysis of hegemonic potentials of the various actors as described above.

To assess the plausible, but rather vaguely defined "will" of a potential hegemon to become a hegemon, for instance, it might be useful to look for its military capabilities as well as institutional and soft power strategies. Any assessment of the resource base of aspirations to become a hegemon would necessarily have to include its capacities in the military as well as the economic sectors. A strong economic performance of a state within a target region – extensive linkages and forms of interconnectedness etc. –, on the other hand, might not be the first place to go in order to appraise the will component (nor the strategic competence for the establishment a/o maintenance of political leadership).

It is in this sense that we distinguish four basic dimensions of power – based on the works of e.g. Nye (2011) and van Ham (2010):

- military power (especially the presence and capabilities to project military power within the region);
- economic power (with a focus on trade relations, patterns of foreign direct investment (FDI) and monetary issues as spheres of agency in which heightened asymmetrical interdependence might lead to forms of leadership, be they intended or not);
- institutional power (especially the involvement of the respective three countries with regard to institutional innovation, rivalry and alliance politics); and
- soft power (which encompasses both intentional strategies to enhance the legitimacy of aspiring hegemons – and hence allegiance among the states to be led – as well as levels of attractiveness ascribed to the U.S., China and Brazil respectively – directly or rather indirectly).

The dimensions of hegemony sketched out above thus relate to various forms of power, but often (as the qualifiers in the extended cutline below Table 1 indicate) in complex and ambivalent ways. In what follows, the analysis of the impact of emergent BRIC power on U.S. hegemony in Latin America is structured around the four forms of power, i.e. the activities and commitments of the three key actors roughly during the last decade are assessed within the four respective areas of agency. Beyond that it is asked – especially with regard to the allegiance component of hegemony – whether there are indicators for hegemonic rivalry in the above sketched sense.

[6] In some sense, hegemony can also be interpreted as a certain embodiment of power relations.

Table 1: Dimensions of Hegemony and Forms of Power.

Forms of Power \ Dimensions of Hegemony	Military Power	Economic Power	Institutional Power	Soft Power
Resources	$\times^{a}$	$\times^{a}$		
Will	$\times^{b}$		$\times^{b}$	$\times^{b,c}$
Strategic Competence	$(\times)^{f}$		$\times^{c}$	
Allegiance (Acceptance/Legitimacy)		$\times^{d,e}$		$\times^{d}$

[a] in terms of „structural power" as the power (potential) to substantially impact upon or define the frameworks of action for other actors;
[b] taken to be indicators of the will of a (would be-)hegemon to project power;
[c] indicative of strategies purposefully employed to foster a hegemonic relationship;
[d] from the perspective of other states, vis-à-vis a (potential) hegemon;
[e] might indicate an indirect outcome of economic interdependence in terms of "output legitimacy";
[f] the "strategic wiseness" of certain military strategies depends on (a) the fit between threats to the (potential) hegemon and the effectiveness of military means to counter them and (b) on the impact of military agency on the relationship between the (potential) leading state and the led, i.e. the acceptability of such means in the eyes of the other actors.

2. Hegemonic Rivalry in Latin America? Evidence from Four Power Dimensions

The U.S. was, in a more traditional sense, the hemispheric hegemon in the Americas during the 20th century. After the colonial rule of Spain and Portugal, Latin America became an informal part of the British Empire in the 19th century (see Mols 1997). At the beginning of the 20th century, the United States succeeded Great Britain as the leading economic and military power. The Roosevelt corollary of the Monroe Doctrine can be seen as the starting point. The Monroe Doctrine was more a defensive formulation of "America the Americans", directed against the former (and actual aspiring) European colonial powers. The Roosevelt corollary, formulated by President Theodore Roosevelt in 1904, declared the U.S. as having the right to intervene and exercise police power in Latin America:

> "Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power" (Roosevelt 2012).

In the following decades, several military interventions and occupations lasting years and sometimes decades occurred, in Haiti, Cuba, Mexico, the Dominican Republic, Grenada, and Panama, to name just a few. After "chronic wrongdoing", regional hegemony was exercised in the name of anti-communism and under the auspices of the Cold War (see, e.g., Smith 2008). The situation, however, appears to have changed at the beginning of the 21st century with the rise of the so-called BRICs which seem to challenge the position of the U.S. as hemispheric hegemon. [7] In what follows, we will analyze the role still played by the United States in the Latin American context and the activities of two prominent BRIC-states, China and Brazil, within the region in tandem. We distinguish – according to the definition and conceptual framework described above – between four forms of power which enable us to shed light on the complex workings of hegemony and hegemonic rivalry.

(Capabilities to Project) Military Power

The U.S. still is undoubtedly a military superpower, in global as well as in regional terms. According to SIPRI, U.S.-military expenditure accounted for about $ 700 billion in 2010, which made up for 42% of the world share (SIPRI 2012).

No other hemispheric country can compete. Although South American military expenditure had the highest growth rate in the world (according to the same report) with a rise of 5.8%, the region accounts for only 4% of total worldwide military spending. There is no Latin American country among the top ten spenders.

Additionally, the United States is the only non-regional country with a permanent military presence in Latin America. According to official Pentagon data, there is active military personnel in every Latin American country, in sum about 2.000 soldiers (USDOD 2012). The most important bases are Guantánamo in Cuba and Soto Cano Air Base in Honduras. Until recently, Manta Air Base in Ecuador was very important, too. In 1999, the U.S. signed an agreement with Ecuador for a ten-year-lease of facilities at Manta airport. The leftwing government under Corrales did not extend this lease, so it ran out in 2009. Currently, a new air base in Colombia, Palanquero, serves as a substitute for Manta. Six more bases are planned in Colombia. Additionally, so-called "forward operations locations" (which is a euphemism for base) exist in El Salvador, Puerto Rico, Peru, Costa Rica, Aruba and Curaçao (see Lemoine 2010; Salazar 2011). Another important military asset is the reestablishment of the Fourth Fleet in 2008 after 58 years, seated in Miami and responsible in particular for the Caribbean Sea.

The military presence is complemented by several security treaties and initiatives like the *Plan Colombia*, the *Andean Regional Initiative*, the *Mérida Initiative* and the *Central American Security Initiative* (see Kurz/Muno 2005; Hoffmann 2008). These security initiatives secured military influence through financial military aid. Colombia received about $ 5 billion during the 10 years of Plan Colombia from 1999 until 2009. $ 1.6 billion were authorized by the U.S. Congress for the first three years of the Mérida Initiative for Mexico, Central America, Haiti and the Dominican Republic.

For decades, the legitimation of the military presence in Latin America had been the fight against communism. After the breakdown of communism and the end of the Cold War, the War on Drugs has replaced anti-communism as the main rationale of U.S. security policy in the region (see Crandall 2008). Three sub-regional units can be differentiated in the War on Drugs: the source-countries producing cocaine in the Andes, especially Colombia and Bolivia, the transit countries in the Caribbean, Central America, and Mexico (including Venezuela), and the remote countries in the Southern Cone and Brazil, which are less affected.

To sum up, the U.S. is the only non-Latin American country with a permanent military presence in the region. This military presence gives the United States the capabilities to intervene at any time in any Latin American country, at least through air strikes. The most important security issue is the War on Drugs. The transit countries near the U.S.-border and the source countries in the Andes are the main targets and/or cooperation partners, the more southern countries are less affected.

[7] This is hugely different from any rhetorical a/o symbolic challenge initiated by Venezuelan leader Chavez and the like, not least in terms of the resources and capabilities necessary to *de facto* act or at least come to be regarded as a (potential) hegemonic contender.

China's military buildup, including its recent display of its first aircraft carrier, has been subject to great debate among U.S. foreign policymakers regarding China's objectives. In the "U.S. backyard" of Latin America China's military activity has been relatively limited, although relations have expanded in recent years. China's White Paper on Latin America targeted growth in military ties as one of its objectives for the region. [8]

China has no confirmed physical military presence in Latin America, although some America security specialists suspect that the Chinese might have established at least one listening post in Cuba (Horta 2008; Ellis 2011). Furthermore, defense analysts such as Evan Ellis argue that China will refrain from taking overtly provocative military activities such as establishing bases in Latin America in order not to appear threatening to the United States (Ellis 2011: 10). On the other hand, it has increased its military exchanges of officers with 18 Latin American countries, including traditional U.S. allies such as Colombia and Mexico (ibid.: 14). This more personal approach to the military relationship is part of the people to people focus emphasis on China's soft power announced by Hu Jintao in 2007. Senior level ministerial visits including visits at the Ministry of Defense or Chief of Staff levels also increased during 2010 (ibid.: 11). The People's Liberation Army (PLA) also held joint counter terrorism exercises with Brazil and a humanitarian exercise with Peru (USDOD 2011).

In terms of sales of military equipment, China has been limited due to quality control issues. Nevertheless, China has sold military weapons to countries such as Venezuela, Ecuador and Bolivia, including K-8 and MA-60 aircraft and radar equipment. It has also sold non-lethal goods such as gloves and winter hats to the Colombian army and tents and uniforms to countries like Guyana and Jamaica (Ellis 2011: 30). In total, military sales to Latin America comprised approximately 9% of China's military weapons sales in 2010.[9] China has also donated equipment and sent military doctors and personnel to the region. Thus, China's military strategy in Latin America follows its low-key attempts to establish deeper personal and commercial relations as a strategic ally.

One area that should be mentioned is the overlap between military and commercial interests. For example, China is cooperating with Brazil in satellite technology, which can have dual-use application (Flanagan 2011: 54-55). Furthermore, it is interesting to note the huge presence of telecommunication companies such as Huawei in Latin America. Suspected to be an arm of the Chinese defense industry and banned from mergers in the U.S. for national security reasons, Huawei has been particularly successful in winning contracts especially for supplying cheap equipment and technology to rural areas in Latin America (Koleski 2011; Kirchgaessner 2011). The success of companies such as Huawei reflect the interweaving of state and business interests that characterizes China's development model as the China Development Bank (CDB), a government policy bank, has extended loans to Huawei in order for the company to offer very low credit to its customers (Koleski 2011:12).

In conclusion, China's military footprint has been relatively light, although increased exchanges of personnel and increased military sales create opportunity for the Chinese military and the corresponding defense industry to broaden their reach. It is an area in which relations will undoubtedly continue to expand in the near future. The Chinese continue to balance their interests in establishing deeper military relationships with the region with their interest in a stable relationship with the U.S.

Brazilian foreign policy can be defined as quite stable over time in terms of its central principles, namely, a preference for diplomatic settlement of disputes, the respect of international law, sovereignty, non-intervention and multilateralism. Especially since the process of redemocratization in the mid-1980s, Brazil has not prioritized the military sector in its foreign policy,

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[8] See China's Policy Paper on Latin America and the Caribbean, http://www.gov.cn/english/official/2008-11/05/content_1140347.htm, especially pg. 6.

[9] Author's own calculations based on SIPRI statistics; see Stockholm International Peace Research Institute, Trend Indicator Values, "TIV of arms exports from China, 2008-2010," accessed 11/1/2012.

or the increase of military capabilities in its attempts to project power in Latin America. That said, a change towards a more assertive security policy has evolved since the second mandate of former President Lula da Silva[10] (Villa/Viana 2010). A Strategic Plan of National Defense was announced in 2008 with the aims of reviewing defense strategies, reactivating the domestic arms industry and assuring the [11] autonomy of defense policy, motivated by the search for adequacy with the country´s status of emerging global and multidimensional actor (ibid.: 98).

Flemes and Radseck argue that, consequently, today "Brazil not only plays the leading part in defense and security cooperation in South America, but has recently been increasing its military spending in order to secure its status as the regional military dominant power" (Flemes/Radseck 2009: 15). The authors call attention to the fact that Brazil is the only Latin America country which controls the technology to enrich uranium, and that

> "in search for state of the art military technology, Brazil entered into a strategic partnership with France in December 2008, signing armaments contracts of $ 8.5 billion. The acquisitions include four conventional Scorpene submarines, 50 transport helicopters, and assistance in the construction of a hull for a future Brazilian nuclear submarine. Despite Brazil´s investments in its neglected defense sector, these expenditures relative to its GDP remain low when compared to the cases of Chile and Colombia. .. However, with respect to the relative military potential, Brazil ranks far ahead of its South American neighbors" (ibid.).

The investment in military capabilities is not directed at threatening its Latin American neighbors, but rather to reaffirm its role as holder of the monopoly of violence inside national territory (especially in light of the organized drugs problem), contribute to the peace and stability in South America (balancing the U.S. by overtaking the hegemon's historical role) and indicate an aspiration for global affirmation as a power worth of respect (Bertonha 2010: 114-115). As for the latter the Brazilian bid for a Permanent Seat the UN Security Council is a specific aspect as well. In this sense, another investment has been on the training and joint exercises of troops to participate in peacekeeping operations, the case of Haiti being the main example so far. As Kenkel states "since 2004 the states of South America have become key contributors to the UN peace operations (PKOs), and one of the largest such missions - the UN stabilizations mission in Haiti (Minustah) – has become a testing ground for a joint peacebuilding model being developed by these countries... for South American troop contributors this is a natural vocation that , with Brazil at the fore, they have begun to exercise with growing self-confidence as their global influence has grown (Kenkel 2010: 584).

The new approach of military matters in the Brazilian foreign policy, and its attempt to exercise leadership in this area is, however, not always recognized or well received by its neighbors, as seen below.

Economic Activities and Patterns of Interdependence

Given the still impressive preponderance of military means on behalf of the United States in the regional context, it might be useful to consider economic activities and linkages between Latin American states and the U.S. on the one hand and China and Brazil on the other. It is not by chance that surging activism of both BRIC states in this dimension has captured the attention of analysts lately.

In the field of economy, the U.S. has tried to strengthen its position throughout the last decades through the promotion of regional integration and free trade. In 1990, George H.

[10] Lula's first mandate was from 01/01/2003 to 31/12/2006 and the second from 01/01/2007 to 31/12/2010.

[11] For details see http://www.defesabr.com/MD/md_estrategia.htm.

Trade partners of Latin America (in percent of trade volume 2009)			
Latin America	U.S. 35.1	EU 13.5	China 9.9
Mexico	U.S. 64	EU 8.5	China 7.8
Central America	U.S. 24.1	Japan 13	China 8.6
Andean Group	U.S. 27.4	EU 14	China 9.1
Mercosur	EU 20.9	U.S. 12	China 12
Chile	China 18.4	EU 17.2	U.S. 14.1

Table 2: Trade Partners of Latin America (2009), source: Muno 2012.

W. Bush initiated the *"Enterprise of the Americas" Initiative*, proposing a free trade area from Alaska to Tierra del Fuego by 2005, the FTAA (*Free Trade Area of the Americas*). The first step was NAFTA in 1994, the *North American Free Trade Agreement* between Canada, Mexico and the U.S. But soon criticism arose in Latin America (and within the United States on the part of protectionist lobbies and anti-neoliberal organized civil society). At the Fourth Summit of the Americas in 2005 in Mar del Plata, Argentina, the FTAA was, more or less, buried. Criticism came from two sides. One was led by Brazil demanding a more rapid opening of the U.S. market, especially in the agrarian sector, and refusing the partially protectionist, asymmetric free trade integration scheme which was promoted by the U.S. The second side was led by Venezuela and was fundamentally against free trade, promoting instead ALBA (*Alianza Bolivariana para los Pueblos de Nuestra América – Tratado de Comercio de los Pueblos*, ALBA-TCP), the Bolivarian Alliance for the People of Our America, which emphasized justice and the social dimension of trade relations (see Hellinger 2011). Instead of FTAA, the U.S. then pushed for bilateral treaties. Free trade agreements were contracted with Chile (2004), Central America and the Dominican Republic (2005), Peru (2006), the treaties with Colombia and Panama were finally ratified in November 2011 by U.S. Congress.

In general, however, Latin America is not the most important trade partner for the U.S., except for the case of Mexico. Mexico accounts for 11.7% of U.S. trade, the rest of Latin America constitutes only 8.3% (see Hornbeck 2011).The other way round it is different. The U.S. is the most important trade partner for Latin America as a whole, although we see remarkable subregional differences (see table).

Considering foreign direct investment (FDI), we see the same pattern (e.g. Rösler 2012). The U.S. is the single most important investor in Latin America, but investment primarily went into the Caribbean offshore financial centers (OFCs), second to Mexico, third to Brazil. Latin America is the second most important investment area for the United States, but data include OFCs. Excluding OFCs, Asia would be the second most important investment region for U.S. capital (see table).

In terms of monetary policy, the U.S.-Dollar is the dominant currency worldwide (e.g. Eichengreen 2011), despite all crises, and so in Latin America, too. With the exception of Brazil, where the Real is based on a basket of the euro, dollar and yen, we can speak of a solid dollar bloc. Several countries have pegged their currency to the dollar or are de facto dollarized. Many Caribbean and Central American countries accept the dollar officially as a second currency, so do Peru, Bolivia and Uruguay. Panama, El Salvador and Ecuador even have completely dollarized their economies, i.e. the U.S. dollar is the official currency. In this respect, "the dollar standard is alive and well in Latin America" (Click 2007: 30). *So far*, we have to add (see Cobarrubia Gómez 2011).

To sum up, we see an asymmetrical economic situation. For Latin America as a whole, the United States is a pivotal economic partner, while Latin America as a whole is of lesser importance for the U.S. Differentiating the region, only Mexico plays a central role for the U.S. economy and, to a lesser extent, Venezuela which supplies one-eighth of U.S. oil imports (Hellinger 2011). Mexico, Central America and the Caribbean, as well as the Andean countries

U.S. investment abroad (percentage of stock 2010)	
EU	56%
LA/Caribbean	19%
Asia/Pacific	16%
U.S. FDI stocks in Latin America (in mio USD)	
Latin America/Caribbean	724.405 (2010)
Latin America/Caribbean (without OFCs)	241.872 (2010)
Mexico	184.000 (inflows 1980-2010)
Brazi	104.698 (stock 2010)
Source of FDI in six key countries in Latin America	
U.S.	30%
Spain	15%
UK	6%

Table 3: U.S.-FDI in Latin America, source: Rösler 2012.

are highly dependent on the U.S. economy, both in terms of trade and investment. More southern countries, on the other side, are more diversified and more oriented towards the EU and China. However, with the partial exception of Brazil, the U.S. dollar still continues to play a pivotal role in Latin America.

With its abundant natural resources, Latin America fits in with China's goal of strengthening its comprehensive national strength (*zōnghé guóli*) in order to become a great power.[12] China's "go out" policy (*zǒuchūqū zhànlüè*), promulgated by Jiang Zemin, supports this endeavor as it officially sanctions state support for Chinese firms to invest abroad to secure natural resources and know-how as well as to open new markets. China has been actively using this strategy to secure interests in Latin America. China's specific interests in the region focus on five main areas of which three are economic in focus: buying natural resources, securing markets for Chinese exports, expanding the international isolation of Taiwan, food security and securing strategic alliances. Furthermore, China's growing relationship with Latin America fits China's emphasis on "South-South" cooperation, the concept of emerging powers working together to establish a multipolar world.

Relations with Latin America skyrocketed after Hu Jintao's visit to Brazil, Argentina, and Cuba in 2004 (Watson 2011). Since then, Latin America has changed from a blip on the Chinese economic horizon to a steady supplier of natural resources and increasingly of energy supplies. China is the largest consumer of copper, tin, zinc, nickel, aluminum, and lead (World Bank 2011: 5-7). It also imports 53% of the world's imports of soybeans and 65% of the world's imports of iron ore (IMF 2011: 7). In particular, China's reliance on heavy industry as part of its development strategy creates the huge demand for commodities that Latin America can fill (Cardenas 2011). From 2005-2010, China-Latin America trade increased by an annual rate of 31% for exports and 27.7% for imports, with overall trade between the two regions growing from $ 22.6 billion in 2006 to $ 143 billion in 2010 (ECLAC 2011:12-15). By 2010, Latin America exported 8% of its total exports to China, up from less than 1% in 1990 (ibid.: 16). In the same year, Latin America accounted for 6% of Chinese trade (ibid.: 12). Latin America's main exports to China include soybeans, refined copper and copper alloys, iron ore and petroleum. China's exports to the region include electronics, manufactured goods, telecommunication equipment and transportation equipment (IABD 2010: 10). To highlight the economic strategic importance of Latin America, China has named Brazil, Venezuela, Chile, Mexico, Argentina and Peru

[12] See Zheng Bijian's article "China's 'Peaceful Rise' to Great Power Status" (*Foreign Affairs*, Sept/Oct 2005) for a clear statement of this strategy.

as strategic partners. China has also established Free Trade Agreements with Chile, Peru and Costa Rica and has become one of the leading trade partners for Brazil and Chile (ECLAC 2011: 19).

However, what is interesting to note is the different levels of economic activity with China throughout Latin America: as of 2008, 90% of LAC's exports to China came from 4 countries: Brazil at 41%, Chile, 23%, Argentina, 15.9% and Peru 9.3% (IABD 2010). Latin America maintains a trade deficit with China, primarily due to negative trade imbalances of Mexico and Central American countries. China's manufactured goods are more competitive than those from Latin America, replacing goods from countries such as Brazil and Argentina in their home and traditional foreign markets (Gallagher 2010). Thus, it seems that China's trade strategies create both positive and negative consequences for Latin America.

Both Chinese FDI and loans heavily target projects concerning natural resources and energy. Despite a lot of publicity of China's investments in Latin America, approximately 3% of China's FDI has gone to LA if one leaves out the tax havens of the British Virgin Islands and the Caymans (ECLAC 2011: 24). Securing alternative energy resources makes Latin America attractive, although problems with transportation and refining non-compatibility have hampered this relationship. In 2005, Latin America supplied only approximately 2.5% of China's oil imports. By 2010, it was circa 11%.[13] Energy supplies are also a major factor in Chinese loans to Latin America. For example, the Chinese Development Bank loaned Petrobras $ 10 billion in 2009. In return, Petrobras secured the loan with 200,000 barrel a day delivery to Sinopec. Energy-backed loans are also the method by which the CDB lent to Venezuela in 2010. The loan is secured with the obligation that PVSA supplies up to 300,000 b/d to Chinaoil until the loan is repaid (Downs 2011: 12-14). Furthermore, the $ 20.6 billion loan was half denominated in Chinese currency, meaning that Venezuela was also tied to buying Chinese products. By 2010, Chinese loans to Latin America in total topped the World Bank, the IABD, and the Export-Import Bank of the U.S. at $ 75 billion, primarily consisting of loans for oil (Gallagher/Irwin/Koleski 2012: 4-5).

In terms of currency, there has been some movement to use the Renminbi, at least symbolically, within the region. However, broad use of the Renminbi as a trading and reserve currency continues to be hampered by its inconvertibility. Also, commodities such as iron ore and soyameal, continue to be priced in USD on the world markets which would still leave them open to market volatility (Leahy 2011). Argentina did sign an agreement in 2009 for a three-year, 70 bio Yuan ($ 10 billion) currency swap (Bloomberg 2009). At the fourth Annual Meeting of the BRIC states, the creation of a common development bank by the BRICs was a topic with possible implications for an enhanced future role of the Chinese currency in the Latin American region. China has already offered to lend in Renminbi, a step toward internationalizing its currency (FT, 2012a). However, it is expected that full convertibility of the Renminbi will not be attained for several more years to come.

In summary, economic relations constitute the main source of power for China in Latin America. China sees Latin America as an increasingly strategic supplier for key commodities and energy supplies. In addition, it has successfully opened up new markets for Chinese products. However like military power, Latin America does not constitute a top economic priority for the Chinese. Nonetheless, the massive demands of Chinese economic growth have made Latin America a strategic partner, at least for the short to medium term. The growing economic interdependence between Latin America and China, particularly the increasing dependency of certain Latin American countries on China's markets represents the dominant dimension of Chinese power in the region.

As table 4 below indicates, Latin America countries are significant trade partners for Brazil. Seen from the Latin American countries' perspective (see table 2 as well), however, Brazil is not a main trade partner. In 2010, looking at Latin America as a whole, the main trade partners

[13] Author's own calculations based on Dow Jones numbers. See Oil Data: Table of China December Oil, Dow Jones International News, 2011.

Imports Partner - % total	**Exports** Partner - % total	**Trade** Partner - % total
EU27 - 21,9	EU27 - 21,5	EU27 - 21,7
NAFTA - 19	LA - 21	LA - 18,9
BRIC - 17,8	BRIC - 19,3	BRIC - 18,5
LA - 16,9	NAFTA - 12,7	NAFTA - 15,8

Table 4: Brazil´s Trade with Regions (2010), Source: Eurostat DG Trade 12.01.2012.

Rank	Argentina	Paraguay	Uruguay	Chile	Venezuela	CAN
1st	Brazil (26,1%)	China (24,3%)	Brazil (16,4%)	China (21,9%)	U.S. (36,9%)	U.S. (28%)
2nd	EU27 (16,9%)	Brazil (21,3%)	EU27 (15,2%)	EU27 (16%)	China (8,2%)	EU27 (13,2%)
3rd	China (10,9%)	Argentine (14,4%)	China (13,5%)	U.S. (13,6%)	EU27 (7,5%)	China (10,2%)
4th	U.S. (7,9%)	Uruguay (7,7%)	Argentine (11,7%)	Japan (8,8%)	India (5,5%)	Brazil (5,8)
5th	Chile (4,3%)	EU27 (7%)	U.S. (6,5%)	Brazil (7,2%)	Singapore (3,7%)	Chile (4%)

Table 5: Main trade partners of selected LA countries 2010 (% of total trade), Source: EC DGTrade.

were the U.S. (35,6%), EU27 (13,1%), China (11,5%). Brazil comes at the fourth place with 4,3% (European Commission 2010: 6). Only if we break down the region, Brazil becomes more relevant for some countries, as can be seen in table 5 below.

Brazilian patterns of FDI have changed during the last 15 years as the processes of regional integration in South America moved from the focus on free trade towards cooperation in infrastructure, as described below. In 2007 Brazil was second in the list of outward FDI by developing countries in the world, and first in Latin America. Brazilian enterprises such as Vale do Rio Doce, Petrobras, Gerdau, Embraer, Votorantin, CSN, Camargo Correa and Odebrecht have internationalized and have expanded their investments in the areas of construction, transport and energy, among others, becoming major actors in South America. This development has been a result of private initiative but of a target policy as well, often combined with the articulation and financial support of the National Bank for Development (BNDES). In terms of investment protection, Mercosur has two Protocols for member-states and third parties in which a forum for settlement of disputes are outlined. Also important is the 'Reciprocal Credit Convention' (CCR) from ALADI, which provides for the direct compensation of exchanges of trade and investments between the central banks of the signatories. The topic of investment protection became of central relevance after the nationalization of the gas industry in Bolivia in 2006, affecting investments of Petrobras, and the expulsion by Ecuador of Odebrecht in 2008 (Ribeiro/Kfuri 2010).

The change in Brazilian FDI patterns does not mean however that it has become a competitor to the traditional developed countries for investments in Latin America. From 1990 to 2006 Brazilian participation in world outward FDI increased, but from 0,3 to 2,3%. A recent report (Rösler 2012) shows that the U.S. and European countries are still the main FDI players in Latin America, accounting for more than 90% of total inward FDI stocks in the region. Even China has an almost symbolic participation of about 1%, although Rösler states that the trend of Chinese investments is upwards. When looking at individual countries, Brazil holds the 5th position in Argentinean FDI stocks in 2010, with 6% of the total; 15th position in Chile, with

1% of the total; 9th in Colombia with 1% of the total; and 6th position in Peru with 5% of the total. These numbers confirm that Brazil is in no position of competing for a hegemonic position in inward FDI in Latin America with the U.S. or European countries (ibid.: 21-26).

As for monetary relations, no discernible impact of the Brazilian currency on Latin American economics can be detected so far. It may be that the then-Brazilian Finance Minister Mantega propelled the term global "currency war" to some prominence back in 2010 when he described the unease many emerging economies, not least Brazil, felt all the while their currencies were appreciating fast against the background of a rapidly decreasing dollar and an undervalued Chinese renminbi (Dadush/Eidelman 2011: 7). But this very instance makes clear that the Brazilian real hardly qualifies as a coming competitor to the dollar, but is to the contrary dependent upon its fluctuations. Thus, although Brazil is occasionally reported to have sorted out agreements to settle trade with some partners, for instance China and other BRICS-states (including South Africa), in local currencies, the importance of the real as an internationally used currency (transaction, foreign reserves etc.) in the Latin American region is negligible.

Institutional Innovation, Rivalry and Alliance Politics

The main institutional arena in Latin America is the Organization of American States (OAS), founded in 1948. The driving force behind the OAS was and still is the U.S. In comparison, several institutional innovations like Mercosur, UNASUR, ALBA, and just recently CELAC, are efforts of Latin American emancipation and balancing. As Raúl Zibechi, a journalist of Mexico's centre-left *La Jornada* newspaper said in this regard: "The creation of the Community of Latin American and Caribbean States is part of a global and continental shift, characterised by the decline of U.S. hegemony and the rise of a group of regional blocs that form part of the new global balance" (Zibechi 2010).

A more recent institutional innovation on behalf of the U.S. with the aim to promote hemispheric cooperation was the creation of the Summit of the Americas, meetings of the head of states and governments of all democratic countries of the hemisphere, therefore Cuba was and is excluded. The first summit, held 1994 in Miami, was initiated by Bill Clinton. The aim of the summit was to promote democracy and markets, especially the FTAA. As mentioned earlier, at the Fourth Summit in Mar del Plata, the FTAA practically died. The next summit in 2009 in Trinidad and Tobago was used by Barack Obama to start a charm offensive, declaring a new era of good neighborhood policy. Although this was widely perceived as positive by the media, people and governments in Latin America, disappointment soon arose because actions did not follow words (Gandasegui 2011). The last summit in Cartagena, Colombia, in April 2012 clearly showed this disappointment. Several Latin American states criticized the U.S. especially for the Cuban policy and for the war on drugs, the presidents of Venezuela, Ecuador and Nicaragua did not participate, Ecuador officially in order to protest against the exclusion of Cuba. The U.S. insisted on excluding Cuba also from the next summit, upholding the democracy clause of the meeting. This dissent inhibited a final declaration.

Aside from this initiative, U.S. institutional innovations in the hemisphere have been limited to the above mentioned bilateral trade treaties and the security initiatives. This might have provided both China and Brazil with the opportunity to strengthen ties with Latin American countries *vis-à-vis* the U.S.

Institutional power represents another dimension that China has highlighted in the region in order to protect its economic and strategic interests. A higher profile in the region helps China to "win" the recognition race with Taiwan as well as to support its increased economic activity in the region. It constitutes another form of power in which China has had relative success in Latin America.

China has also increased its diplomatic presence in multilateral institutions of the region. In 2004, it received permanent observer status at the OAS in 2004, marking a clear indication of China's growing interest in the region. It is also an observer of UNECLAC and maintains 130 police as part of the UN peacekeeping forces in Haiti (Minustah). China became a member of the Inter-American Development Bank in 2008, having invested $ 350 million. It sits on the committee overseeing loans to highly impoverished countries, which include countries like Haiti and Honduras which still recognize the Republic of China as the legitimate China (Ellis 2011a: 88). Diplomatic recognition remains a goal for China in Latin America, as 12 out of the 23 remaining countries that recognize Taiwan are located in Latin America and the Caribbean. The last switch was by Costa Rica in 2007, which along with other financial incentives received $ 83 million to build a soccer stadium. Although the race for diplomatic recognition has slowed down due to developments in the China-Taiwan relationship, incentives from either party can make a switch attractive. Since both countries now have the economic resources to encourage recognition, high-level official visits have now become the chosen method of persuasion (Forman/Moreira 2009: 97).

China has also been active in "track two diplomacy". It is an active participant in the *Forum of East Asia-Latin America Cooperation*. It has also initiated China-Latin America Summits as well as establishing the first China-Latin America Think Tank Forum. It was the first foreign country to congratulate the founding of CELAC (Presno 2011).[14] Thus, China's institutional power has increased in the region over the past decade. This has the intended goals of ensuring China's economic interests as well as its efforts to secure its presence diplomatically.

While China's efforts primarily follow an economic rationale, Brazil's activities in regional institutional matters take a slightly different shape. One of the reasons attributed to the creation of the South American Common Market (*Mercosur*) is the Brazilian attempt to balance the U.S. economic hegemony in South America, and to change the terms of the U.S.-led negotiations for the creation of a free trade area in the hemisphere, the *Free Trade Area of the Americas* (FTAA). Part of this process was also the rapprochement between *Mercosur* and the Andean Community (CAN) promoted by the government of President Itamar Franco in 1993. The interregional cooperation project evolved from a mere free trade agreement towards a broader initiative, which included the cooperation on infrastructure and political matters, and culminated with the creation of the *Community of South American Countries* (CASA) in 2004. In 2007, CASA was renamed as *Union of South American Nations* (UNASUR), and included new elements such as cooperation in security and defense (Briceno 2010).

UNASUR is therefore another example in which balancing the U.S. was a main driving force in the Brazilian foreign policy. Despite a range of disagreements between Brazil and Venezuela, and their own dispute for sub-regional hegemony in South America, both countries share the discontentment with U.S.'s historical influence in Latin America, and also, in particular, with its militarized approach to the narcotraffic conflicts in Colombia. The inclusion of security in UNASUR's objectives, and the creation of the *South American Defence Council* (SDC) under its auspices, has been a novelty to South American practices of multilateral cooperation. These developments have not only affected the bilateral relations between the U.S. and South American countries, but also the role of the OAS in the region. Its collective defense component, the *Inter-american Treaty of Reciprocal Assistance* (TIAR) was discredited after the U.S. chose to support Great Britain and NATO over Argentina during the Falklands War in 1982, and practically dead after Mexico renounced it in 2002 (Ribeiro-Hoffmann/Herz 2010).

As already mentioned, despite a general consensus on the desirability on the part of Latin American countries to balance the U.S. influence, Brazilian hegemony is not automatically seen as a better option. On the one hand, history, geography and the patterns of (inter)dependence of Mexico, Central American and Caribbean countries vis-à-vis the U.S. are indicative of the weakness of any attempt of Brazil to compete with it, although the crisis of Honduras in 2009 and the creation of the *Community of Latin American and Caribbean States* (CELAC) might bring

[14] In an Op-ed piece in the *China Daily*, a Chinese Latin American scholar highlighted the U.S.'s non-involvement in Celac (Sun 2011).

new developments. It is too early to say anything about CELAC given its recent inception. However, it is clear that until now Brazil has prioritized South America in its attempts to project power institutionally, not attempting to expand it to Central America and the Caribbean.

On the other hand, South America is not a homogeneous region, and at least three groups of countries can be distinguished today. The first group consists of Colombia, which, as already seen, participates in South American institutions, but is a close ally of the United States. The second group consists of Venezuela, Cuba, Bolivia and Ecuador, which are also members of the Bolivarian Alliance for the Americas (ALBA)[15], a much more radical initiative, which rejects capitalism and reciprocity in trade agreements, among others. Finally, the third group consists of Brazil and the others, including Chile, despite the differentiated approach of this country given its economic and trade structure. The election of Humala in 2011 moved Peru from the first to the third group. It is only in the last group where it is possible to say that Brazil has a potential leverage over the U.S. in its bid for hegemony in Latin America, and it is not a coincidence that these are the hard core partners of Brazil in its regional institutional cooperation.

Soft Power Dynamics

"Soft power", as described above, might be related to conscious public diplomacy efforts as well as to an externally ascribed attractiveness.

In terms of public diplomacy, the U.S. has not prioritized its outreach to Latin America throughout the last decade. The first visit abroad by then-President George W. Bush led him to Mexico, in February 2001, which was seen as a symbolic visit showing high esteem for Latin America and was the first of several visits in the region (Crandall 2008). But soon, interest faded and other problems and regions were of higher priority. Obama, besides summit meetings in Guadalajara, Mexico (NAFTA) and Port of Spain and Cartagena (Summit of the Americas) just visited Mexico in 2009 and Brazil, Chile and El Salvador in March 2011. His "charm offensives" at the Summit 2009 in Port of Spain, where he declared a new era of "partnership among equals" was widely esteemed in Latin America, but was only a temporary exception. Additionally, the U.S. is, to say the least, not at the forefront of institutional innovation in the region, so it might be more elucidating to look for the level of attractiveness ascribed to the U.S. in the eyes of Latin American societies.

One approach to this kind of soft power of the United States towards Latin America involves migration. The level of attraction can be seen as an important pull-factor for migration. In this respect, the U.S. is still a champion. According to a Gallup poll, the U.S. is the most favored target for Latin American migrants (Gallup 2008). On average, one third of respondents chose Latin America as the favorite destination for migration. While the percentage rate is much higher in Mexico, Central America and especially the Caribbean, in the southern parts of Latin America more people preferred Spain instead.

In particular, Mexicans and Central Americans from El Salvador, Guatemala and Honduras migrate to the U.S.; approximately 14 million immigrants from these countries live in the United States today (Rosenblum/Krick 2011). The share of Latin Americans of all immigrants to the U.S. is almost 55%, Mexico alone with more than 30%. Additionally, there are about 65,000 Latin American students in the United States. About 70% of the Mexican political and economic elite have studied there. All these factors lead to an affective relationship between Latin Americans and the U.S., making "the American way of life" the desired way of living. Therefore, the United States, although politically criticized, still continues to have a positive, attractive appearance for many Latin Americans.

[15] ALBA was created in 2006 and expanded its membership from the founding states Venezuela and Cuba to Antigua and Barbuda, Bolivia, Dominica, Ecuador, Nicaragua, Saint Vincent and the Grenadines. One of the aims is for the group to introduce a common currency, Sucre, and in July 2010 Venezuela and Ecuador conducted the first bilateral trade deal in Sucre, instead of the dollar.

Again, since U.S. "soft power" in the region today might not be directly related to U.S. foreign and regional policies or resulting from such policies in the first place, it seems interesting to look for activities of China and Brazil in this regard. Since Hu's promotion of soft power in 2007, Chinese scholars and officials have debated the exact definitions of soft power. [16] In line with an emerging strategy, Chinese leaders have expanded their ties with Latin America. For example, Chinese leaders and their Latin American counterparts have often exchanged visits during the past ten years. During his time in power, Hu Jintao has visited the continent four times, while his assumed successor, Xi Jinping visited the region in 2009 and 2011. By 2008, Chinese leaders had visited 19 Latin American countries and 74 Latin American leaders had visited China (Jiang 2011: 43). Aside from this, China is trying to build up its image through the establishment of language institutes, Spanish-speaking television, the sponsoring of student exchange programs and its general image of a successful developing country. All the same, China's soft power in Latin America remains limited despite China's efforts to raise its cultural profile in Latin America due to language and distance issues.

For example, by 2011, China had established over 20 Confucius institutes throughout the region to promote the study of Chinese language and culture (Hanban 2012). Moreover, in September 2011 China, in partnership with the OAS, began to offer scholarships for students to study in China. In addition, the China Scholarship Council has recruiting offices throughout Latin America (Bliss 2009). It also funded the OAS/CARICOM Electoral Observation in Haiti (CARICOM 2011). China has also established CCTV in Spanish, broadcasting throughout the region. Furthermore, it has just established a new program out of Washington called Americas Now, which features reports from throughout Latin America and the U.S. (FT 2012b). China has also made countries such as Cuba, Argentina, Mexico, Brazil, Chile, Peru and Venezuela approved destinations for tourism (Bliss 2009).

However, unlike the U.S., exchanges and immigration to and from Latin America remain limited for a number of reasons, including distance and lack of historical connections. In terms of international education, neither China nor Latin America constitute a top priority for students of these two regions. According to the China Scholarship Council, the top destinations for Chinese students in 2009 were the U.S., Australia, the U.K., South Korea, Japan, Canada, Singapore, New Zealand, France and Russia (IEE 2012). The main sources for foreign students in China in 2009 was South Korea, the U.S., Japan, Vietnam, Thailand, Russia, India, Indonesia, Kazakhstan, and Pakistan (ibid.). Hence, no Latin American country appears on the list as a primary origin for foreign students in China. Thus, in comparison to the outflow of Latin American students to the U.S., China still pales in comparison.

Where China has been more successful is the general perception that China will be a great power. As Ellis argues, this pull of China's potential gives the country another kind soft power that is harder to quantify (Ellis 2011a: 85). In the Pew Global Attitudes Survey of 2011, 53% polled in Mexico saw China as either having replaced or will replace the U.S. over as a global superpower. The percentage in Brazil was 37% (PEW 2011). However, despite China's efforts to raise its profile in Latin America, public perception is mixed. For example, disputes have arisen in countries such as Peru over compensation and the environment (Bliss 2009: 61). The Pew survey demonstrates the range in attitudes concerning China with Southern Cone countries like Brazil generally more favorable to China at 49% in 2011, down from 52% in 2010 (PEW 2011). A country such as Mexico which does not benefit as much economically from the relationship only had a favorability rating towards China of 39% in both 2010 and 2011 (ibid.). This lag in soft power has been acknowledged by Chinese Latin American experts (Sun 2010). It seems that so far, China has not been able to "charm" Latin America.

Burges defines Brazilian activism as a leadership project based on the concept of consensual hegemony, in which "the central idea is the construction of a structural vision, or hegemony,

[16] See Glaser/Murphy (2009) for a discussion on this subject. The Chinese tend to fold public diplomacy into soft power (see Shambaugh 2011). However for the sake of analytical clarity, this analysis will consider institutional power as separate from soft power.

that specifically includes the nominally subordinate, engaging in a process of dialogue and interaction that causes the subordinate parties to appropriate and absorb the substance and requisites of the hegemony as their own", without relying on force (Burges 2008: 65). The data presented in this paper is in line with the argument advanced by authors working on Brazilian leadership that the country cannot perform the traditional, i.e. military and economic types of hegemony given its relative capabilities limitations and the domestic instability derived from economic inequality and young democratic regime (Lima/Hirst 2006; Malamud 2009; Vieira 2011). In this sense, the concept of consensual hegemony, which corresponds to a large extent with the concept of soft power as defined in this paper, fulfills the gap to understand Brazilian role in Latin America, or rather, South America.

A combination of mostly soft power with institutional activism seems to sustain the Brazilian claim for leadership. Some leverage of military and economic power contributes to support that claim, but they are not enough to consolidate a hegemonic role for Brazil in South America. If Brazil wanted to present itself as a rival to the U.S. or perhaps China in the future, "soft power" is a central concept.

The content of this soft power strategy does not include traditional cultural policies such as media and the creation of cultural institutes abroad. This has been seen by some diplomats as a handicap, and proposals to explore it more thoroughly are being currently discussed. The Brazilian diplomat Edgar Telles Ribeiro argues for a revision of the lack of a more strategic cultural foreign policy, asking if "the international insertion of the country would not benefit from -as an additional element, and in light of the experience of developed countries . . . , a cultural engagement abroad characterized by more substance, continuity and comprehensiveness" (Ribeiro 2011: 88). As for state visits, the number is extremely high, especially in comparison with the U.S. and China. South American presidents and lower ranks visit themselves regularly both bilaterally and multilaterally in the context of Mercosur and UNASUR for instance. Academic exchange is also common both at the student and staff level. Brazilian universities are no competitors to their U.S. counterparts for South American students, but there is a certain flow given better structural conditions. The data for Latin American immigrants in Brazil show an increase from 1960 (63.474) to 1991 (118.606) to 2000 (144.528). According to Marques and Lima (2011), the expectation for the demographic census of 2012 is that of a further increase. As for the nationalities, the pattern remained stable over the years, in 2000 the first group was of Argentinean origin (21,4%), followed by Paraguayans (18,6%) and Uruguayans (16%).

The soft power approach pursued by Brazil so far has consisted rather in the very promotion of a debate on the legitimacy of the international order and the demand for a more consensual, democratic, legitimate international order. To the extent that the criticism of the contemporary status quo is based on the claim of the unfair, disproportional and asymmetric position of Western powers in general, and the U.S. in particular, the Brazilian leadership project is based on a competition with the U.S. role in the region. However, the substantive priorities of the Brazilian foreign policy are not that divergent from that of the U.S.; the problem is distributive rather than substantive. As already mentioned, the central pillars of Brazilian foreign policy are a preference of diplomatic settlement of disputes, the respect of international law, sovereignty, non-intervention and multilateralism. The promotion of democracy and human rights has become a priority since democratization and central to the present administration of Dilma Roussef. Except for Brazil's resistance against concepts regarding responsibility to protect and preventive intervention, these are actually quite Western pillars and priorities.

The contradiction between these aims might pose a challenge to Brazilian foreign policy and its hegemonic bid (Santiso 2003; Ribeiro Hoffmann 2011), and this inconsistency might undermine the soft power approach, but so far, it has contributed to the perceived legitimacy of its hegemony in South America.

3. BRIC power = Hegemonic Rivalry = Declining U.S. Hegemony?

In the military realm, there is no other regional hegemonic contender to the U.S. in sight. U.S. military capabilities are overwhelming, while Chinese activism towards Latin America has so far been relatively restricted in the military realm (exchange of personnel, arms trade). In that sense, it rather serves as a corollary to increased economic interests in the region. In comparison, Brazilian military ambitions and policies tend to be more in line with establishing itself as a regional power also in military terms. However, huge gaps remain concerning capabilities, thus Brazil is hardly in the position to effectively balance the U.S. militarily.

In the economic dimension, the U.S. still is very important for Latin America. What is more, despite the activities of BRIC states throughout the region, the traditional asymmetrically patterned relationship still continues to exist: While Latin America on the whole is not the U.S.'s most important trading partner, Latin American states are still by and large dependent on their exports to the U.S. market – either heavily (Mexico) or to still impressive degrees. The same is true for the U.S. as the main source of FDI flows to Latin America; although Brazilian and Chinese activism is surging, it is still at a comparatively low level. Thus, the very phenomena that have captured the attention of analysts recently – Chinese FDI targeted to resource and infrastructure projects, intensified economic exchange between e.g. Brazil and China themselves, the growth of trade volumes between China and LA as well as Brazil and its regional neighbors still do not, in essence and so far, signal a fundamental break with the established patterns of asymmetrical economic relations between the U.S. and Latin America and hence, the strong U.S. influence in the region. In terms of monetary and currency policy, the U.S. position in terms of a dominance of the dollar throughout Latin America remains intact so far as well. This means that fiscal and monetary policies on behalf of the United States still exert considerable influence within the region, be they intentionally targeted at achieving certain outcomes or not.

China's relationship (as an external actor) with Latin America is illuminating in this regard, however. It uses Latin America's natural resources to sustain China's economic growth while establishing alliances to support itself diplomatically. It has expanded its leverage in Latin America as it becomes an essential market for some of the major states of the region. China has relied primarily upon economic strategies to create a closer relationship with Latin America through increased trade and investment. Monetary aspects of economic policies surface from time to time, but not least given the fact that China (especially its large dollar-denominated foreign holdings) also depends largely on some measure of dollar stability, no pattern of outright challenge to U.S. monetary hegemony has emerged so far. Hence, despite its expanded activities in the region, Latin America does not constitute a primary interest for China in terms of either economic activity (Watson 2011: 66) or, more general, hegemonic ambitions in the Latin American region to date.

Concerning institutional innovation and the use of alliances a/o multilateral coordination as a means to strengthen one's influence, things look remarkably different. Here we can detect a mixture of institutional failure (OAS, FTAA), the fostering of bi- and multilateral trade institutions as well as non-activism on behalf of the U.S. In contrast, even the Chinese have – as actors traditionally and geographically external to the region – significantly expanded their institutional ties to LA lately. State visits, applications for observer status, summits and common institutional frameworks constitute a relatively significant level of activism. Brazil, on the other hand, has for years sought to use the institutional level to strengthen its status as regional power (and potential contender to U.S. regional hegemony). Here, the idea of an intended counterbalancing of U.S. hegemony is particularly clear.

Interestingly, however, this does not seem to translate into soft power success evenly so far. Although the U.S. – its foreign and regional policies in particular – still continues to be the target for a lot of criticism in Latin America, it nevertheless remains attractive in terms of

(Potential) Hegemons	Forms of Power				
	Military Power	Economic Power	Institutional Power	Soft Power	
				Public diplomacy efforts	Ascribed Attractive-ness
United States	++	++	+/-	(+)/-	+
China	-	+	+	+	-
Brazil	-	(+)	++	+	(+)

Table 6: Strengths of (potential) hegemons in various dimensions of power throughout Latin America; soft power entails two dimensions: public diplomacy efforts/ascribed attractiveness.

being a key destination for migration, not least in the university sector with the latter having an arguably formative impact on the attitudes of educated elites. Despite the fact that LA is hardly a region overwhelmed by U.S. public diplomacy initiatives – the need to restore "leadership in the hemisphere" (White House 2012) might be occasionally reaffirmed – the U.S. remains a(n indirect) leader in terms of lifestyle at least. In comparison, Chinese activism and investment in "soft power"-related issues has not led to a wholehearted embrace of China. It might be that China uses the soft power tools at its disposal mainly to pave the way for its economic interests, but in any case, this has not (yet at least) produced a significant re-orientation of LA towards Chinese values, language, lifestyle etc. Brazil's efforts to brand itself as a regional alternative to the U.S. – at least in South America – have been more successful. With this, however, goes the ambivalent message of presenting itself precisely not as a hegemon in the traditional sense; what is more, more often than not, Brazilian has to navigate between playing the "alternative card" and being in line with key U.S. policy preferences.

In terms of hegemony as described at the outset, this means that the U.S. is still in a formidable position at least regarding its resource base for regional hegemony. More questionable given its lack of attention to institutional matters and the intentional forging of soft power dynamics is the will component, even more the strategic competence if one is to assume that the U.S. is interested in maintaining its regional hegemony. Concerning the tacit acceptance necessary to uphold a hegemonic relationship, we find a mixed picture of criticism towards the U.S. (which sometimes translates into electoral victory in case the anti-U.S. card is being played) and still high levels of attractiveness ascribed towards the U.S.

China has expanded its regional resource base in economic terms and it has used institutional as well as soft power instruments to smooth its way towards enhanced economic exchange. In terms of hegemony, however, it seems to lack most of the ingredients to act as a regional hegemon, especially since most activities are both modest in size and strictly tied to either narrow economic or narrow diplomatic goals[17]; Chinese hegemonic aspirations can hardly be detected in the Latin American region. Brazil has especially fostered institutional cooperation and presented itself as an alternative to the U.S.; it thus has signaled at least rhetorically a will to balance U.S. hegemony. However, it lacks the material power base and quite often – given a lot of similar policy objectives – a de facto will to challenge the U.S. in Latin America as a whole.

[17] A good case which illustrates that both types of interest may converge without any hegemonic grand design is perhaps the so-called "Stadium diplomacy", i.e. the construction of prestigious new sports stadiums in various world regions through Chinese firms and by way of Chinese loans in exchange for non-recognition of Taiwan by the target countries and business opportunities for Chinese firms. See on that Will (2012).

Additionally, we have to take into account that Latin America is heterogeneous. At least three subregional groupings can be identified. The first group comprises Mexico, Central America and the Caribbean. These Latin American countries are characterized by a high economic dependency on the U.S., strong military presence, a strong soft power-influence of the U.S. and institutional inclusion via free trade agreements and security cooperation schemes. Additionally, there is a political will to follow the U.S. as a close ally and economic partner. In this region, U.S. hegemony is unchallenged.

The second group is comprised by the Andean countries. These countries are economically highly dependent of the U.S. and of strategic importance in the War on Drugs. But this group is split because of political reasons. The left wing governments in Venezuela, Ecuador and Bolivia try to escape U.S. hegemony, at least on the rhetorical level. There is even a certain degree of rapprochement towards the extra-hemispheric countries China, Russia and Iran, rivals or even enemies of the U.S. Additionally, especially Venezuela initiated regional alternatives like ALBA, trying to challenge U.S. hegemony by building counter-balancing alliances, so far, without proven success. The right wing government in Colombia follows the U.S. almost unconditionally and is economically and militarily integrated into U.S. hegemony. This strategy was also pursued by the conservative government of Alan García in Peru until 2011.

The third group is comprised of the more southern countries in the Southern Cone and Brazil. These countries are economically less dependent on the U.S. and politically more independent. U.S. influence is more limited in all dimensions here which renders the notion of U.S. hegemony here highly questionable.

To sum up, U.S. hegemony today is not what it used to be some decades ago. Clearly, we cannot speak any more of one single dominant power in the Latin American region or traditional patterns of hegemony without inserting some qualifications. But at least in the northern parts of Latin America, U.S. hegemony is still a matter of fact. Chinese and Brazilian activism in Latin America might have contributed to a certain weakening of U.S. influence, especially in South America, but both countries are not (yet?) in any meaningful ways acting as (or on the power base of being) hegemonic contenders in the region. In terms of the at times suggested coming of "No One's World" (Kupchan 2012) – a multipolar international system without any global hegemon – the implications are less obvious. One conclusion could be that the U.S. is still in a strong position throughout the Americas, while U.S. hegemony is more openly challenged in other parts of the world, for instance Southeast Asia. However, we would also stress that a more nuanced analysis of the very political implications and concomitant dynamics of the shifts usually debated with regard to any assessment of a decline of U.S. hegemony or the ascendency of potential rival states is necessary. Impressive GDP growth rates (especially if projected three decades into the future), shifting shares of world trade, relative growth in military expenditures and the size of foreign reserves/debt may not in themselves speak meaningfully to these questions; most arguments nevertheless are based on such imprecise or empty indicators (e.g. ibid.: 74-85; Layne 2012). It is in this regard that a more comprehensive assessment of any form of hegemony (in its crucial aspects of resources, will, competence and legitimacy) which are in turn based on power potentials in at least four dimensions (military, economic, institutional and soft power) could lead to a re-appraisal of U.S. hegemony under an analytical lens.

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