Mistakes

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Whether or not, as Sigmund Freud said, "America is a mistake, a giant mistake", there have certainly been many mistakes made in Latin America. Perhaps one that is not too well known concerns Suriname, formerly Dutch Guiana which is on the northeast Atlantic coast of South America. This small republic of 63,037 square miles, which is twice the size of Panama but has less than one-third of the latter's population, was swapped by the British (who established the first European settlement there in 1651) for the Dutch settlement of New Amsterdam at the mouth of the Hudson River and which today is New York City in the United States of America. The Dutchman, Peter Minuit, who was the first director general of New Netherland province (initially incorporated as the city of New Amsterdam in 1653) originally bought nearby Manhattan Island from the local Indians for some USD24 worth of beads and trinkets in 1626. Today the bauxite industry represents 70% of Suriname's export earnings and accounts for more than 15% of Gross Domestic Product whereas the former Hudson River settlement, as readers will know, has done rather better and it has been banking, not bauxite, that has, to a large extent, been responsible for this.

Mistakes aside, there are also some interesting anomalies concerning Latin America. It was José María Torres Caicedo, a Colombian writer, who in 1856 popularised the term "Latin America". But as in the case of Dutch-speaking Suriname, it is not necessarily the Spanish language that dominates the region. Suriname's immediate neighbours, for example, do not use Spanish as the official language, namely, French Guiana (French), Guyana (English) and Brazil (Portuguese). It is not just the US that can claim the title of melting pot.

So although in my December 2008 column ("Central Issues" – Issue 192) I distinguished Belize from the rest of Central America because of its use of the English language, we can see that it is certainly not unique, even if Spanish is the official language of 18 republics in Central and South America (including the Caribbean). Then there are the region's indigenous languages with each one of them spoken by millions of people: Quechua is common in the former Inca empire (Perú, Bolivia and Ecuador – where it is called Quichua); Guaraní is the common tongue of Paraguayans; in Guatemala and parts of southern Mexico a number of Mayan languages are spoken; and Mexico alone can claim over 50 Indian languages, including Náhuatl which was spoken by the Aztecs.

Besides language, what about location? Although Central America is clearly in Latin America, most of Mexico, in fact, lies in North America. Similarly, the 8,000-mile long Continental Divide that geologically forms the backbone of the North American continent, runs from Alaska to the Panama Canal which, thanks to man, splits Panama between Central and South America.

The French immediately warmed to the expression "Latin America" when it was first used because it distinguished the region from the US at a time when France was trying to establish its own sphere of influence. This eagerness would lead to the disastrous attempt by Louis Napoleon to install Maximilian, a Habsburg prince, as emperor of Mexico. Brazil can relate to France's motives in the 19th century and when reflecting on doctrines of American exceptionalism, one should also think of Brazil; many Brazilians don't even feel part of Latin America. This sense of separateness and proud independence has led Brazil to believe that it is entitled to a permanent seat on the United Nations Security Council. The North American Free Trade Agreement signed by Mexico and the US is not seen by Brazil as a unifying step for all of the Americas; quite the opposite and it prefers to encourage unity within South America itself. That is why, back in 2000, when Fernando Henrique Cardoso was the Brazilian president, he hosted the first summit of South American presidents. The inspiration for this was Simón Bolívar, South America's iconic figure of the 19th century, who fought and defeated the Spanish. Subsequently, in November 2004, all 11 South American countries (including Guyana and Suriname) met in Cusco, the former Inca capital in Perú, and a South American Community of Nations was proclaimed. The goal is to have a common passport and common currency and whether or not this European Union ideal is achieved is not the issue; it is this declared desire for an independent identity, encouraged by Brazil, that is significant.

Brazil is a natural driving force behind the initiative and its unique position has several strands – besides the fact that, unlike anywhere else in South America, it was a constitutional monarchy for the first seven decades after its independence. The country is the largest on the continent and both language and geography (the forbidding boundaries being the Amazon rainforest, the Pantanal swamps and the powerful Paraná river) serve to reinforce this isolation. It has, however, a dark (literally) past. It is thought that out of approximately eight million Africans who survived the passage to the Americas, well over three million were shipped to Brazil in the four centuries to 1850 – much more than the number shipped to the US. Slavery was not abolished until 1888 (the same year as it was in Cuba) and it was that decision that would lead to the end of the monarchy.

"No nation is fit to sit in judgement upon any other nation". Thomas Woodrow Wilson's sentiment is one shared by Brazil. Reports have caused a stir outside the country after Brazil's central bank and aides to President Luiz Inácio Lula da Silva announced that Brazil and China will move towards using their own currencies, rather than the US dollar, in future trade transactions. There are several reasons why the greenback's prominence should be questioned, a status that was established from the remnants of the Bretton Woods system created after the Second World War. Today, however, the dollar is no longer fixed to gold and the US is no longer the world's largest creditor; there are those who argue that it is an empire that can only maintain the upper hand by military, rather than economic, strength.

Mark Twain, however, would appreciate how premature it would be to declare the demise of the US dollar as the world's international currency. Brazil's move just reflects an increase in demand for emerging market's currencies that complements an existing effort to change the monetary system by promoting the use of other currencies; it will, however, result in a dilution of the dollar's dominance rather than its imminent demise. At the moment, central banks' international reserves represent approximately USD7,000 billion of which up to 75% is thought to be in US dollars. But change must come because, at the time of writing, emerging markets represent more than a third of world output at current market prices and could represent as much as half within the next ten years whereas their currencies are virtually unrepresented in the international reserve portfolios of central banks.

So Brazil's attendance at meetings in Yekaterinburg in Russia in June, along with the leaders of the six-nation Shanghai Co-operation Organisation, an alliance which includes Russia and China, should be taken in the right context. The intention of the gathering was to discuss mutual aid which would lead to trade between the countries being conducted in their own currencies; pointedly, US officials who had wanted to attend as observers were not allowed to.

During the Brazilian president's two-day trip to Beijing in May, China confirmed a loan of USD10 billion to Petrobras, Brazil's government–controlled oil company, in exchange for guaranteed oil supplies over the next decade. China's involvement with the region is growing and bilateral trade has increased ten-fold since 2000, reaching USD143 billion in 2008. It already buys more copper from Chile than the US does and so it is a sign of the times that China replaced the US as Brazil's biggest trading partner during the first four months of this year. It's possible that Brazil is now the second-largest economy in the Americas, after the US.

As far as mistakes go, Washington's failure to foster closer ties with Brazil is a big one and as Brazilian chicken begins to be exported to China for the first time, perhaps other chickens are coming home to roost in Washington D.C.

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