



Of ghosts and scoundrels

Derek Sambrook looks back on a changing American foreign policy and its effects on the Caribbean region, and wonders what might come next, particularly for Panama

Fidel Castro lived just long enough to see Donald Trump win the presidential election in the United States of America. The Cuban president departed this earth last November, the same month former President Barack Obama made arrangements to make way for the incoming president.

The late Cuban leader once said that he never imagined reaching 90 years of age; and neither did he expect to see a US President visit his island, which former President Obama did in March 2016.

This very same foreign power had



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been on the brink of invading Cuba during the second half of the last century when the Cuban president's friendship with Soviet Russia and his incendiary rhetoric had been the bane of every American president since Dwight D. Eisenhower.

For the Caribbean island of Grenada, US invasion became a reality in October 1983. A force of almost 8,000 participated in Operation Urgent Fury which was the first major US military operation since the Vietnam War. The United Nations General Assembly deplored President Ronald Reagan's

armed intervention as "a flagrant violation of international law".

As with Cuba, the US feared Communist influence and the fact that Grenada had a relationship with Soviet Russia, Cuba and with the Marxist Sandinistas in nearby Nicaragua.

These were turbulent times in the tropics. There is an argument that Grenada was the litmus test for the subsequent US military action in Panama, the Gulf War and the invasion of Iraq in 2003.

PHANTOMS FROM HISTORY

South America has seen its share of invaders following the European battle for territory which was ignited by the Treaty of Tordesillas by which, audaciously, a division of the globe between the two naval powers at the time, Spain and Portugal, was decreed by Pope Alexander VI in 1494 which began battles between civilisations and contests for resources.

Brazil was deemed to be part of Portugal's share of the globe and its coast was reached in 1500 by the Portuguese navigator, Pedro Alvares Cabral.

The rest of South America was Spain's prize and it can be said that the first empire on which the sun never set was Spanish due to its substantial territorial control of the world. As with other empires, however, the sun would eventually set.

So it is a continent that has endured authoritarian rulers, domestic and foreign. Hernán Cortés and Francisco Pizarro were two conquistadores, for example, whose goals were personal glory and gain as well as to secure the secular authority of the king of Spain and the spiritual influence of the Roman Catholic Church.

In time parts of the subcontinent had large swathes of land that was owned by Spanish, as well as Portuguese, colonists; indigenous populations were either massacred or treated like slaves. So when South Americans see the interference of the US in Central America and the Caribbean, particularly in the last century, it evokes the ghosts of imperialism suffered in

the past. It accounts for the hostility and suspicion many have towards the US; President Donald Trump is unlikely to alleviate this animosity.

CRUMBLING ORDER

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 Napoleon III to install Maximilian, a Habsburg prince, as emperor of Mexico.

This time of plots and schemes invites the words of Jean de La Bruyère, the French satirical moralist, who once said: "Even the best intentioned of great men need a few scoundrels around them; there are some things you cannot ask an honest man to do".

With the crumbling of the old order a vacuum was created which was exploited by US President James Monroe who, in 1823, boldly declared that henceforth the US would protect all territories south of its border from threats against their sovereignty from nations outside the hemisphere.

Basically, the US now saw the sub-continent as its backyard and critics of US policy have frequently observed that it was not the European powers, ultimately, that Central and South America would find had posed the greatest threat.

Thus the Monroe Doctrine was born: "The American continents, by the free and independent condition which they have assumed and maintained, are henceforth not to be considered as subjects for colonisation by any European powers".

Latins, however, were not protected from dictatorships, often brutal in nature and often endorsed by the US, especially following the subsequent US activities in Central America.

That said, US regional involvement had not become significant in any measure for several decades after Monroe's presidency and in the intervening period that role was left mainly to resilient and talented British businessmen, particularly in Argentina, Bolivia, Brazil and Uruguay.

It was the British who would build much of the infrastructure in South America, including railways and public utilities, and it wasn't until the second world war that British influence dwindled and continued to do so as its former empire was dismantled.

The draw of possible wealth (especially in Argentina, Brazil and Venezuela) attracted foreign immigration on a large scale and today South America has a plethora of foreign nationalities.

PANAMA PARADOX

Panama has had its share of those turbulent times. Today, however, there are no longer any life-threatening risks from Spain, pirates or the world's superpower.

Still, as I wrote in the last edition of *Offshore Investment*, in Dickensian terms it is the best of times and the worst of times for Panama. The country is praised on the one hand for its economy; and, on the other, pummelled for the offshore financial services transgressions of the few, not the many who apply proper controls. Adverse publicity suggests that the country is a magnet for bad behaviour.

Joseph Stiglitz and Mark Pieth, both briefly members in 2016 of a Panama Papers panel formed by the Panama government, have since produced a report entitled "Overcoming the Shadow Economy" in which they assert that the US and the European Union "have an obligation to force financial centres to comply with global transparency standards".

They say in the report's introduction that "if there is any pocket of secrecy, funds will flow through that pocket". Their declared ambition is to see every responsible country "serve as a model, setting standards that others will eventually be forced to emulate". I couldn't agree more.

Last December the Financial Action Task Force issued its first evaluation report on the US in 10 years.

The US scored very well on effective controls for countering terrorism financing but received a failing score for its efforts to prevent the laundering of criminal proceeds. Not enough has been done, the report said, to rein in corporate secrecy and there were "serious gaps", leaving the financial system "vulnerable" to dirty money.

The FATF deemed the US "non-compliant", which is the lowest possible score, on its ability to determine the owners of companies.

A Washington-based anti-money laundering attorney commenting on the FATF report said that because the US did not measure up to international standards it "opens the doors to Panama papers-type transactions and schemes to hide money".

If the US remains on the FATF white list it's not on the European Commission's clean list. For corporate tax advantage and transparency of the tax system, the Commission puts the US alongside Brazil, Singapore, Malaysia, and, yes, one other country: Panama. It is indeed the Panama paradox.

A LEGACY OF MISTRUST

One final thought: if the road to Iraq passed through Panama and Grenada, there is a hollow ring to US President Thomas Woodrow Wilson's remark: "No nation is fit to sit in judgement upon any other nation".

The fallacy of that declaration in the context of US involvement in the region is glaring and the promised wall on the Mexican border will hardly convince an already sceptical Latin population of US goodwill.

President Trump is likely to summon up memories from the past that Latin Americans would much prefer to forget. ■



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