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LATIN AMERICA'S NEW POLITICAL LANDSCAPE
AND THE FUTURE OF THE ORGANIZATION OF AMERICAN STATES

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P R O C E E D I N G S

MR. CÁRDENAS: Good morning. Welcome to Brookings. My name is Mauricio Cárdenas, and I'm the Director of the Latin America Initiative.

We have the great pleasure and honor to have three very prominent speakers to talk about the Western Hemisphere, the political landscape and certainly to talk about the OAS as part of that political landscape.

The first question I want to pose to the audience is if there is any objection for us to hold this event in Spanish. If the audience feels comfortable with Spanish, we'll do it in Spanish. Otherwise, we'll stick to English. So it's a matter of raising your hand if you feel strongly about doing it in English.

SPEAKER: [Spanish.]

MR. CÁRDENAS: All right, so that means we'll do it in English.

As you aware of, Latin America is undergoing important changes. The region as a whole is a region that has strengthened its economies and also strengthened its democracies. The region is also undergoing major political changes in terms of choices and policies, in strategies. And as part of that change in Latin America, in the past few years, there have been a significant number of initiatives to create groups, to form blocs.

The first one, UNASUR, which includes the countries of South America, was launched three years ago with the idea of creating a space for the discussion of a number of issues, all of them related to development -- economic, political, diplomatic and military.

Most recently, the Grupo de Rio meeting in Cancun launched another initiative, the creation of the Community of Latin American and Caribbean States. The distinctive feature of that community, or intention, is the exclusion of the United States and Canada,

to have really a regional grouping that will be another forum for the debate of political and economic issues.

It's been difficult for those innovations to secure the support from the governments in terms of financial commitments, the creation of secretariats, and they have remained to a large extent as meetings and gatherings of heads of state and ministers of foreign affairs. So the only institution with enough capacity, not only to convene the entire region but also to implement and execute, is the OAS.

Alberto Lleras Camargo, a former President of Colombia and Secretary General of the OAS, once said that if we didn't have the OAS we would have to invent it, meaning that the OAS is a very relevant and necessary organization and that the OAS has throughout the years strengthened its capacity to promote democracy and human rights and political freedoms in the region.

As you are aware, the OAS has been under the leadership of for José Miguel Insulza for the past five years. José Miguel is a very well-known Chilean socialist. He was a very distinctive member of the Chilean government for 10 years. He was a minister of the interior, a minister of the presidency and a minister of foreign affairs. So he's got a long experience in government in his own country.

Prior to that, he was living in exile during the Pinochet years, first in Italy and then in Mexico, working on a range of issues basically related to international affairs and political science.

We have also the honor to have as panelists, two very prominent former presidents in Latin America. President Alejandro Toledo who you know was President of Peru during years of great economic success. He led economic reform and political change in Peru, resulting in tremendous dividends in terms of economic growth, an average rate of 6 percent during his tenure, and social progress.

He has been affiliated with the Brookings Institution since last year as a senior fellow, and he is the President of the Global Center for Democracy and Development, who is a joint sponsor of this event, and the center promotes discussion and debate on issues related to development. He'll tell us more about issues that they're working on and particularly with work of other former presidents from Latin America that have recently launched a serious proposal on the social challenges for Latin America.

We also have President Martin Torrijos who was President of Panama until last year, and President Torrijos was the head of his party, the PRD, the Democratic Revolutionary Party of Panama. And, as head of the party he also held very significant posts of great responsibility in the international socialist movement as Chairman for the Latin American Group.

President Torrijos also was a great economic reformer, also had a tremendous resource in the economic front in Panama with rates of growth that surpassed those of Peru, which were very great achievements. Six percent average growth is remarkable. But, in Panama, economic growth during these past five years was spectacular.

During his tenure, President Torrijos held a referendum for the expansion of the Panama Canal which initially was thought to be a contested issue, and it was brought to the primary electorate with very positive results. As you know, Panama's canal is undergoing a serious expansion that will bring a significant amount of resources to that country.

They're in a unique position to comment about the challenges of our region and the way they translate into the OAS, and I think we will be privileged to listen to their comments.

So the way in which we're going to structure this session is that we're going to start with president Toledo. He'll give us his thoughts on the challenges and the road ahead for the region. Then we'll go and listen to President Torrijos, and we'll have as the last speaker, Secretary Insulza.

This first round should take us about an hour, and then we'll have time to begin a conversation, hopefully in the most informal way, with your participation, and I'll reserve time for us to engage in that dialogue.

So let me begin by welcoming President Toledo, thanking him for his presence and his sponsorship of this event. I'm also going to be the timekeeper.

So you have 20 minutes, President Toledo, and again thank you very much for your presence today.

PRES. TOLEDO: Thank you very much, Mauricio. I'm glad that we were able to put this panel that is very timely in the relationship between North America and Latin America and the Caribbean.

Secondly, let me make it public that I'm very proud of being a member of the Brookings Institution as a nonresident senior fellow, and I'm glad that we are able to put forward this joint event between the Global Center for Development and Democracy and the Brookings Institution.

Let me go straight on to share some thoughts with you, and then hopefully we have some questions and answers.

The election of President Obama in the United States generated an enormous interest and expectations around the world, and Latin America is not an exception. I think that the region has a whole has been monitoring, has been following up what the expectations that the election of President Obama has generated. While the Obama Administration is, understandably enough, focused on a formidable task elsewhere --

Iraq, Afghanistan, China, Russia -- while that is taking place, let me suggest there are three crucial ways why the intra-hemispheric relations are increasingly of crucial importance.

One, it is a piece of data that in Latin America there are around 200 million men and women who are living in poverty and social exclusion in a continent is still very characterized by a region with very accentuated inequality in income distribution as well as in wealth. It's the most unequal continent in the world. It's not the poorest continent in the world, but it's the most unequal one.

Many people in the region are having some problems now. They also had the expectations that as economic growth was taking place in the region, region-wise before this global financial meltdown took place, people had expectations that poverty would be reduced and they would also be participants of the benefits of economic growth. Well, it hasn't been that great for that segment of the population -- between 180 and 200 million people in a continent of 500 million people.

So there is a sense of discouragement, particularly with democracy. That discouragement is nourishing some politicians to recycle some dangerous authoritarian populist formulas in the region, and they find a very fertile land for the expansion of this political orientation.

Number two, while the United States is absorbed with all the issues in the world, and understandably enough, China is becoming a bulldozer in the region, buying raw materials and aggressive investment. At the same time, China and Iran are crossing the ocean, and in the case of Iran to try to purchase raw materials for the absolutely insane purpose of creating an atomic weapon in a not very kosher relationship between Iran and Venezuela. This is one crucial importance for us in the process of reading the dynamics of the economics and political relationships in the region.

Third, Latin America will continue to have a strong relationship with the United States. Right now, the Latin population of the United States, it's around 40 million. Forty million Latinos are in the United States; that's a piece of data. Some projections indicate that by the year 2050 this Latin population will double. That's a reality.

What creates a concern is that of economic growth that we have observed in the region. Before the financial crisis, the region was growing at an average of 6 percent, region-wise. By 2008, the region was growing at an average 6 percent. Peru grew close to 10 percent, 9.8 percent.

Well, that generated great expectations that the fruits of economic growth will somehow reach the poor and the excluded, and by doing that we not only will reduce poverty, make some progress in social inclusion, but we'll have more faith in democracy.

Well, if we are not able to reduce poverty and social exclusion, there is the risk that poverty could truncate economic growth and could undermine democracy. When one looks at the political spectrum in the region, there are people who are disenchanted with democracy, but at the same time our great need for creating a unity in the region, integration in the region, becomes a little more deluded and weakened.

In the Andean Community, we can make some progress, yet we are dispersed. We have not yet been able to get, for example, a free trade agreement between the Andean Community and the United States or the Andean Community and the European Union.

Our weaknesses are the creation of new multilateral institutions in the region, which creates a problem for the long established multilateral political institutions such as the OAS, an OAS that is much more inclusive, but it begins a process of creation of new institutions that overlaps the role. Perhaps when, with all due respect to my friend, Secretary General Insulza, maybe even this recent new institution created about two

weeks ago in Cancun is a message, that in the OAS -- and we are all part of the OAS -- we need maybe to work harder in order not to become redundant or provide the material for other people to create other institutions.

The OAS belongs to all the citizens of the United States and of the Americas as a whole, beginning with a need to looking at the future -- looking at the future -- then maybe for redefining the agenda of the OAS and redefining the items of the agenda of the relationship between the United States and Latin American and the Caribbean.

In the OAS -- this is fact Mr. Insulza said, which I have put in black and white for a publication by the way -- maybe looking at the future, there is the urgent need to put more emphasis for the part of the OAS to strengthen democratic institutions that were more transparent, independent, not subject to manipulations, and institutions that are accountable to their citizens, the need to work together to strengthen democratic institutions -- our judicial system, the parliaments, the freedom of the press, human rights. This is part of our work.

One can say this is the agenda of each individual country. We are living now in the big nation of Latin America. I think that's one crucial issue that maybe we need to sit together and redefine the agenda of the OAS, looking at the new challenges that the continent is confronting in conjunction with North America.

Second, the relationship between the United States and Latin America and the Caribbean, I think there is space to redefine the items of the agenda between Latin America, the Caribbean and the United States and go beyond our classical common interests. Important, for sure, very important, the issue of security, the fight against narcotraffic, the need to increase our free trade agreements, or even the issue of Cuba -- well, that has been more or less the main components of our relationship within the Americas.

But maybe there is a need to go beyond that, looking at the future, the need to sit down together in a roundtable to discuss the need for refreshing and redefining the relationship. Looking at the future, democratic institutions, climate change, clean water, the digital divide, the corporate social responsibility is a part of the agenda that goes beyond the classical relationship that we have had.

This thought and proposition about relooking and redefining, in a roundtable I mean, in which will participate, countries as big as Brazil but also Trinidad and Tobago.

The motivation of the proposition, and I have put it in black and white in an op-ed, is not motivated by the fact that the Latin American countries, we are not asking for more economic resources. We're just asking a more horizontal relationship.

Mauricio has pointed very well. In the last 15 years, the Latin American region has experienced enormous changes -- economically, politically, socially, diplomatically. Among the countries of the region and between the regions in the South, some piece of data: The United States is no longer the main demander of exports of Latin America. Latin American production exports 33 percent to the United States and the rest to Asia, to Europe. The internal composition of economic growth has changed and consequently has become much more diversified. That's a piece of data.

The United States is no longer the main investor in Latin America. It's the European Union, mainly England and Spain. So here you have new pieces of data that show the manifestation of the changes that have taken place economically.

Socially, you have new movements. Unfortunately, one part of the fragility of democratic institutions is the weakness of the political parties. So we have more -- about 80 percent of Latin Americans are independents. They don't believe the political parties. We're going to have an election pretty soon in Peru. There are 26

candidates. And I'm sure in Colombia I don't know how it's going to be. It reflects the lack or the weakness of democratic institutions.

Let me conclude. So these two points of trying to think and sit around and think through about what are the challenges that our organization confronts, looking at the future, and the need to think through together in a more horizontal relationship, to examine the items of the relationship between the United States and Peru will be of enormous help.

My last point, hopefully, Latin America could take the enormous advantage that the prices of the natural resources in the international market are still high, to a large extent to the growth of China, but there is the important need to use those resources to invest in the minds of our people and construct economics of knowledge that will make us much more competitive in the world, among the other regions.

I will stop here, Mauricio.

MR. CÁRDENAS: Thank you. Thank you, President Toledo.

Let's now give the floor to President Torrijos.

PRES. TORRIJOS: Thank you, Mauricio, and thank you, Secretary General and President Toledo, for this opportunity, and the Brookings Institution.

I have to confess that President Toledo called me a few weeks ago and told me we're going to talk about the social agenda of Latin America. Since then, he got me studying a lot more on the issues of the new political spectrum in Latin America, and especially about the OAS coming-up elections with the president and secretary general.

I have written something more related to the OAS, but I know we'll have time in the question and answer period to talk about the relations within Latin America and between Latin America and the United States.

In 1948, former Colombian President and first Secretary General of the OAS, Alberto Lleras Camargo, said that the organization would be what its member states want it to be. This statement, which was said, which was valid at the beginning of the Cold War, remains relevant 60 years later, especially today when discussing the future of this organization, how it needs to adapt in order to be more effective, support of countries and of our own hemisphere.

It has been very accurately stated by reaching a time of change we are facing a new era. Now to the message of the past, we must add new social, political and economic reality, as well as the serious global problems that require the immediate actions of all member states and actually of all countries of the world.

The debate of the future of OAS is very shortsighted if it is limited to analyze the weakness of failures. We should attribute to the commitment and priority development almost exclusively to defending the basic principles of the organization. Nevertheless, it will be an exercise incomplete without analyzing how to overcome the distrust between the member states and other problems -- some problems still old, some new problems, which today require us to address in this debate.

It is certainly correct to defend the right of self-determination, respect for human rights, the right to live in a democratic state, and to defend the political independence, sovereignty and territorial integrity of member states, but it must not end there. I believe it's important to recognize that there are clear cases of frustration in part of the collective or some of the members, not to mention the frustration of the Secretary General which I personally know, at the blatant disregard or dismissal of their commitments and obligations enshrined in the charter.

Still, this should not lead us to lose sight of the main objective. The OAS has not yet been successful in isolating the ideological legacy that since the early years has

prejudiced dialogue. Neither has it managed to compensate with appropriate balance the disparity that persists in the organization where the immense powers of some coexist with the very limited resources of others. This often generates questions about the legitimacy of some member states' actions inside and outside the organization.

What is the value is that despite this, the states continue to converge at the OAS as a strategic meeting point. The problem is that often the issues at hand are decisions and actions already carried out, and the dialogue balances of clearly defined and unwavering positions.

Our common differences are less complicated when it comes to the south side sovereignty dispute -- and I know that Secretary General might not agree with those of the recent events -- yet substantially more bitter in the north side relation or when the interests affect hemispheric relations when the sheer complexity of the issues and positions exceed the management ability of the regional organization.

Needless to say, if all states would subscribe to the agreements of the organization, it would centrally be conducted to overcome our differences. For instance, a universal acceptance of the terms of the American Convention on Human Rights and, accordingly, compliance with the decision of the Inter-American Court, and likewise the commitment made in the Inter-American Democratic Charter will facilitate the harmonious coexistence within our states and the successful management of the organization.

But when the OAS faces problems that concern the internal order of state members as it relates to human, political, social or cultural rights, it becomes evident that the institutional mechanisms put in place to promote and mediate a solution are ineffective. The OAS does not have flexible, yet binding, mechanisms to build consensus and safeguard citizens' rights above the states' interests.

Moreover, it's common to conveniently blame the Secretary General for the ineffectiveness of the OAS when certain issues are left unsolved, such as the recent case in Honduras, or to point out alleged inaction against human rights violations, threats to representative democracies or media censorship in certain countries. In this regard, it is essential to reiterate that neither the Secretary General nor the permanent council of the OAS have the mechanisms required to properly address these issues.

It's important to remember that this organization was designed to coordinate the hemispheric defense against extraterritorial military threats rather than to solve the problems of sustainable development and the strengthening of democratic institutions. That original design has contributed in some cases to a failure to recognize the natural diversity of our people, and the plurality of ideas and political expectations.

Beyond acknowledging the richness of that diversity, it is essential that we concur that rather than being a municipal complaint office for lawsuits and domestic quarrels, the OAS should be an organization to converge consultation and cooperation within the same diversity. This is precisely its virtue.

If we want to the OAS to be truly effective, we must create the political and legal instruments that can rise to the challenge and expectation of our time, along with a positive and proactive agenda aimed at building confidence and coordinating joint efforts to address the common challenges that unite the hemisphere, as well to solve the problems that might divide it.

The inventory of changes has been broadly agreed upon: the financial crisis, energy and food crises, climate change, the crisis of the state and public security against organized crime and terrorism, the fight against poverty and marginalization, the need to promote integration by improving physical and human structures, just to mention only the most urgent ones. However, very often the resolutions of the OAS General Assembly are

rhetorical and repetitive statements of solidarity that our leaders take back to their countries as a diplomatic trophy while the urgent problems of the region remain unaddressed.

I'm convinced that the OAS has no choice but to redefine itself in order to contribute actively and effectively to solve our common challenge. This enterprise requires shifts and coordinated actions. The speed with which we undertake this endeavor depends on the willingness, the dispatch and the historical vision of our presidents and heads of states working together in one or more summits, or through the mandate given to their foreign ministers. From this point of view, I welcome the establishment of the Commonwealth of Latin America and the Caribbean and its liaison with the OAS. If each of these entities offers something the other cannot, they could mutually necessarily be complementary to each other.

The OAS has a historical opportunity to be a point of convergence, understanding, cooperation, not only for its member states but also of all our region, of all regional organizations, as well to become a forum and a space of virtuous cooperation where states in their capacity as representatives of the interests of their citizens award greater rationality and efficiency to the community of organizations.

Instead of persisting solely as a forum to undertake political and legal quarrels, the OAS must build instruments to achieve progress in areas of cooperation between all nations and to solve education, scientific and technological, economic, social and security issues. It should strengthen its capacity to deal with problems as diverse as cross-border crimes, terrorism, human-trafficking and to coordinate key issues that concern citizens such as the fight against poverty as well as the public health concerns such as the fight against HIV/AIDS, tuberculosis and malaria.

Dear friends, if I have to summarize in one sentence the past and the future, it would say that the OAS cannot remain the last bastion of the Cold War, but must rebuild as a spearhead into the 21st Century.

Thank you very much.

MR. CÁRDENAS: Thank you, President Torrijos.

Let me say a word as a word of introduction for Secretary General Insulza, who has been in the spotlight in the debate here in Washington on the issues pertaining to the OAS.

When the OAS was created back in 1948, the idea, the general theme was that the Latin America countries did not have a voice loud enough in the U.N. to make sure that the U.N. was functional for the hemisphere, and the creation of the Organization of States in the Americas was motivated by the need to have an organization that could oversee democratic practices in the region and that could serve as a forum for the coordination of issues in a broad number of topics among the countries.

Latin Americans have become increasingly aware of the importance of democracy and democratic values. One way of bridging the comments made by President Toledo with those of President Torrijos is that the social challenges, the economic issues in Latin America, at the end of the day, if you want to search and dig deep for explanations, have to do with democracy. Democracy has a tremendous dividend in social and economic terms, and we are in Latin America are aware of that.

But democracy is more than just holding regular elections. Democracy is about having strong political parties. It's about the freedom of the press, the freedom of speech. Democracy is about the respect of human rights as well.

The region is far from perfect in those areas, and whenever an issue arises, whenever one of those imperfections becomes too evident, all the fingers are pointed at

the OAS because the OAS is seen as the organization that has to correct, preserve, generate the sanctions, and that's why the OAS is in the spotlight.

Last year, we had the issues related to Honduras. Cuba has been a pending issue, where much progress was made last year in the General Assembly of the OAS, but still there is the need of, on the one hand, assuring that there is reforming in Cuba and of course respect for the democratic charter. Some countries have complained about the lack of democratic practices in Nicaragua and Venezuela. So this is a very contested issue.

Here in Washington, the debate is very active. One piece of that debate is a recent bill that was presented to the U.S. Senate by Senators Menendez and Kerry, on reforms to the OAS in various areas, but certainly touching issues related to funding of the OAS and transparency in the use of those funds, et cetera. Senator Luger, or the Office of Senator Luger, has recently presented a report also on the OAS.

But the general view is that the OAS does what its member countries want. It operates pretty much on a consensus-driven scheme, not like the U.N. with a Security Council, and that means that the OAS essentially serves as a scheme of a permanent assembly that goes on issues and does intervene and act as a result of the preferences of all its members.

So there are, of course, issues related to the structure, issues related to the funding of the organization. But the relevance, the importance of the OAS is never questioned.

One issue that often does not receive enough attention is how well the OAS does in dealing with specific issues that are more of a technical nature, like the human rights Inter-American Commission, or issues related to the respect of freedom of the press and

freedom of speech. In those areas, the OAS does have a tremendous record in serving as the natural vehicle in the region.

So, with that introduction, I welcome Secretary General Insulza because his presence here is not only an honor to Brookings but also because so much has been said, so much debate, and I'm sure you'll find ways of bridging these two comments that go from the general problems of the region to the more specific issues related to the OAS.

So, thank you again for coming.

SEC. GEN. INSULZA: Thank you very much. With all due respect, I won't call that an introduction -- just another introduction of the panel.

I will just try to center on the issues that have become important here. I must admit that I have more or less the same impression of President Torrijos at the beginning. It was basically to discuss the social agenda inside the organization, and I was very much ready for that.

Somebody will say that with 10 days left for the next election of the OAS, and being the only candidate, that probably I shouldn't come to panels and just stay home and not risk to make any comment that might take off votes from it. But I will go into the matters that have been discussed here.

I think that there are two ways. The first thing I would like to say, I attended the Cancun meeting of the heads of states and governments of Latin America and the Caribbean, as I had attend the previous one, the one and many meetings of the Rio Group and of the CALC in Bahia, and I never saw there one danger for the OAS, really. I don't see how that process, which by the way has a lot of previous rehearsals, can threaten an organization that is -- I mean it is by nature, as somebody said here.

Those in Cancun who were 550 million, and those not in Cancun who are 330 million -- I don't think that you can really compare, therefore, or the OAS, CLACS or the Rio.

By the way, the CLACS, or what was, I never read in the declaration. I don't know if somebody read in the statement of the presidents and heads of states in Cancun, I mean any time the word "organization".

It was never called an organization. It was called a referendum. It was called a discussion and a commonwealth. The issue was discussed, and most of the countries said that they didn't want to call it an organization. And when it was proposed to call it a union, they said that they didn't want to call it a union either, and that's why they called it a community which is not secondary because that means that there's no attempt to create a parallel institution. That, with all due respect for the freedom of the press, is an invention of some of the press media.

I admit, and here I go into the issue, that one of the things discussed and not agreed on, although some of the members of that meeting may want an OAS without the United States. Some others, some others that are present than this, this kind of balance, not in the other ones, want an OAS without all those guys who are saying an OAS without the United States. On both sides, there is a concept that's completely contrary to the whole idea of the Organization of American States.

Article IV of the charter of the OAS says that any independent country that is willing to sign the charter is a member of the Organization of American States. It doesn't say it has to be rich or poor, small or large. It doesn't say it has to be socialist or capitalist. It doesn't have to be one system of the other. It says any independent state that wants to be a member of the Organization of American States can sign the charter, and that's a fact.

The OAS was conceived as a multilateral institution, and I make the difference, and I'll certainly go into the matters of the democratic charter because I think that's perfectly compatible with the democratic charter. It's a multilateral institution, not as a separate national institution.

As you say, no Security Council, no group of the largest. By the way, if there was a group of the largest, let me tell you that seven or eight countries pay more than 95 percent of the budget of the OAS. So that wouldn't really serve any purpose. But it was created on the concept that this was a multilateral institution not a supernational institution.

Of course, multilateralism today does not mean the same it meant. By the way, it wasn't created again because the United Nations was not enough. If it were for that, it would be more important to have an OAS today than in 1948 because in 1948 the only Latin American members of the U.N. were one-third of the U.N. Today, all the members of the OAS are one-sixth of the U.N.

But anyway, as I said, if it were only for a multilateral institution of the past, then certainly the OAS would be, I would say, like a problem-solver. Problems between Ecuador and Colombia, we try to solve. Problems between Guatemala and Belize, we try to solve it; problems between countries. The multilateralism wasn't until 1948.

But in the Second World War -- well, after the Second World War, a new form of multilateralism was known. Not in every institution -- not in every institution -- but in some institutions like the European Union, that is very reasonable. Countries not only agree on ways of solving problems between them; they also agree on ways of promoting common values, common purposes and common interests. And that's what creates a modern multilateral institution.

I think that we're on the way, on the road to create a modern multilateral institution, and that is what the, of course, we have a long story, a long history on this. That is what the Inter-American Charter on Human Rights is because human rights are certainly, I mean it can be theoretically, a universal problem. Rights are violated in each country. It's a common and shared value that falls inside a modern multilateral organization as the Organization of American States.

Then that's what the Inter-American Democratic Charter is. It's not an imposition. It's an agreement among sovereign countries. Only nobody said, to join this organization you have to be democratic. I tell the members, I say we are always to be democratic, and we agree on the following notions of democracy.

Some of them, you were mentioning by the way, not only elections, but several other things. That's it. I mean we're not going to also say, we're going to be democratic in the way we do our elections, when the rest doesn't really matter.

No, no, we say we're going to be democratic and that means elections, and its rule of law. It means separation of powers. It means human rights. It means freedom of the press. It means transparency, several other things.

What we are now on the way of creating, and we're going to create, is the appropriate instruments to make a reality, those common values, and we have some of them. The Commission on Human Rights is an instrument to make those values active, and it gets into a lot of trouble for that, of course. There's always a lot of resistance to that.

Of course, we would all love to have a similar system, a similar universal adherence to the Inter-American Court of Human Rights, which is mandatory and for all the countries to do things. Unfortunately, only the Latin Americans and half the Caribbeans, or a little more than half the Caribbeans, have signed and ratified the

convention on human rights and therefore are members of the court. Some are not members of the court of human rights.

We have a similar procedure in the Inter-American Convention for Violence Against Women. We have a formal verification of countries, that way countries are fulfilling that. We have the same thing on drugs. We have something similar on corruption. We're moving in that direction, but any movement in that direction necessarily has to understand that this is a multilateral institution.

The old sentence that fleets sail at the speed of the slower boat, and not the faster boat, is essential in multilateral institutions. We can do, and President Camargo once again said the OAS is what its member countries want it to be. And that's not a king. That's our President.

The other day, I gave an interview to a Colombian magazine, and the title was exactly what I had wanted it to be: I am not the President of the region. I am the Secretary General of the Rio organization, and therefore I do exactly what countries want to me to do.

So the answer to why do you go to Venezuela? I mean why do you go to Honduras and not to Venezuela -- that's what the countries decided and the answer to several other things, but that doesn't mean that the organization is not effective, but it has its limits.

Let me show you something about the effectiveness. Honduras was the tenth controversial issue we had to deal with in these 5 years. The first one was Nicaragua. When I joined the OAS I was immediately called to Nicaragua and the congress was about to vote the president out. We stayed there for about 4 months. It wasn't an easy task precisely because someone in the government, a minister at that time, had proclaimed that the OAS was coming to put things in order. Nobody wanted to

talk to us. We had to wait for about 2 days to have the congress receive us because everybody felt that that was not the role of the OAS. But we managed there for about 4 months and finally the government finished its term and there was an election and all that.

Then we had Ecuador. There had been the removal of the president because the president removed the Supreme Court and they didn't have a supreme court, and we went there out of service and finally that was appointed and we followed the Ecuador process all the way. Bolivia was certainly a difficult issue. Now we have to talk about the process of who is the president and we are talking about this is the poorest country in the region in South America and the worst distribution of income in the region. The poorest 20 percent of Bolivians took home less than 2 percent of national income so that some changes were needed there, not only democratic changes, some other changes were needed there so that the issue wasn't easy, but we stayed on in Bolivia. We had several breakdowns but we finally managed. Let me say one thing about myself. I was the only international representative of an international organization standing there by the president when he signed the new constitution of Bolivia and you would have never dreamed of the OAS before.

Then we should talk about Guatemala. The president came to say thank you today for everything we had done to avoid any kind of breakdown, and several others, of course Colombia and Ecuador. But when we finished the assembly of the Organization of American States in Sula and we had solved the issue of Cuba, I never heard anybody speak any time again about Cuba and the OAS since then. We got rid of an old resolution that was completely cold war. It was a cold war resolution. It spoke about the Sino-Soviet axis, about Marxist-Leninist regimes and about Cuba being a threat to the security of the Americas. It was a cold war resolution. But it was done in a way

that Cuba didn't return immediately to the OAS because if they want to come back to the OAS they have to see what they do with the democratic charter and with the Commission on Human Rights. So nobody ever spoke again about Cuba.

When I was leaving the assembly, somebody said after this, this is a complete success. Your reelection is assured. Of course, we had the coup in Honduras a month later and everybody felt that it was a failure after nine cases in which the actions of the OAS had been completely successful.

Let's talk about Honduras. This organization was only local that never had anything to do with the U.N. or with the European Union or with anybody managed to have every country in the world reject the coup in Honduras. I think that was a success by itself and it wouldn't have been achieved by any other organization. I think it is still important that as we move forward to restore Honduras into the organization, something I'm very much in favor of as fast as possible, the measure of the situation in Honduras has been normalized. It's precisely that. The OAS after all seems to matter, and I think that when I come to the crux of this matter, we are not threatened by the real group or by the new commonwealth of the Caribbean and Latin American nations, but by somebody who wants to have a OAS without the U.S. or by somebody who wants to have a lot of people out of the OAS and wants to have an OAS with a sword going around the continent creating all kinds of threats and pressures to the countries. We are threatened by our own belief that we can't do it all together. We are threatened by the fact that wants -- to be dominated against us exactly by what was not there when we had the Summit of the Americas at Trinidad and Tobago. At Trinidad and Tobago we had the Summit of the Americas in which the president of the United States came and said very simply that we want to do policy with you and not for you and it really felt very well. We all liked that. We want to do that. But if you want to do policy with Latin America you

have to accept Latin America as it is. You can't have it your way. This is a region that has changed. The president said that it has changed very much. It has grown economically. It's grown politically. It's much more democratic. And let me say also it's more self-assured and believes more in itself.

We have a lot of problems, yes, but after all it's true as President Toledo said very well, of course there are threats to the movements that come from populism, but as he said, populism finds fertile ground in which to soar. After all, who better than President Hugo Chavez to say as he said when he was inaugurated in 1999, gentleman, I am not the cause. I am the consequence. So we have a lot of problems to overcome of course and we'll have a lot of setbacks, but it's a continent that is moving. If you want to move with it you have to accept the fact that we have a lot of diversity, that the time to put all of the region by ruling it has not come. By the way, yesterday there was a piece by Alvaro Vargas Yosa in the newspaper in one country about the possibilities of the new Chilean president to back politically in the region. He has a beautiful sentence in there. He says that the new president will have a new chance to lead in this continent of sheep without a shepherd. I don't think any country in the Americas today feels like a sheep that should be shepherd and unless that is understood, it's very hard to make good policy in Latin America. Yes, we are in for rough times. I think times are not easy because the struggle is on the agenda which is as you said the hemispheric agenda. I would say in the origin of most of the threats to Latin America today, even if you take environmental matters you will find that the main source of problems in Latin America and the Caribbean is still the lack of sewage, the lack of clean water, the polluted air, the eroded land, et cetera. Those are big threats. Crime is a big threat. Trade is a big opportunity and a big problem of course and few people understand that most Latin American countries buy more from the U.S. than most of the main partners. I think Brazil must buy as much as

China today from the U.S., certainly Argentina and Chile buy more than Russia and Central America buys more than Eastern Europe U.S. products. So trade is also an issue.

Of course, as you know, four out of every five migrants in this region have doubled the migrants than any region that they have in the world. The average of migrants in this region is twice as much as the world's migrants. Most of them come to the U.S. We have a common problem then. It's very difficult to understand why with such a really large common hemispheric problem about which everybody talks in this country, crime, drug traffic, poverty, climate change and natural catastrophes, migration, Latin America and the Caribbean seem to matter so little. I meant to begin initially my comments the same way you began saying after all with Afghanistan and Iraq and all these things, we understand that there is little time to deal with Latin America and the Caribbean. But frankly from my point of view, the problems or the issues that we have to deal with in Latin America and the Caribbean are as large as those, not to mention also the recent possibility of bringing to the region conflicts which are not ours and therefore creating a problem. Fortunately we don't have nuclear proliferation in this region because we have a treaty on nuclear proliferation, but that might be a problem too.

What do we have to do I would say? I would say we have to trust the most relevant organization in the region. Of course there is the possibility of the creation of something new without the U.S. Why not strengthen that organization which is the largest, the oldest, the strongest one and to which the U.S. belongs? Everybody has been talking about the U.S. in the last 2 or 3 months. Unfortunately the prediction is that after March 24 discussion about the OAS will finish again for a few years. I very much agree with most of the suggestions that have been made. We are trying to implement them and we take note of them, and as you say, some of them are going to appear in our

centennial review. The building of the OAS is going to be 100 years by the way on April 28. By the way, President Yeres Camaro was not the only president or was not the first secretary general of the OAS. He was also the last director general of the Pan-American Union. This is an organization has a tradition of 100 years. You don't erase that in a few days or in a few years unless those who have to believe most in it cease to believe in it and that is about all I have to say. Thank you.

MR. CÁRDENAS: Thank you very much. We have some time for discussion and I'm going to ask the presidents also to make a final round of comments. Maybe it's good at this point to take about five questions from the audience and then we'll give the floor back to the panelists. We have the microphones and I encourage you to raise your hand if you want to weigh in, in this discussion.

SPEAKER: It is not a secret that some people consider that the OAS is agonizing and is dying and we can forget that we are having in 10 days elections. How do you see the role of the OAS and the role of the general secretariat looking into the future?

MR. HERERA: Thank you very Mister President and Secretary General. My name is Raul Herera of Arnold & Porter. I believe in the adage that we should let a thousand flowers bloom but all within the same solarium. The organization's objectives continue to grow over the years and I think there's been somewhat of a mission creep to coin a phrase and think that if we focus on integration, democracy and human rights supported by a robust budget from the member countries we would strengthen those core competencies and then once that is established, work with the other multilaterals, the IFIs and the others because we shouldn't take for granted these three core competencies I think of the organization. I would be interested in hearing the views of the panelists in this regard.

SPEAKER: My name is Alexander -- I'm a Diplomacy Fellow here at Brookings. President Toledo mentioned the China issue and he mentioned that China was bulldozing to the -- Latin America was buying resources and doing heavy investments. Is it positive for Latin America or is it negative? What are the opportunities? Also how does it affect the United States president's relationship with Latin America not only intraregionally but also interregionally, for example, the Iran issue? How does it affect this relationship?

MR. CÁRDENAS: There are no more questions and I'm going to ask the panelists to make some comments. Let's start with President Torrijos. I think you are in a unique position also to comment on the general trends in Central America and the way Central America is perceiving these issues having had the Honduras crisis last year, but also there is a permanent discussion here in Washington about the issues related to Nicaragua's democracy and your general thoughts about the current situation in Central America would be very useful. I think you're in a unique position also to answer this question about China and China's role in the region. The reason I say this is that it's no mystery that Panama is the trading hub of the Americas and a lot of that trade with China goes through Panama, and Panama has also been a major recipient of foreign direct investment and that has played a very important role in its own economic development in the past few years. Maybe you want to take these two issues for Central America and then China, and of course anything you want to discuss of what the secretary general has mentioned about the OAS.

PRES. TORRIJOS: Let me start with the issue of China. China is doing what it's supposed to be doing. There is no doubt. It's a world player especially in economics and it's looking at the world not only in Latin America, but investment in China is big in Africa and all over the world and they're assuring that they're going to have the

resources to continue to become an important economic world player. For Latin America that's positive. At least somebody is buying our raw materials that is assuring that we're going to have prosperity, economic growth, employment in a time of recession. So the issue more than China should be what are the other important players as the United States thinking in the long term of their economic development and the development of Latin America.

For Panama as an important player in trade because of the canal, there was a big issue a few years ago about how China was supposedly involved in the canal. It was not false, but China is doing what any other power should be doing, looking at the world of the future centers of distribution and trying to be there to help out in trade and commerce. So I do believe it's positive and I hope that the President of China even if for the wrong reason will get the interests of the United States and Europe and other countries to invest in Latin America. It would be more than welcome because we do need more countries is interested in buying our resources, I hope that we can further than just being an exporter of raw materials, but become producers of final goods and increase our capacity of production and services and products that we offer to the world. It's a commercial for the region and a positive one. I might add but every now and then people try to place it in a different perspective, in a geopolitical strategic area which I don't think is the reason that China is investing in the region, but ever now and then it comes. I agree with the secretary general regarding the OAS that unfortunately after next week the issue of the reforms of the OAS that the interest in this issue is going to decline and we're going back maybe to the same. We will bring the firemen, the secretary general every time there is a problem we got somebody to blame when it's not solved correctly and where people are not satisfied, but we don't really want to look at what deep changes need to be made in the organization in order to be effective. So it's

not an easy task for the secretary general and I know that you're going to get a lot of support because as you said, during your time there were 10 different areas that were very well approached. With the critics every time you do something you're going to get critics, but really at the end things are moving.

The issue of Honduras is moving. There is no doubt that all the countries in Central America would like to have some form of going back to normal relations with Honduras. Imagine the neighboring countries and economies are so interrelated and you have a problem with customs and governments not talking to each other, so anything from trucking going across the border to main issues regarding foreign policy is a big cause regarding Honduras. In the process of recognizing Honduras in being part of the world community again is going to happen. I think that a lot of countries and areas are waiting for more signs from the Honduras government. There are compromises that need to be made. Some have already been made about the composition of the government and a commission that would find out the facts of what happened during the coup because it was a coup. There is no doubt that the overthrowing of President Zelaya was not a democratic process whatsoever, and we need to know what's happening.

But not only Honduras. The issue is can we rest knowing that Latin America is in an unmovable democratic process? I don't think so. I think the fact that the problems in Guatemala with President Colom and now the U.N. organization that is looking for crime and impunity in Guatemala shows you that because of the real problem, a very sad problem, some people might try to overthrow the government at the time and the Organization of American States and the neighboring countries came out in favor of let's find out the facts, let's find out the truth, but democracy cannot be at stake when something as painful as what happened in Guatemala does occur. We need to look at

the fact that democracy is in constant threat not only because of populism. I think the lack of vision of political parties and the dialogue of social organizations are the opposite way of what people are thinking and for political parties to advertise themselves as not being part of the political system tells you that something is wrong, that we need to be working and that's a seat for incivility, a threat to democracy and something that everybody should start looking into how we enhance or how we contribute to make sure that democracy is here to stay and that there are no threats for democratic institutions and that they respect the separation of powers and that the checks and balances works in all of our countries.

MR. CÁRDENAS: Thank you very much, Mister President. President Toledo?

PRES. TOLEDO: Let me pick up on some of the points of the question and then let me reflect on the comments that have been expressed.

When I said China is crossing the ocean to become a bulldozer demanding raw materials as an investment, I said it in a good sense. I think the region needs to diversify, is healthy, diversify to new markets, but to capture capital investments for growth. I'm just stating a fact. Just as piece of raw data, the alliance of convenience between and Venezuela. Let me share some reflections on what Secretary General of the OAS has said and my friend Torrijos. It is true the social agenda, you got me into this, so there are 20 former presidents who over the last 2 years have dedicated time and experience. We have pulled them out of retirement to try to work in building the construction of a social agenda for democracy for Latin America for the next 20 years and we have come out with 16 different items that belong to public and private policies, recommendations and suggestions, and 63 specific recommendations and we have

presented forward to the sitting presidents of the -- American summit on December in Portugal.

The range of items that goes specifically had to do with potable water and sanitation, had to do with access to health care and educational equality, energy for the poor, microcredit, employment, climate change, new indigenous movements that participate now in the political life of the region, gender and several policy recommendations that come out of the experience of 20 former presidents had had the responsibility of conducting the destiny of the countries.

I think that we cannot separate the role of the OAS and the multilateral organizations from the social challenges that we need to meet in the region in order to construct the adequate needed stability politically, economically, socially, legal stability, that enable us to reach sustained rates of economic growth, that enable us to construct a solid infrastructure over institutions that are accountable to the citizens that respect human rights and freedom of the press and independence of power.

The social agenda in my view is a indispensable partner of the economic efforts that we are making in the region because if we only rely on trickle-down concepts, if we don't have explicit social policies that are directed to target groups, women and youth, in Latin America we are going to have a lot of turmoil and that turmoil in turn generates political instability. I agree that the Hugo Chavezes of the region are not the cause of the problem. They are the manifestation of what we have not been able to do in the last 150 years of reducing the levels of poverty and social exclusion and people losing faith in democracy.

I've been president for 5 years. Part of that I had the share -- President Torrijos. We have a lot of multinational organizations in the region. The real group, the -- American summit, the South American Community of Nations which have changed their

name, we have the Andean Community of Nations, we have MERCOSUR, and in our case we have APEC and now we will have another meeting of the Latin American, Caribbean and European Union now. We have spent a lot of meetings going to different places, and with all due respect, at the end of the day it's public relations at the international level.

I guess what I'm saying is that OAS has been put right in the spotlight looking at the future. Because of the changes that have taken place in the region there are new challenges, and to confront particularly the challenges in the social area and in the political area, in my personal view there is no space for ambiguity. I think we need to put some leadership looking at the new challenges and that includes all the countries of the Americas.

I have had the privilege to address several times the OAS, but if people manipulate institutions to reelect, that's not very democratic. If people manipulate the institutions to be there for 15 or 20 years because there is a -- of poverty and then it's easy to give fish away instead of providing the right to learn how to fish, that leads us to undermine democracy. I think one of the challenges that all of us have is how do we strengthen democratic institutions? That shouldn't be a responsibility of OAS, but also of the United States and Canada. It's also the responsibility of each individual country. It is true what you have said, that the OAS will be whatever each individual country wants it to be. Presidents are absorbed in day-to-day responsibility of managing so I'm sure the region is going to deposit on March 24 the trust on your hands again, our friend Insulza. But with that deposit comes an enormous challenges that will be too heave for you to do along and so you can count on the region, but the leadership that led you to your election in the first term I'm sure is going to be even stronger for a second period because I don't think you have a contender from here to March 24.

MR. CÁRDENAS: Thank you, President Toledo. I was not going to take more questions, but just one from you.

MR. HITOSO: My name is Jorge Hitoso. I'm with GTN. Having heard the three of you and having had the opportunity to interview each of you separately, the honor, I would like to ask a question to the three of you.

First of all, I remember having interviewed Mr. Insulza and asked him about how he could see in the future of the Americas the possibility to be like the European Union, to be an American Union from Alaska to Terra del Fuego, and Mr. Insulza said to me I think that the further that we can do in terms of integration will be three trade agreements between the U.S. and the different countries of Latin America, no further than that. On the other hand, Mr. Toledo is saying quick figures, 200 million poor in a region of about 500 million. Let's say that 50 percent of the region is poor. Two-hundred years of history. If in 200 years of independence we managed to create a region that half of the region is poor, something is wrong with the institutions, with the political parties, with inequality as you mentioned of the disparate distribution of wealth. If we do have that disparity, we'll never ever be where democracy would really work because democracy will be the participation of all of the people. So if something is created that disparity of that democracy, it doesn't work.

On the other hand, Mr. Insulza said to me 40 percent of the budget of the OAS is paid by the U.S. If Mr. Insulza is at a table in a restaurant that someone is paying 40 percent of the bill of that menu, probably if he does on a regular basis in the longer run will say let's discuss what to eat because I'm paying 40 percent of the tab. My question after the long story will be Mr. Insulza has to preside over an organization for the next 5 years where mostly there is someone at the table who will dictate or suggest what will be the menu. On the other hand, he has I don't know how many, 25 to 30 countries that

would agree or disagree with that, but Mr. Insulza has to walk a fine line to keep everybody happy with an incredible disparity in the region that is threatening democracy and that disparity reflects in the organization that he has to preside. So isn't that a little bit naïve to think that after 200 years of disparities in the region and the organization that Mr. Insulza could be the miracle man who could change everything?

MR. CÁRDENAS: Thank you. We're now going to go to Secretary General Insulza, but before I give the floor back to you, and of course you have this new element to discuss, let me add more in the form of a question the issue of the bill that was presented to the U.S. Senate by Senators Menendez and Kerry. The first thing I should say about the bill is that any reform to the OAS that begins in Washington, especially in the U.S. Congress, can have the potential to backfire especially because of the tensions in the region. I think especially because at the end one issue that is implicit in what has been said today is that because of economic progress, because of the strengthening of democracy in the region, Latin America has matured and as it has matured it also has a sense of security, of confidence. That of course is reflected in this idea of a more balanced or horizontal as you put relations with the U.S.

But in spite of that, I think there are some elements in that bill that deserve some attention. I think there are three aspects in the bill. One is to ask the secretary general to come forward and discuss in general with the general public in spaces like this ideas, and this is exactly what we're doing today. So in that sense we are already anticipating that aspect of the bill. The second element has to do with the budget as Jorge was mentioning. If you think really about this issue of the budget, any organization of course can improve the efficiency in which it spends its budget. Any organization has that possibility. But the numbers of the OAS are rather small. The OAS is at the most a \$100 million a year organization. Think of that as the cost of preserving

peace, dialogue, making sure that democratic practices are enforced in countries and compare that with the budget that the U.S. spends on wars, for example. It's one-tenth of the daily expenditures on wars. So having an organization in the hemisphere that does that for that cost, I think it's a very sound investment, but of course there is always room for more transparency and improving the allocation and efficiency of resources.

There is a third element in the bill which touches on the issue that President Toledo was mentioning on the proliferation of summits and the fact that many of those summits are more public affairs and public relations issues. But there is one summit that really does belong to the OAS or should belong to the OAS which is the Summit of the Americas. What the bill is saying let's make sure that the Summit of the Americas which is one of those fora that has a hemispheric dimension comes more under the umbrella of the OAS and really the OAS plays a more leading role in that, and I think that's a sound idea. So I want to put in the context of this discussion this bill with those comments.

Secretary General Insulza, there are so many issues that you can touch on in your final remarks and you'll have to be selective, but at the end of the day I would summarize some of the comments that were made here that, yes, Latin Americans are very happy with trade with China, we've very happy in expanding our engagement with the rest of the world, but if there is one distinct element about Latin America relative to China is precisely what's convening us today which is democracy and the importance of democracy and that's one of the values in our region that we have to preserve and the OAS is the institution that has maintained that responsibility and I think that's the one aspect that we should always be very proud about our region and preserve and respect and enhance to the extent possible. Secretary General Insulza?

SEC. GEN. INSULZA: Thank you very much. First, about the agenda. I really must share with President Toledo and President Torrijos the notion that the basic problem of democracy today in the region is governance and the quality of governance rather than elective democracy. We have good elections almost everywhere. Actually, we have observed about 50 of them. We observe only by invitation, by the way, so when somebody says why did you observe this one and not one, it's because we were not invited. And we have observed about 50 elections in the region and most of them have been absolutely transparent and I think that's something that we have gained over the years and not only the region but also the organization, we are much more capable to do that now.

But the problem has to do basically with what someone would call the conditions of a republic. A republic is a government of laws, not a government of people, and we still are very far from that. I very much agree with some of the comments President Toledo made that the whole idea that we can change the rules every time because we have some kind of a majority is very much contrary to the notion of a republic and the problem for the independence of justice is a problem and the access of justice is a problem in several of our countries. We have a problem with separation of powers and I'm talking about the judiciary. We still have a lot of problems with efficiency and corruption. So if I have to stress one issue I would talk about the rule of law. The democratic charter gives you a very clear menu of what you should do. We still have to continue of course with our basic issues of human rights and elections and all that stuff. That's also part of our mandate, so that I would say that for the first question.

The other one has to do with something similar. It has to do with what Jorge was saying at the moment also. How many things does the OAS do? I will talk about the budget in a moment. But how many things does the OAS do? I think at a

certain point we will have to decide what things we can do at the OAS and what things have to be advanced in other institutions of the inter-American system. For example, we don't deal now with matters of development of loans. There was a time in the Alliance of Progress where the OAS managed a lot of money by itself. We don't do that. That's the Inter-American Development Bank. And when people ask me how much are you going to give for the reconstruction of Haiti, fortunately I was with Moreno and I said why don't you ask Moreno how much money for the reconstruction of Haiti. But we can do a lot on two issues which have to do with development. One is the whole issue that I think our region has to improve a lot in institutional terms to deal with the problems of development. And second is human capacity. We have some very good programs on development of human resources. By the way, we have a 50-year-old scholarship program for thousands of people in the Americas. We can still do great support and value to concentrate on some issues. But development is essentially because you see some of our partners which were born democratic, I'm talking about the Caribbean countries, are more here for development than to deal with other matters. If they have to choose they will say we want the OAS to help us with development but we have to keep a certain balance and that leads us to the third problem. How do you do it with a budget of \$83 million? You said about one-tenth. I'm not really sure if that's the budget of one day.

MR. CÁRDENAS: The military budget, one day.

SEC. GEN. INSULZA: With the United Nations, they are dealing with military missions and all that has a budget of \$6 billion a year. I'm not going to be that shy when I say with the money we get from our friends from our observer countries and from some members, we go to spend it and can reach about \$140 million. But certainly it's very difficult to do that and deal with all the democratic issues, with all the electoral

observation issues, with all the human rights, with all the development issues and with all the public security issues which we also want to get involved in and at the same time keep offices in the countries and all that.

What's the trend? The trend is to lower that amount and not to increase it. When I came to the OAS I was wrongly informed that the last changes in the contributions of the countries had taken place in 1990 when Canada joined. That's true. There were changes. The quotas were redistributed to make room for Canada but we still got the same amount as before. The other countries went down. It wasn't that Canada was added to the organization. By the way, Canada is one of the countries that still helps more in budgeting the programs of the OAS aside from its contribution. So I don't really when the last rate had taken place. By the way, the General Assembly which is the ruling body of the organization has decided to give every year or every 2 years cost-of-living increases to the staff of the OAS in the same way as the U.N. The U.N. has a system of cost-of-living increases. Of course the U.N. has another resolution saying that the contributions increase together with the cost of living. The OAS doesn't have that organization. Except one raise we got in 2006 or 2007, we've lived with a frozen budget for over 20n years. If the OAS were receiving the amount of money received in 1990, it would be receiving about \$120 to \$130 million. That's the sad truth.

So what's the problem now? When I go to the OAS -- runs the business for the last 7 months because he was the interim secretary general, compared the OAS to a sinking ship. We're still moving but the sails are all torn, it's full of patches and all that, and even if every country paid its contributions we still wouldn't make it. We got all the countries to pay their contributions. Some countries were delayed for 3 or 4 years and paid up and we kept things going. But now -- of countries paying what they have not paid before it's over, so instead of raising the contributions or instead of raising the

budget, we are supposed to get \$9 million for the next year. All I'm asking the countries is that if I -- the money, please at least pass a resolution so that the cost-of-living allowances will be followed by cost-of-living contributions because if not, we will end up at a moment in which there are two employees left and one has to leave to pay the cost-of-living allowance on the other one. Actually, the staff of the OAS has been reduced by one-third in the past decade. And I will say this. I fully agree with the proposals of the bill presented by Senators Menendez and Kerry. Not partially. I fully agree. We have increased transparency so much that, by the way, we have qualified every year with an excellent grade by the board of auditors which is chaired by the auditor of the state department, but that shows that we are spending the money where we say we're having to spend it.

Now I'm going to go to a challenge to the system which is evaluation by results and not only by accounting, not only accountability but also results accountability. We certainly are willing to discuss with everybody the budget and everything, but let's face it, we can't do it with the money the countries are paying, and if somebody wants to reduce the budget of the OAS even more, that's going to be a disaster. Of course, not only a disaster. We will have to select some things not to do. But I'm going to propose to the council to let some things be done differently. Leave some tasks for the OAS, something that we'll discuss with the counsel of course. The council is discussing by the way at this moment a reduction of mandates, but frankly the only thing I don't agree with everything that has been said is that the OAS is a big pot of money that is being misspent. The OAS is a very small pot of money and I can assure you it does the best it can do with the little money it gets, and if we don't do something about it, everybody, that the boat is going to sink. That's my answer. As for the bill, I share very much the goals of the bill. I think that it's very well oriented. I very much agree with them. Frankly, I had

notice of them before it was done so I don't have any quarrel with that. I would argue a couple of things with Senator Lugar's report but that will be another time.

MR. CÁRDENAS: Thank you. It's 11:05 and we were supposed to finish at 11:00, but we're four Central Americans on the panel, so what else can you expect. President Torrijos wants to make a final comment.

PRES. TORRIJOS: Just one short comment. I think that people are blaming democracy for not solving problems and democracy is not supposed to solve a problem. The ones who get elected through the democratic process are the ones who are supposed to solve the problems. That's why they get elected. Democracy will give you the right not to elect somebody to get him out of the government, he's not doing it right, so people are getting mixed up. On the other hand, there are not 200 years of -- there's progress that has been made, progress of integration, progress in the fact that the Latin American countries are not looking for any superpower to solve their own problems. I think the fact that the new commonwealth of Latin American and Caribbean shows you willingness to look over problems and try to find solutions. It can start with the Contadora Group with the problems in Central America, then the Groupo -- and all the other different groups that have been trying to solve. The fact that countries in Latin America, when Haiti's problems started besides the terrible earthquake, were present. They have a big presence that shows you a new willingness of the countries to face their own fate and to look positive at their fate. I think we need to change -- there's a big difference in countries and people in different countries. For example, in Asia, people have no doubt that what's coming in the future is better than what happened in the past. We need to do the same for Latin America. If people in Latin America could think and believe that the future is going to be better than the past, I have no doubt that democracy is here to stay

and that policy, politics and institutions will change at a rate that will make a difference for the well being of the people. Thanks.

MR. CÁRDENAS: Thank you very much, President Torrijos. I want to especially thank you for having come to Washington just for this event. You made the point and made the effort and we were absolutely delighted with your presence today. I would finish by saying we hope that you come back soon especially because things seem to be moving in the area of the free trade agreement that you worked so hard for and that I certainly hope that now that President Obama has made this announcement of doubling U.S. exports between now and 2015, the U.S. government will begin by realizing that the best way to achieve that goal is precisely to have free trade agreements with Panama, Colombia and South Korea. So hopefully you will be able to harvest that seed that you worked on for so long and so hard. Thank all of you for coming today and we hope to see you soon again. Thank you.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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