THE BROOKINGS INSTITUTION

AN ARMS RACE IN OUR HEMISPHERE?

DISCUSSING THE TRENDS AND IMPLICATIONS OF

MILITARY EXPENDITURES IN SOUTH AMERICA

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Opening Remarks:

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PANEL ONE: SOUTH AMERICA'S REARMAMENT: NATIONAL AND REGIONAL TRENDS:

Presenter:

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Discussant:

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PANEL TWO: THE FACTORS BEHIND THE RISING TRENDS:

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Panelists:

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PANEL THREE: IMPLICATIONS FOR SOUTH AMERICA AND U.S. NATIONAL SECURITY:

Moderator:

MICHAEL GOLD-BISS
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Panelists:

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Closing Remarks:

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P R O C E E D I N G S

DR. DOWNIE: (in progress) -- the Center for Hemispheric Defense Studies. And on behalf of all of us at the Center, we are enormously proud to be able to co-sponsor this event on arms races in the region here, trends and implications, and expenditures in the Southern cone, in South America, with the Brookings Institution. We really are pleased to be able to do this again.

In November, we had a similar co-sponsorship on a topic of China's influence on Latin America. And we had such a great experience at that time, we are so pleased to be able to do this again on a very interesting topic, again on arms racing possibilities in our hemisphere.

And just a few thoughts on this. You know, in our region, Latin America and the Caribbean, the Institute for International Security Studies, ISS, says that this region is one of the least militarized in the world. And precisely for that reason, any large arms acquisition tends to stand out and tends to raise concerns and certainly attention. And, you know, every country certainly has its own legitimate arms modernization issues and modernization requirements. And those are all certainly legitimate when you need to update your equipment to bring it into the 21st century. It may be that it's more economical to use different equipment. It may be for safety reasons. I mean, recently the United States got rid of some if its nuclear

weapons for safety concerns. There are a number of legitimate reasons why you would want to replace arms, get new arms. But the issue is where do those legitimate modernization concerns end and when does the acquisition process constitute a threat?

And where I think this comes about, I think most of you here are probably familiar with political scientist Robert Jervis' security dilemmas issue, which says, in essence, that what you do in your country, whatever you do to increase your security, decreases the security or the perception of security of your neighbor. So the issue is what I might feel as an absolutely legitimate issue of modernization -- why I am replacing weapons to make it more economical for me, to make it more safe, whatever those legitimate concerns may be -- my neighbor may think that I am preparing for offensive action against his country. So really it's -- what is that point in terms of how we address what is legitimate, what is of concern in terms of these arms acquisitions programs.

And every country has its own internal imperatives on why it needs to modernize. I mean, Chile has the Copper Law and it's a requirement to spend that money for modernization purposes of weapons. Colombia has the FARC. I mean, Venezuela believes that they have to prepare against a U.S. invasion, however remote that possibility may be. Brazil is preparing for global leadership. There's all -- all these countries

have their internal imperatives.

But in democratic countries, normally there's a process of checks and balances by which the internal nature of a democracy keeps those discussions of arms acquisitions in an appropriate way. And I give Chile as a great example. Chile has this law to modernize and spend 10 percent of their copper earnings on modernization for weapons and the military. But after the recent earthquake in Chile, that's already started to moderate their ability and their desire to use those funds.

So, Venezuela, on the other hand, doesn't have the same kind of checks and balances that other countries do. And so the issue really becomes one of how you communicate what you're trying to do. It's all about transparency. And those are the kinds of things that I think we'll talk about today, all these themes that I hope we'll have a chance to discuss; not only those, but the ones that you are interested in doing. And I'm really delighted, again, to be here with you as are all of us at CHDS. And once again, we are so proud to be here with our partner.

And let me introduce our co-sponsor for this event from Brookings, Mauricio Cárdenas, who's a senior fellow and head of the Latin American Initiative at Brookings Institution. Will you please join me in welcoming Mauricio Cárdenas? (Applause)

MR. CÁRDENAS: Thank you. Thank you so much, Richard.

As you said, we're delighted to co-sponsor this event. Previous events we've done with you have been tremendously successful, but just the turnout today shows that this one will be also a great success. Let me say just a couple of words before we begin the discussions.

First of all, this is intended to be more a conversation. This is not a topic where the final word has been written and we just want to begin that discussion. Why do we want to begin this discussion?

Well, last year, Brookings held its trustee meetings in Miami, Florida, and we had the opportunity to visit the SOUTHCOM with the trustees, and we had the opportunity to listen to President Óscar Arias. And the issue of arms, military purchases was very important in those deliberations. In fact, it was from President Arias himself that I heard for the first time the concept of a new arms race in Latin America. And he was very much critical of that, of course, given Latin America's pending agenda in the social sectors.

But since then, the media permanently revisit this issue and ask this question: Is there an arms race nowadays in Latin America? And I think that today we want to bring together the research, the analysis, the information, and the data that could actually help us form an opinion about that question.

I would say that if you look back to history, Latin America has

been, to a large extent, a very peaceful region. Today's borders are very similar to the borders in 1840, and that's not happening in any other region of the world. If there is something characteristic about Latin America it's the lack of what experts call total wars. And the total war measured by, say, it's a degree of lethalness, the involvement of the entire society, the deployment of massive resources. Those have been very exceptional events in our region. I would just, I think, think of one war, which is the War of the Triple Alliance, which could be considered as a total war.

But things can change, and I think the question is whether we are at a juncture where change is taking place. Are we leaving behind the Latin America that is relatively peaceful from the point of view of interstate wars and entering a new phase where there will be more aggression? And I think that's an interesting question because there can be arguments made in both directions.

One thing we know is that at the political and ideological level there is somewhat -- there is something that is very reminiscent of a Cold War. We have two clearly defined ideological camps. There is, at the very least, a war of words. And there is also the presence of some of the expressions of a Cold War in terms of trade embargoes, for example, like the one Colombia is now experiencing from Venezuela. So do these things escalate into something else? Do these things stop there? Those are the

questions that I think we should ask ourselves. Is this ideological war of words going to get worse or is this just something that will go away?

So those are some of the issues that I think we should be discussing today. Let me now move on to our first panel.

There's no moderator here, but I don't know if it's going to be you moderating or should I introduce the panel? I'll do it. Okay.

Well, that reminds me that on behalf of Brookings I want to especially thank Kevin Casas-Zamora, who's been the key person in putting all these programs together, as all the panelists and participants know. So thank you very much for putting together a great program.

So the first panel is basically a discussion of the trends on rearmament. And this is going to be a session where two co-authors of the same paper will be participating, one as a presenter and the other one as a discussant. The presenter is Mark Bromley, who is a researcher at the Arms Transfers Programme at SIPRI in Sweden; and the discussant is Iñigo Guevara, who is also a researcher at the Colectivo de Análisis para la Seguridad con Democracia. They're both experts on this field. They both have addressed this question. The answer -- at least the answer that I read in your papers is an answer that provides some comfort to those of us that worry about the possibility of a break with our own past. And you, I guess, question this whole concept of the arms race that is being used in the media.

But let's get on into the discussion, so I guess I'll just ask you for -- to join us here and begin your presentation. Thank you again.

(Applause)

MR. BROMLEY: Okay. So I'd like to thank Brookings and the Center for Hemispheric Defense Studies very much for bringing me over to Washington. As has been said, I live and work in Sweden, where we're just emerging from winter, so it's very nice to come somewhere which is definitely fully in the grip of summer, so I'm particularly grateful for that.

So my name is Mark Bromley and I work on the Arms Transfers Programme at the Stockholm International Peace Research Institute in Sweden. Since it was created in the 1960s, SIPRI has maintained databases on both military spending and arms transfers. These databases are both freely available and accessible via the SIPRI website. The military expenditure database provides a consistent time series on the military spending of 172 countries since 1988, and the SIPRI arms transfers database contains data on international transfers of major conventional weapons since 1950. They can be used to produce written reports that provide specific details of the weapons systems transferred and statistical data which provide a measure of the volume of weapons transferred to or from particular destinations. So both databases have recently been updated and now contain data up to and including the end of 2009.

To maintain these databases SIPRI relies on open source information, including government, media, and industry reports. We also rely heavily on local experts around the world, including, I should mention, my co-presenter today, Iñigo Guevara.

So in maintaining these databases on military expenditure and arms transfers our intention is to provide governments and researchers with objective information on which to have detailed discussions on policy-related issues. However, our intention is also to prompt states to themselves release and share more detailed information, both on military spending and arms transfers. These issues are sensitive in many states of the world. However, SIPRI's always maintained that increasing transparency in these areas can help to improve peace and security by building trust and confidence.

So what I'm going to do today is present some recent SIPRI data on military spending and arms transfers in South America before saying a few words about regional efforts to improve transparency and information sharing in these areas. So I'm going to focus more on the kind of broader brushstrokes, just presenting some of SIPRI's quantitative data before handing it over to Iñigo, who's going to focus more on the particular dynamics of recent acquisition patterns in the region and some of the tensions that they've created.

So this is a slide showing military spending in South America over the last -- or since 1988. So military spending in South America rose to $51.8 billion in 2009. This was a 7.6 percent increase on the 2008 figure and a 50 percent rise on the 2000 amount. So the rate of increase that we've seen over the past decade is almost double what it was in the previous 10 years. And what's interesting is that the financial crisis appears to have had an impact in some areas of the continent, but has had little impact on the overall rise in spending in the region. So South America's overall GDP fell in 2009, but the region has been less affected by the financial crisis than had been expected, particularly among states that are not overly reliant on commodity exports.

So this slide shows the -- no. This slide shows the trend in military spending among the six biggest spenders in recent years. Brazil and Colombia, the biggest spenders in the region, increased their military budgets by 16 percent and 11 percent in 2009. Other countries that have seen significant jumps in their spending include Uruguay where spending rose by 24 percent and Ecuador where spending rose by 18 percent. However, Chile and Venezuela, two of the biggest spenders in recent years, both cut their military budgets in 2009. In the case of Venezuela, 2009 saw a 25 percent fall in defense spending, the largest in the region. However, I should point out that in recent years Venezuela's actual military expenditure

has consistently exceeded the initial budget. Thus the drop that we're currently seeing in Venezuela's defense budget in 2009 may not be realized. We'll know that later in the year.

Now, while the jump in defense spending in the region over the past decade has been significant, it's important to place it within a wider global context. So this slide compares the growth in military spending in South America over the last 10 years with other regions in the world. Now, here the outliers are North Africa and Eastern Europe, where defense spending has effectively doubled over the last 10 years; and Western and Central Europe, where spending has essentially remained unchanged. So South America essentially lies in the middle of these two extremes, broadly in line with the global average.

Now, nonetheless, the rise in spending in South America has attracted attention, and partly because for the reason that was alluded to in the introduction, it represents such a shift with recent trends in the region. Since the end of the Cold War, South America has enjoyed a prolonged period of limited regional tension which saw the development of several initiatives aimed at economic and security cooperation and integration. Following the end of the military dictatorships in the region, military spending remained low as new civilian governments sought to assert control over defense policies.

However, these reduced rates of military spending that we saw in the ’90s and early 2000s created their own pressures. So during the 1990s and early 2000s, governments in the region often came under strong pressure from the military for failing to maintain or replaced out-of-date equipment. So during these years, acquisition programs were often delayed or cancelled, leading to the loss of certain capabilities. For example, as of November 2007, press reports claimed only a third of Brazil’s Air Force fleet was deemed airworthy.

In addition, while the region remained largely free of the old threats of interstate conflict during the post-Cold War period, many states remained beset by an array of new security threats, including criminal violence, narco-trafficking, and guerilla insurgencies. And so in cases tackling these threats has led to an increased role for the military and internal security, which has concurrent pressures on the military budget.

At the same time, critics have pointed to the continuing social and economic problems that persist in many areas of South America and asked whether defense spending is truly the best use of states’ resources. Meanwhile, the rise in spending in the region has attracted attention because of the environment in which it’s taking place, one in which bilateral tensions are on the rise and mutual accusations and counter-accusations are rife.

So I'll turn now to -- away from military spending towards arms transfers. So the rise in military spending has also been matched by an even sharper increase in arms imports into the region. Now, in certain cases, these purchases appear to have been driven by the rise in tensions that we've seen, while in other cases, the purchases themselves have served to further sour relations or spark mistrust.

Now, there's no necessary direct relationship between military spending and arms imports. The majority of states' military expenditure was spent on personnel costs rather than equipment. Moreover, states in South America, as in other parts of the world, often fund their arms acquisitions through borrowing, which means that the cost of a particular purchase may not show up in a state's defense budget for several years. This has been the case with recent purchases by both Brazil and Venezuela.

In addition, before I show the data it should be remembered the data on arms transfers may only offer a partial skewed picture of the overall arms acquisitions process within South America. Several states in the region, particularly Brazil and Argentina, have traditionally been able to source many of their equipment needs domestically while others rely almost exclusively on arms imports.

Now, nevertheless, SIPRI data on international arms transfers to South America broadly reflect the rapid growth in military spending in

recent years, indicating that the growth in spending has been, in large part, driven by a rise in procurement. Now, this graph shows SIPRI data on arms transfers to South America since 1980. Now, I should just mention at this point that in order to guard against the sudden increase and falls in transfers from year to year, SIPRI uses a five-year moving average to track trends in the international arms trade. So on the graph the -- well, the garish graph, the purple bar -- or the green -- the black bars show the five-year moving average while the line in green shows the year-to-year volume of transfers.

So, according to the 5-year moving average, transfers in South America -- transfers of arms to South America were 150 percent higher in the period 2005 to 2009 than they were in 2000 to 2004. Now, this rise in transfers exceeds the rise in transfers to Southeast Asia and North Africa, to other areas where the specter of potential arms races has been raised in recent years. In Southeast Asia, arms imports have risen by nearly 100 percent, while in North Africa, transfers have gone up by 60 percent.

Now, what's interesting is that SIPRI data indicates that the actual year-by-year volume of transfers to South America has actually fallen in 2008 and 2009, but this has yet to be reflected in the five-year moving average. This drop in transfers is basically driven by fallen deliveries to both Chile and Venezuela, the two countries that have largely driven the recent rise in transfers to South America. So together, Chile and Venezuela

accounted for nearly 65 percent of transfers to the region in the last 5 years. But transfers to Chile peaked in 2006, and in Venezuela they peaked in 2007, as both countries took final delivery of many of the larger orders that were placed in the early to mid-2000s.

Now, this trend, this kind of what we've seen in the last two years of falling transfers, is unlikely to last. Venezuela has clearly indicated that its current round of acquisitions is far from over and has recently signed orders for tanks and air defense systems from Russia. Meanwhile, Brazil has recently signed an ambitious round of defense deals covering the acquisition of submarines, helicopters, and armored vehicles that will likely see it move up the ranks of arms importers. Finally, other countries, including Colombia, have also announced ambitious force modernization plans.

So with the current round of acquisitions far from over and with political attention firmly focused on the issue, I think the current target of regional international efforts should be squarely placed on developing systems and mechanisms for managing defense budgets and arms purchases so as to limit their negative fallout.

Now, a first kind of tentative step in this direction would involve the implementation of effective mechanisms of transparency and confidence-building in the fields of military spending and arms acquisitions.

So as has been pointed out already and as no doubt will be reiterated in the course of today, states in South America, as in all parts of the world, have the legitimate right to defend themselves and extend control over their territory. Nonetheless, as events in South America have demonstrated in recent years, certain acquisitions have the potential to alter the balance of power in the region and, if not carried out in an open and accountable way, can provoke mistrust and instability. What this points to is the need for transparent procurement mechanisms that allow for both governments in the region and the wider public to see what is being purchased and why.

Now, the recent declaration of UNASUR is clearly of great significance in this regard. So in September of last year, the members of UNASUR committed themselves to sharing information on a range of defense-related issues, including arms acquisitions and military spending. However, I think it's worth kind of shifting focus and juts remembering that there are already regional and international transparency mechanisms in both the fields of military spending and arms acquisitions, but which are not being implemented to their fullest potential. So in 1999, states in the Americas established the OAS Transparency Convention, which creates a legal obligation to share information on all acquisitions of major conventional weapons, both from abroad and domestically, within 90 days of their entering into service. However, participation in the OAS transparency

mechanism has been far from universal. To date, 20 of the 34 OAS member states have signed the convention and only 13 have ratified it.

I think the poor level of states' current engagement with transparency mechanisms is most clearly illustrated by participation in the UN Register of Convention Arms. Now, the UN Register of Conventional Arms was established in 1991, and creates a political commitment for all states in the world to share information on their imports, exports, and holdings of major conventional weapons systems. Now, every state in South America has submitted information to the UN Register on at least one occasion over the last 10 years. However, the overall number of submissions has fallen in recent years to about half of what it was at the beginning of the 2000s. Meanwhile, only two states in the region -- Brazil and Chile -- have consistently submitted information to the UN Register since 1998.

Now, there's nothing intrinsically wrong with developing new reporting instruments under UNASUR. Indeed, if the different reporting systems under UNASUR, the UN, and the OAS follow the same format, the submission of different reports could be as simple as an official sending three e-mails rather than one. However, there is a general trend that is failing to fulfill commitments in the field of reporting and information exchange, and I think this has dangerous implications for the region.

Now, for SIPRI, finding out what states in the region are buying and from whom can be often time-consuming, but it's not impossible. The countries in question have active and engaged media, and they're buying from countries and companies that wish to trumpet their successes in the international arms market. Now, the point of transparency mechanisms for a region like South America is not to make the information known. It's known already. We know what states are buying and we know who they're buying it from. The point is to make the information known in a transparent and accountable way to create a basis for deeper discussions between states on defense and procurement policies. At the same time, failing to make available information that states have promised to provide, particularly when it's information that can be found elsewhere, implies that there is something hide, which can further erode trust in the region.

Now, clearly there are broader political issues at stake in South America, and I'm sure that will touch on many of them during the course of today. Many of these deeper political differences and tensions go far beyond the issue of military spending and arms acquisitions, and will not be dispelled or put to one side by improving transparency in these areas. However, as an easy first step, sharing information that states have already agreed to provide, upholding commitments that have already been made in the field of transparency in military spending and arms transfers, this would

go a long way towards detoxifying the issue and building trust and confidence in the region.

Thank you. (Applause)

MR. GUEVARA: Good morning. I would like to thank Dr. Mauricio Cárdenas, Kevin Casas-Zamora, and Colonel Richard Downie for your kind invitation to this panel. Having recently completed my degree at Georgetown Security Studies Program, I have been subjected to a heavy dose of theory to my already extremely technical research methods. With this presentation I intend to subject all of you to a similar painful, yet much shorter experience. (Laughter)

Arms races are very difficult to identify as they usually extend over prolonged periods of time, sometimes decades. A classic arms races model is centered around an action-reaction mechanism. In this sense, first, we need one player to acquire either a new type of technology or a disproportionate amount of weapons that will considerably alter its balance of power against a second player. Second, we need that second player to react either by production or acquisition to what it now perceives as a threat in an effort to match or outmatch its rival. The main factor here is grievance and, in some cases, a degree of rhetoric, which leads to escalation as usually arms races occur when two states do not trust each other.

So what is happening in the region? As Mark points out,

several countries are appraising their front-line conventional infantries. Most of these were originally acquired in the 1970s and underwent life-extension programs during the 1990s. However, by this date, they become extremely expensive to maintain and their technology is considerably outdated. Conventional weapons -- and by this I mean jets, tanks, armor, artillery, submarines, and surface ships -- are considerably expensive, especially the new generation of network fighting machines.

My research supports that at this moment there's not an arms race taking place in South America. However, there's certainly the potential for one.

There are four pressure points that I consider we should keep track on. The first pressure point and the one which has made more headlines is the Colombia-Venezuela relationship. Since the launch of the democratic security consolidation policy in 2002, Colombia's defense procurement and expenditure has been considerable, although this has been geared towards addressing its internal security situation. Only a few items in the conventional realm have been acquired. These are limited to 15 artillery pieces and a dozen fighter jets in an attempt to homogenize its fleet. Reports about the possible acquisition of tanks would indicate that Colombia's reacting to Venezuela's acquisitions and directly engaging in an arms competition. However, current reports indicate that Colombia's taking

the high road on this one and it will not go through with the tank acquisition.

The Venezuelan case is an extremely interesting one. Its government feels the need for a large modernization process in order to address a perceived external threat coming from either the United States or Colombia or both. There's a discrepancy between what the current Venezuelan leadership announces it will acquire in what can only be described as overexcitement, what some international media outlets exaggerate for their own agendas, and what it is actually buying. Since 2006, the Venezuelan armed forces have acquired 2 dozen Sukhoi fighter jets that have replaced its aging inventory of F-5 and Mirage 50s; has acquired 18 Chinese armed jet trainers that effectively attend a requirement first laid out by their Air Force in the early 1980s; 10 combat helicopters; 8 patrol vessels; and a couple of hundred short-range air defense missiles.

The reported tanks, armor, artillery, submarines, strategic transport aircraft, tankers, additional advance jet fighters, and strategic air defense systems remain to be delivered or confirmed. With overexcitement, exaggeration, and rhetoric, most of Venezuela's conventional acquisitions remained under normal historical levels and are replacing or restoring, rather than increasing, its combat capabilities.

The second pressure point in the region is Peru and Chile relationship. Chile has just gone through a long-term cycle of defense

upgrade that has seen its equipment and its forces updated to the highest standards in its history. However, Chile has shown a restraint by acquiring secondhand equipment from NATO sources rather than buying brand new weapons and further escalating the imbalance.

Chile has replaced its surface and submarine fleet, its fighter, artillery, and tank inventories over the past decade. Peru has, therefore, been subjected to pressures -- most of them internal -- to compete with Chile. The announcement of an international tender to buy tanks and artillery systems in order to counter Chile's acquisitions, plus the added pressure from the unsettled international maritime boundary dispute, took both countries dangerously into the arms race arena. The Peruvian government's decision to halt these tenders and address actual security needs has been very positive. Peru currently leads the region in an effort to curtail an arms race, although I must point out that any effort to cut defense spending or procurement percentage-wise would be detrimental and ineffective.

The third pressure point is the Bolivia-Paraguay relationship. Here is a region where $100 million in military procurement can actually make an impact. When Bolivia announced it would seek a credit line with Russia, Paraguay's Congress reacted by holding a series of sessions to determine whether their country's existence was at stake. Since then,

Bolivia's arms negotiations with Russia have reportedly tripled, yet the sense of urgency in Paraguay has passed, at least on that front, thanks to rapid rapprochement and transparency assures from Bolivia.

Last, but by no means least, is the new Brazilian national defense strategy and it (inaudible) re-equipment and modernization plans. As Mark's research pointed out, Brazilian defense spending has risen in the past few years and it now accounts for roughly half of the region's overall defense spending. I don't find this surprising at all given that Brazil's geography, economy, and population accounts for roughly the equivalent.

Brazil is acquiring a new generation of jet fighters, armor, submarines, destroyers, frigates, helicopters, along with the capabilities to indigenously produce, service, and support them. We will have to wait to see what effects this or its longer term ambitions of fielding a two-carrier Navy, a space-based presence, and a cyber warfare capability produces in the region.

We are seeing new and innovative ways to fund procurement by linking defense spending to national and sometimes natural resource revenue. From copper to oil, tourism to mining, countries are finding the way to fund military modernization. Furthermore, some countries are linking procurement to national development programs. I consider this to be extremely positive in the region. When well planned and implemented, this

can translate to unprecedented technology transfers that have civilian applications, attract foreign direct investment, lead to job creation, and the establishment of an industrial infrastructure to guarantee that defense systems become sustainable.

What the region needs, from my point of view, is not a halt in defense procurement, but long-termed and well-planned -- when possible -- cooperative acquisition policies. This sort of thinking, I believe, can take the region towards more interdependence and enhanced trust rather than conflict.

Modern and capable armed forces in Latin America are not exclusively tailored for traditional roles defense. They provide protection for their citizens from the growing number of nontraditional threats. They also form the first line of reaction to the calamities of Mother Nature or, as my favorite historian calls her, Stepmother Nature. Overwhelmingly, Latin American militaries possess the only capable logistic infrastructure to attend national, or even regional, emergencies. Not supporting their technical and technological development would be, in my mind, a suspicious behavior.

However, we must remember that the modern military is not only equipped with the latest technology and the most robust doctrine. It is also transparent force that is accountable to its citizens and institutions. It is an organization that respects and protects human rights and should be

ideally structured as a force for good.

Thank you very much. (Applause)

MR. CÁRDENAS: Thank you, Iñigo.

So we have a few minutes, about 20 minutes, to engage in a conversation. So I basically would like to ask you to ask questions or comments, hopefully, short, and please introduce yourself before you ask the question.

Do we have a microphone?

SPEAKER: Yes, we do.

MR. CÁRDENAS: Can you hear me in the back?

So, if anyone wants to? Ted, okay. Maybe if you could give us one of the microphones.

MR. PICCONE: Ted Piccone with Brookings. Thank you very much for your presentations.

Mark, I wanted to ask if you could elaborate a little bit more on your data and if you could break it down with some more statistics. I don't know if you have them handy or if in your head. But can you give us a sense of comparison in terms of, for example, percent of GDP resources going towards defense spending in the categories of personnel versus conventional weapons versus other types of capabilities, particularly those that relate to the real security threats on the ground that the militaries are

facing every day, namely natural disaster response, in some cases getting involved in internal security questions around trafficking, crime, policing, et cetera?

Could you just give us a little more on some of those questions? Thanks.

MR. CÁRDENAS: Let's collect a couple more, and then we'll do the first round. So right here, on my right, and then we'll go in the back.

MR. GRABA: Hi. Pedro Graba from the Embassy of Peru.

Iñigo, thank you for your presentation. I just would like you to, if you can, explain a little bit more why you consider the initiative that has been launched by President García in the framework of UNASUR would have difficulties in implementing, trying to implement it.

And the second one is related. You indirectly mentioned that facing a couple of countries, several balances of power. I would also like if you can explain a little bit more how the balance of power is now going on in South America because you mentioned perception. You mentioned several other issues that typically affect this, the equilibrium, the balance of power in the region and the sub-balances of power within the region. Thank you.

MR. MARES: David Mares, University of California-San Diego.

I agree with the general gist of the discussion, that the press

has overreacted, but I don't think that we're addressing the issue in a way that helps convince people that the press has overreacted. We're not looking at what's actually happening in the region. Nobody mentioned Colombia's incursion into Ecuador. Did that have an impact on people's perception of what are the potential dangers in the region?

Nobody mentioned Lugo's complaint to the OAS, that Brazil's large-scale maneuvers on its borders and the general discussion about what would happen if social movements took over or blockaded Itaipu.

I mean there are a number of things that are out there that get people concerned about the expenditure trends and the arms transfers, and we're not going to decrease that concern if we don't actually address those issues.

MR. CÁRDENAS: We have one in the back, yes.

MR. SALLE: Thank you very much. Julio Salle, Georgetown University.

I would like to ask to Dr. Guevara. In this moment, the situation of transparency and cooperation, it's very hard in the region, but we have new trends of organizations like UNASUR which has a Defense Council. We have a possible new OAS, less North America, or something like that. Which is your forward in terms of the way really or the realistic way to go through a mechanism that really could improve cooperation in terms of

defense? Thank you very much.

MR. CÁRDENAS: Okay, so let's stop there for our first round. I don't know who wants to begin.

MR. BROMLEY: So, the first question on trying to relate this to GDP, the military burden kind of question, off the top of my head, no, I don't want to start quoting figures and then find out they're wrong. But SIPRI does, yes, generate data which tracks defense spending as a percentage of GDP. Within the region, it kind of varies along. You have highs of 4 percent of GDP, which I think we've seen in Colombia in recent years, and then lows of 1.5 percent that we see in other states.

We do do analyses. I mean, we're not a strategic studies institute, so we're not really in the kind of business of passing judgment and saying what is a particular state's right level of defense spending. And such an issue like that is really, I mean, as I guess we'll find out in the course of today, not a hard science.

I guess what we're more focused upon is this issue of transparency, of states clearly stating and justifying what their defense spending and relating it more directly to what their defense policies are, and there the record in the region is very mixed. I mean, you can have a GDP, have a military burden of 4 percent if you can relate that directly to what your defense needs are and communicate those in a nonthreatening way. That's

not necessarily a problem. In other states, you could have a military burden of 1.5 percent, but release no information about why it's at that level, and that could be perceived as very threatening.

So I guess that half answers your question.

I guess the other, which was addressed to both of us, the kind of range of other issues which we were not addressing, which we didn't touch on in the region, well, I mean you're totally right. I mean, we alluded to them, I feel, in the sense that there are wider and broader and more specific bilateral tensions in the region, but I guess in the course of today we're trying to just extract out this one issue of arms races and trying to focus on that. Of course, at some point, we do have to relate that to these broader political tensions.

And as I point to in my slides, I mean, developing better systems of transparency and information and sharing may help to detoxify this issue a bit, but it is not going to address these kind of broader political issues that you relate to, that you mentioned. I think there are forums for, and there mechanisms in the region, for dealing with those issues. Clearly, they could be developed more effectively and addressed in a more concrete way. I think that yes, these issues should not be dealt with in isolation, but dealt with as a broader package.

I think the rest of the questions were for Iñigo.

MR. GUEVARA: Well, yes, regarding the Peruvian initiative, which I think it's a great initiative from President García. However, I believe that the question here was asking the region to curtail 5 percent of overall defense expenditure and 3 percent of procurement expenditure.

Now these budgets are already constrained most of the time. Most of the proportion of the defense budgets in South America and Latin America is geared towards salaries. So, if you constrain that 5 percent, you're probably just hitting manpower or hitting services.

The moment you take out 3 percent of your procurement budget, I mean that's nothing really. It's probably going to have an in impact on training. It's probably going to have an impact on parts and oil, liquids, something like that, and that will just be detrimental to their own security.

Regarding the Colombian strike, yes, the Colombians tried, did motivate, of course, a series of tensions in the region, and it also motivated the Ecuadorian armed forces to upgrade. We did not talk about that. I feel that Ecuador has since gone down a couple of levels and that what Ecuador actually did was acquire a number of systems that it really needed. It needed helicopters. It needed border control to enforce against illegal infringement on its sovereignty. It needed vehicles. It needed riot gear. It needed vests. That was basically it.

It has now received half a dozen retired Mirage fighters from

Venezuela. At that point, the Ecuadorian Air Force had, I believe, three jet fighters in service. I don't see how those six Venezuelan fighters would -- they would obviously make a difference operationally-wise. They would have something to protect their airspace, but I don't see how that could really constitute a threat.

Ecuador was the first country in the region to buy Indian technology. That may be something also interesting, to look at what other new players are coming into the region.

And regarding the question on transparency, I believe that UNASUR is a pretty good panel for countries in the region to engage directly beyond the OAS. UNASUR may want to have a lot more engagement in having visits.

I mean if we look, for instance, at the CFE. That's the Conventional Forces in Europe Treaty. This was elaborated from the late 1970s throughout the 1980s, and what we saw here was a number of confidence-building measures developed between Eastern and Western European states. It's not exactly what I would design for South America, but that vetting process, those exchange visits do create a lot of confidence between states.

Thank you.

MR. CÁRDENAS: Okay, we have a few more minutes. So I

guess we could take a few more questions, but let me pose some issues here.

When you showed the data on military expenditures or defense expenditures, yes, it does seem that there has been a tremendous increase in several of the countries in South America. But I think we have to put this in relative terms, not just as Ted mentioned, in terms of GDP, maybe the increase will look less impressive, but also relative to other regions of the world.

And I was most impressed when you showed the figures for the other regions. If anything, South America looks as a region where the rate of increase has been much lower than in other parts.

So, if we're talking about an arms race, should we be talking about the global arms race or just a regional one? The chart suggests that it's more of a global issue than a regional issue.

I think most of us are interested in this topic not just in the dimension of how much and what equipment is being purchased, whether it's modernization, but whether this changes the balance of power -- whether countries that have been very peaceful in the past, such as Venezuela who has never waged a interstate war in its entire history, could become countries that are more of a threat.

And I think it's important to stress to what extent these

purchases and the military buildup do change that, to what extent the equipment that is being purchased really can allow countries to engage in wars that we have not seen in the past. So I would like your comments on more the actual capacity of countries to wage wars, which is not just related to purchases but more to the overall military apparatus.

And lastly, you did not touch on unconventional weapons, and I think that's a very important topic. We all are very well aware that in terms of nuclear capabilities, there are at least two areas of concern. One is the possibility, and I stress the word "possibility," that Venezuela is engaged in some type of relationship with Iran as a supplier of uranium, and also as a country with a relationship on not just diplomatic grounds but also on exchange of information. And the issue of Brazil, which is explicit about its intention to build a capacity, a nuclear capacity, basically the ability to purchase a nuclear propelled submarine, but also the fact that it was engaged in this negotiation with Iran has generated some concerns, and there are some black theories around why did Brazil engage in that conversation with Iran.

So I would basically like you to make some comments about these issues.

MR. GUEVARA: Well, regarding the Venezuela-Iranian relations, I mean Venezuela is free to engage with whomever it wants, I

would think so. I don't have any information about Venezuela becoming a nuclear supplier to Iran at all.

I know that Venezuela began a project in I believe it was April 2008, on having a nuclear energy program. I don't have any information on how much Iran has contributed to that program. As far as I knew, there were French and Russian companies involved.

Of course, there is this notion floating around that there's an aircraft that travels from Iran to Venezuela, the famous Tehran-Caracas flight, weekly or biweekly, and that everyone wants to know what's on that flight. I'd like to know that, too. That would be for the Iranians and the Venezuelans to disclose.

Regarding Brazil, well, Brazil and Argentina have both had nuclear weapons programs in the past. I think the Brazilians were much closer than we thought to gaining that capability, but then that program ended in the 1980s.

Then let's remember on their nuclear submarine, that's a program that's been around since the 1970s. Lula resurrected it and it's a completely new design, completely new reactor. And where we talk about a nuclear submarine, we mean that it's nuclear-propulsed. It's not armed with nuclear weapons.

Now regarding why would an arms race be so detrimental to

the region, because nuclear weapons are the poor man's weapons. When we look at North Korea, for instance, and them having a nuclear capability, we see an enormous amount of resources dedicated to that capability. Could we see that in Latin America? Time will tell us.

I think that's about it.

MR. BROMLEY: Just this question of comparing the trends in defense spending within South America with other regions in the world, yes, I mean, the trend in South America is broadly in line with the global average.

I think what's interesting in South America is that if you compare with other regions in the world, I mean essentially outside of Europe, it's the region in the world that has the most developed mechanisms for sharing information and confidence-building on these kind of issues. There's a range of confidence-building measures that have been developed in the region since the early 1990s, specifically targeted on these questions of trying to limit the fallout of the military spending and arms transfers. Some of these are more well-developed down in the southern cone, kind of sub-regionally focused, but they're ones I pointed to in the presentation that apply to the whole region.

And I think that the dangerous trend in the region are these ones that cover the whole region which are written down, which states sign up to, and in some case are legally binding, but which are not being

implemented on a yearly basis. So, to that, it's that kind of gap between commitment and implementation which I think is one of the more dangerous issues that we see right now, particularly in this period when states are going through quite ambitious rounds of for modernization and increase in defense spending.

On the issue of unconventional weapons, I mean obviously there are rumors that are flying around. I think the general consensus is that when push comes to shove that it will be such a red line for states in the region to cross. There is such a strong norm that has been developed over the years, such an acknowledgement of what an enormous jump that would be, that I think that states in the region are, in practice, very unlikely to cross that line.

That said, there are clearly steps that could be taken that would help to dispel these rumors. In the case of Brazil, there are additional safeguards under the IAEA which they have resisted. This would be an important step to take. However, in the reality, it just seems beyond belief that any state would go down that road in the region, given the history of that issue here.

Change in the balance of power, I mean, yes. I mean a lot of the stuff I was presenting essentially were just these broad brushstroke data to try and frame the debate during the course of today. However, the real

issue is getting beyond the numbers, and looking at what particular weapon systems are being purchased and what particular impact they are having both on affairs within the region and bilateral relations.

I think Iñigo has touched on the ones which really seem to be the ones that are of most interest -- the certain particular systems that Venezuela was buying, the certain particular systems other states in the region are buying, that seem to possibly, could feasibly, go beyond this issue of just replacing out-of-date systems and actually shifting the qualitative abilities of states. So I think to a great extent it's in the eye of the beholder in terms of which weapon systems could be threatening and which weapons systems are just simply replacement.

And again, it really just emphasizes the need for transparency both in terms of what states are buying, but beyond that, in terms of deployments, in terms of joint training exercises, in terms of personnel exchanges. A range of different issues which have been discussed in the region for many years, in some areas have been implemented, in other areas have been agreed but are not being implemented. I mean, the models are here. It's just a question of implementing these things in a more systematic way.

Thank you.

MR. CÁRDENAS: Yes, we have time for one, two more

questions.

MS. SHOTT: Thank you. My name is Una Schott with Global Vision Venezuela.

I was wondering if you can make some comments on the role of the U.S. in the region, considering the increasing presence of China and Russia in Latin America. Thank you.

MR. CORDOZO: Hello. My name is Pablo Cordozo, from the Brazilian Embassy.

While endorsing Mr. Iñigo's recent comment, I would like to very respectfully disagree with the way that Mr. Cárdenas framed the question about the Brazilian nuclear capabilities. There are just two facts that I would like to point out that may not be so widely known, at least not by the audience.

First, Brazil is the only country I know that has a constitutional clause that expressly forbids engaging in a nuclear program for other than peaceful objectives. So it is constitutionally forbidden for Brazil to engage in a nuclear program for military purposes.

And second, Mr. Iñigo correctly pointed out the history of Brazil's and Argentina's search for military nuclear capabilities in the past. One very important fact I would like to point out here is that Brazil and Argentina have some joint mechanisms of accounting and control of nuclear

material that are very important for confidence-building and for controlling what each of those two countries is doing.

So this is just to bring this matter into a wider perspective. Thank you.

MR. CÁRDENAS: Thank you. Anyone else?

Yes, one last question in the back.

MR. ARKLES: Chris Arkles.

I wanted to ask, when we're talking about these arms and the trends in Latin America, we should be really, it seems, to be talking about just two or three countries because in most countries there's a maintenance issue. There's an issue of inability to mobilize because you've got 3 or 10 different communication systems, different weapons systems, no maintenance on aircraft or tanks or what have you. Have you any of you examined this when you make these assessments?

Like more recently, it was reported that Venezuela could not even mobilize or deploy its tanks to the border because of the infrastructure in the country, the bridges, and also the fact that the trucks couldn't take them. So is that taken into account when you have an effective analysis of the ability to present a threat in this arms race.

MR. CÁRDENAS: All right. Do you want to deal with that?

MR. GUEVARA: Regarding the question on China's and

Russia's increased presence in the region, I see, regarding the arms trade, Russia, the former Soviet Union, has been present since the 1970s, since the 1960s in Cuba, of course, since the 1970s in Peru. Russian helicopters, from my point of view, are good machines for Latin American militaries. I mean the U.S. uses them in Afghanistan. The U.K. uses them in Afghanistan. Sure, there's a lot of maintenance and operability issues with that. They're cheap. They simply have shorter life cycles than Western hardware.

China's introduction into the region regarding arms sales has been quite interesting, and they follow their own strategy of developing weapon systems that are designed for third world countries or developing countries. In that sense, they found in Venezuela and Peru and Bolivia -- Bolivia since the 1990s -- a large market for that.

Their credit terms are sometimes very hard to resist for Latin American countries. For instance, Bolivia's acquisition of two transport planes was given in 2008. They gave them a 10-year period to start payments, and those payments were spread over 20 years. So I doubt that aircraft is going to last more, is going to be in service by the time they finish paying for it, and similar offers to Ecuador, to Peru. And I see China using this as a sort of gateway, as a sort of beachhead into the Latin American market.

Regarding maintenance and serviceability, I believe I addressed that when I mentioned about these initiatives in South America to create a sustainable infrastructure for their different systems. Of course, it's very difficult when you don't have an industrial capacity to maintain all of them or to provide industry to maintain all of them.

But there has been, of course, a lot of cooperation. There's an ocean patrol vessel program being developed by Chile, Argentina. Colombia also took the decision to go with the same vessel. And Brazil and Argentina are also having talks, as well as Argentina and Chile are also having talks, on joint procurement and even joint development.

MR. CÁRDENAS: Okay. Thank you, Iñigo.

I think that we're ready to wrap up. I want to thank the two panelists, Mark and Iñigo. I think we've done what was the intention, which is basically to set the ground, set the stage, give the data. There are many questions, there are many issues, and hopefully we will address them in the next session. So, thank you for a splendid first session and great presentations. (Applause)

(Recess)

MR. PICCONE: Thank you. Good morning again. I'm Ted Piccone. I'm a senior fellow and deputy director of the Foreign Policy Program at Brookings, and very happy to be here for this program.

We're now going to turn to Panel 2 which is on "The Factors Behind the Rising Trends." I think the first panel made it clear that the data show there is a significant increase in defense spending, not very clear on how you break that down into component parts, but a certain demonstrable trend in that direction. I think the point of this panel is to try to get into some of the factors that are driving those increases, and to help us do that we have three excellent panelists who will go in the following order:

First, we will hear from Ray Walser who is at the Heritage Foundation, a senior policy analyst there. Ray spent 27 years in the Foreign Service at Department of State before joining Heritage in 2007, and served in Colombia, Costa Rica, Mexico, and Nicaragua, among other postings. He also directed the Foreign Service Institute's program of Western Hemisphere Studies in 2005-2007.

We will then turn to Adam Isacson who has recently joined the Washington Office on Latin America as a senior associate working on regional security, but he's been working on these issues for many, many years at the Center for International Policy and with a particularly intense focus on Colombia. He will also give us more of a regional view.

Then we'll turn to a Chile-specific view with Professor Julio Soto from the National Academy of Political and Strategic Studies of Chile. Professor Soto has also served as a military and political affairs adviser to

ministers of defense for many years in Chile, and earned various degrees including degrees here in the United States at the Naval Postgraduate Institute of Monterey and other institutions.

So we'll go in that order, and then we'll have plenty of time for questions and answers. I will ask Ray to take the podium.

MR. WALSER: Ted, thank you very much. Mauricio, Rich, thanks very much for this opportunity to speak to you.

I see in the audience people who have actually walked the walk and talked the talk. I see distinguished military officers, and I see ambassadors who I served under. I see even in the back academic experts who have spent an entire career looking at conflict issues in the hemisphere. So it's a distinguished audience, and I'm pleased to have this opportunity to speak to you.

What I'm going to do is I have about a 12-page paper which I'm going to drone my way through. No, I'm going to try to summarize some comments that I tried to prepare in the last couple of days.

It is somewhat ironic that I cut my teeth as a graduate student on an arms race. The arms race, however, was not the arms race we're talking about. It was the arms race that was taking place in Europe before World War I. It was an arms race that involved a nation which I got involved in the study of their history, which was France, and it was their efforts to

modernize their French fleet in the period 1898 to 1914. So, therefore, the paradigm of an arms race has been around probably for over a century.

What does an arms race basically entail? Well, certainly it entails an acquisition of arms, and we've seen a discussion of that in the presentation by the very distinguished gentleman from SIPRI. It involves numbers. When I was there, when I was studying, the French navy had went from doctrine called a *Jeune École* to a more traditional battle fleet or old maritime strategy.

But arms races entail other things, as we learned from the study of the origins of the First World War. They involve balance of power politics. They involve colonial rivalries, in the case of Europe. They involve democratic and non-democratic systems. As we learned sadly in July of 1914, it involves issues of crisis management. The arms are basically an art until crisis management breaks down.

Well, lo and behold, we jump forward about 35 years, and I get to talk about the subject that I studied as a graduate student and did my dissertation on, but the context we move to is quite different. So I'm among those who stand as something of a skeptic about the arms race.

I think that we have seen and we're seeing obviously increases in acquisitions, modernization, changes in the systems that are employed in Latin America, but the numbers, I was sort of struck. The SIPRI

numbers indicated that the highest levels were back in the 1980s. If one remembers the 1980s as something of the lost decade, a period of almost total economic disorder, decreased growth, and yet those were the most robust periods in arms acquisitions in the Western Hemisphere.

What did you have? You had military regimes in many countries. You still had a military government in Brazil until the mid-'80s. You had the aftermath of the Falkland-Malvinas crisis, or war, and the like.

So, in a way, it looks as if Latin America at this particular point is simply racing to catch up with the lost decade. Now that's kind of a scary concept, but anyway, I throw that out there.

I think that there has been -- I will sort of correct what Mauricio said. There have been total wars in the hemisphere. I think if you look in Central America in the 1980s, you came pretty close to a total war. I think if you look the Chaco War, you might see something that resembles a total war. So you can have ferocious wars.

I think if you look at the war in Colombia, the 10-year long struggle, it's a pretty ferocious war. So we have to, again, be careful about the terminology "total wars."

I'm skeptical in the sense about an arms race simply because the numbers on a global scale don't really tend to add up. I mean I looked at the World Fact Book, and although Brazil is racing ahead it still only makes

the top 15 nations in terms of arms expenditures, and on a per capita basis it weighs in at a mighty 88th on the world scale in terms of arms expenditures, so if you look at that as a gauge.

Again, when we talk about arms races it's going to be a question about what gauges we use to measure it. Is it simply going to be absolute numbers and increases, is it going to be per capita figures, or the like?

Secondly, I firmly believe the gravest threats in the area are those nontraditional threats, the threats that are posed by nonstate actors, by criminal gangs. I think that it's far more likely that the citizens of the area are worried about the FARC, about the Maras in Central America, about the gangs in the *favelas,* about the gangs in Jamaica, about the Zetas and the Familia Michoacana in Mexico. Those, I think, are the cutting edge issues. And we have plenty of panels that are here. I see a number of distinguished experts who have touched up those topics.

So again, I think that the arms race is a secondary -- if I can get my notes in order -- factor.

I think that it's an interesting and perhaps perverse factor that perhaps the generalized lawlessness, the sense of citizen insecurity may serve as one of the greatest breaks on an actual arms race unfurling in the country. How can we spend money on all these arms, on big militaries,

when we can't even police our own streets? So I think there is a sort of break that is created by citizen insecurity.

Clearly, the concepts of citizen security, human security are the ones that need to be discussed although that's not the topic at this time. And the driving factors are poverty, inequality, marginalization and exclusion, and the like.

So what are the underlying factors? What do I see as driving? This is to look at the driving factors that determine the arms race. Well, a couple of observations I see. I will basically posit about three or four forces that I see and maybe draw upon a couple of different examples as I see them.

First of all, I think we do see a change in the power relationships, and I think of the global context. Sometimes I think we get a little too parochial in dealing with Latin America, but this is a Latin America that is obviously changing. It is a Latin America in which one nation in particular seems to be striving ahead to a global role. We see another nation trying to build a coalition that is increasingly based on the fundamental principles of anti-Americanism, building defense doctrines off of that -- in turn, creating, as I said, a military doctrine, a whole system of governance that largely hinges on anti-Americanism, again linking back to changes in the international environment.

Secondly, we see, as I said, diminishing influence and engagement by the U.S. for the most part. Take a look at the national security strategy paper that was released the other day. Do you find Colombia or Venezuela even mentioned in it? I didn't read it all the way through, but thanks to that little edit function you can look for the word. You'll find that neither Colombia nor Venezuela was mentioned.

As far as I know, the only reference that the President of the United States has made to Venezuela's potential military threat was once that he said: Well, why should we worry? Its military budget is only 1/600th of that of the United States, which I think he said in the press conference at the Summit of the Americas.

So, if he doesn't worry, why should we worry?

The other factors, as I said, basically I would focus on international configurations, on ideological factors, clearly on leadership factors that come into play.

I was going to say a few words about Chile. I will leave those to my colleague who actually knows something about Chile.

I will talk a little bit then about three case studies, and what I think we have to deal with is we have individual country case studies. An arms race is based upon those case studies. They're based on those security perceptions, on military doctrines, on what those nations are

seeking to accomplish with the arms that they're acquiring.

So let's look at Colombia briefly, although again with General Ospina right here I hesitate to tread into such treacherous waters, but let's look back over the last 10 years. A decade ago, we stood on the verges of a failed state. We have subsequently seen what is basically a military revolution, a revolution in military affairs, taking place in Colombia. We've seen a garrison army become a field army. Weapons systems were acquired to go after what? One basic domestic threat.

Well, actually at that point, clearly the panorama was a strategic triad of Hobbesian forces consisting of the FARC and the ELN, consisting of the paramilitaries and clearly of the drug-trafficking cartels, but basically a view that was inward looking -- that you can't have peace, you can't have security without control of your territory.

Hence, we had under the Uribe Administration, under his leadership and executive, a system geared to the acquisition of arms, special taxes, obviously pushing it up in terms of per capita expenditures on weapons systems up to about U.S. levels. I think that Colombia weighs in at something like 3.5 percent of GDP or so as being expended to maintain this internal conflict.

Another factor I think that we have to look at in discussing arms races that I don't think anybody has mentioned is that linkage between

an external player and a domestic conflict. Now, in the case of Colombia, it's the good guy, we like to think. It's the United States who stood there. Could we imagine Plan Colombia, this sort of effort, unfolding if we had not been there and helped, obviously worked as a partner? I don't want to get into who gets the credit and everything like that. It's certainly the Colombians, but our sustainment, our involvement in that conflict.

And I think you're going to look at what we need to look at then in a couple of the other cases I will cite, those other external players who link up. To really get things percolating in the area, you have to have external players involved.

So basically, an inward looking conflict in Colombia, a military revolution that targets nonstate actors, violent nonstate actors who in essence threaten the exists of states, becomes the focus point of the doctrine, the military acquisition system and the like in Colombia, and the importance also, as I said, of an external player. So these, I think.

And finally, let's put in there another factor I think we don't mention is the importance of presidential leadership. I saw this in running across and reviewing the literature. We talked about hyper presidents. Well, certainly the Uribe Administration was a hyper presidency. So another ingredient is leadership factors that go into determining this matrix that we're calling an arms race.

Let's touch briefly on Brazil. Again, I know there are people from the Brazilian embassy. There are people who are far more expert. I think the presentation by Mr. Guevara on Brazil seemed to be spot-on.

I would simply say that Brazil is sort of awakening, and this appears to be its hour. It is -- with population, size, resources and economy -- a political dynamic. It certainly sees its moment in the sun, so to speak, to use a term that was used back in those good old 19th century arms races. It's not Wilhelm II's Germany, but it is a rising power in the post-American world, so to speak.

Look to the G20, the BRIC, the IBSA, UNASUR, Rio Group. Brazil has become the ubiquitous nation. It seems to belong to virtually any new, emerging power structure within the world. It wants a seat at the inner table of power, and it wants keep sliding its chair a little bit closer.

Clearly, the security challenges facing Brazil are immense: Protecting the green Amazon and also securing what I've seen referred to as the offshore blue Amazon. Brazil is cognizant of transnational organized crime threats and is also concerned about violence, particularly in light of the 2016 Olympics.

Basically, Brazil, I think, sees arms as playing a role. Again, I'm not enough of a Brazilianist to work this out entirely, but I think it sees arms as part of it needs greater gravitas, greater weight to carry to the

international table. Certainly, the discussions about nuclear submarines, for example, tend to oftentimes go into the realms not only of actual defense needs but into the symbolic aspects.

For points of analysis, I would compare Brazil with other middle powers, past and present. France under Charles de Gaulle, for example, comes to mind. One thinks of the Gaullist quest for prestige and grandeur, a "third way." I was taking note that the "third way" consisted of a nuclear force for France in which I think de Gaulle shocked everybody by saying: To defend ourselves against attacks from any direction.

Well, that sort of woke Washington up, if I remember because they said: The West, would we harm France?

Anyway, I think there's a kind of Gaullist prickliness to Brazil at this particular point.

And finally, France has also become that sort of strategic partner. Remember I said I think one of the factors we have to look at is a strategic partner. Clearly, *la belle* France appears to be a far more compliant arms and technological partner who promises to be less restrictive and far more understanding than Uncle Sam. There are other players that clearly come into play.

Finally -- I think we raised it here -- what is the grand plan of Brazil with regard to nuclear power? Again, I'm not enough of an expert.

The recent excursion off to Tehran to cut the deal, the nuclear fuels deal with Tehran, has certainly troubled Washington these days, and I think started people thinking, well, where is Brazil going? Yes, you have a constitution that says you can't have a nuclear weapon, but then again remember Latin American constitutions are oftentimes changed. So I think we've seen large number of constitutional changes in Latin America. It seems to be sort of a national pastime in many of the countries.

So where is it going? I don't think that Brazil has the ambitions to be a nuclear armed power at this particular point, but I think it's chafing a bit at the international regime, at the club. So it again is projecting, I think, onto the international stage.

I think I've probably overrun my time here.

Let's just take a quick look at Venezuela. Now I was very surprised that its arms acquisitions dropped 25 percent when it is supposedly inking deals out the left and right with Russia. I think the point was very good.

Yes, they talk a lot about some of these arms. Certainly, we have seen the Sukhois. We have seen some of the weapons systems, the Iglas and the other things, those surface-to-air missiles, but a lot of the stuff we just haven't seen. It's much like Mr. Chávez to talk a lot about what he's going to acquire, what he's going to do and the like, but we will see where it

goes. If he acquires all these things, including S-300 missiles, which I understand are pretty sophisticated and we're trying to keep them out of the hands of the Iranians, it could be a pretty formidable amount of material.

Quickly, why is Mr. Chávez acquiring arms? Again, ideology, presidential leadership. Is there a Venezuelan defense doctrine or is there a Chávez defense doctrine?

Chávez has successfully found the locus of international evil. We've been looking for it for a long time, but he has discovered it, and he has found that it is in the United States. He has managed to mix the elements of Marxism, Leninism, anti-imperialism, anti-Americanism with his own particular brand of Bolivarianism or nationalism. Clearly, he has conceived a national defense doctrine which I guess has never been really attempted unless you look at the Cuban example, which is we will defend ourselves against the United States although, as President Obama said, we only have 1/600th of the military resources that they do.

What does Chávez use? What are the driving forces? What are the implications for his military forces? I'll quickly touch on them.

With arms races come things called militarism. I think that there is a *Chávista* militarism there. He wants to militarize society. He wants to, in essence, use weapons not only as instruments of power projection but also instruments of social control.

I think that the thing that most analysts who looked at it, and I think we'll have Gabe Marcella here later on, is the doctrine of asymmetric warfare. I think that what he sees is in a way the conventional arms are something of a façade. Behind that is the people's war concept, creating such instruments as militias and national guards distributing weapons to the people, and the like -- the concept that comes from many different sources, including that of Cuba.

Finally, he uses arms, I think, as a tool to project revolutionary influence. The biggest tools clearly are soft power -- money, petroleum and the like -- but I think that the weapons that are acquired oftentimes seem to find their way across the borders, out of the arms caches of Venezuela, into other inconvenient locations such as very sophisticated anti-tank weapons and the like.

Finally, I think that the most troublesome, the other aspect, again looking for those international champions of local conflicts, is I think that Mr. Chávez, in his effort to accelerate the creation of the multi-polar world, looks very closely to a number of willing individuals, individual states out there, particularly at Russia which is more than happy to sell large quantities of arms. The question is will they get paid for them. That remains to be seen. But he certainly is undertaking to make Caracas the hub in a global pipeline of anti-Americanism and global radicalism in the Western

Hemisphere. Hence, people become a little edgy when looking at what's going on in Venezuela, and also a little edgy about the lack of transparency.

So anyway, those are some observations. I think I will conclude. I probably said more, far more than you ever wanted to hear from me. But the basic things I think we have to look at: What is the dynamic? What is the leadership? How are these weapons going to be used? What security doctrines are out there? What are the threats that are to be addressed? Those are the essential factors I think we need to take into place in a detailed analysis of arms races in Latin America.

Clearly, there are a number of instruments out there that have been discussed, that are being applied. We have UNASUR and others. We have the OAS.

But I will finish with the final word I remember learning very early in Latin America I think, and I always mispronounce it, but I think the term (speaking in Spanish) -- "I obey, but I will not enforce the law," oftentimes seems to apply to many undertakings in the region.

On the other hand, the threats of war, the direct conflicts I still continue to minimize. I think that there are much bigger fish to fry, that nations will remain relatively reasonable in the area, but there are, as pointed out earlier, there are flashpoints.

Thank you very much for your time. (Applause)

MR. ISACSON: Well, thank you, Ted. Thank you, Ray. Thank you, Dr. Downie, Dr. Cárdenas. It's a pleasure to be here. Also, despite the unencouraging subject matter, arms races, it's really encouraging to see this kind of turnout, this much interest in this topic.

Now I'm going to try to complement Ray's talk and the rest of the panel, talking about what some of the driving factors are behind what we are seeing. Just briefly though, is what we're seeing an arms race? I guess we'll have to sort of touch on that issue.

When we're talking about the countries that are actually increasing their purchases significantly in South America, we're only talking about four countries really: Brazil, Chile, Colombia, and Venezuela. They would be your first tier of big purchasers.

You might want to add Bolivia and Ecuador to that list with Bolivia's $100 million line of credit, some of the purchases Ecuador made after the March 2008 raid into its territory.

Peru certainly has increased its purchases somewhat although now it's taking a role of diplomatic leadership and trying to discuss how to slow down the momentum.

But really it's these four countries. And these four countries, you've got three of them until very recently run by leaders from the left or center-left and really only two, Colombia and Venezuela, who are even

rhetorically talking about conflict scenarios. So talking about an arms race in general makes not that much sense. It's hard to say Brazil and Chile are engaged in an arms race.

Okay. So I want to talk about some of these driving factors, some of these other reasons why these arms purchases are happening, and I'm going to talk about three things principally:

What are really the threat perceptions that countries have in the region right now?

Second, domestically, within the debates in these countries, who is favoring arms purchases? Who is calling for increased buying-up of weapons?

And finally, what can we do about it? What can the region do about it? How can defense cooperation reduce tensions and actually reduce the momentum of these purchase if that's indeed a desirable goal for the whole region?

First, threat perceptions of the countries making these purchases, I think these perceptions diverge widely. First of all, I mean if you're buying large weapons systems you're probably preparing for some sort of hypothetical external threat, and external threats are largely lacking in the region, really credible ones anyway. Even in official rhetoric, they rarely emerge. And we're talking about a region that really post-1830 anyway

really has had so few interstate conflicts that have claimed more than 100 lives. I believe you can count them on one hand.

But there are mild exceptions to what I just said about the lack of external threat perceptions. Let's start in Venezuela where President Chávez, as Ray mentioned, speaks frequently in his rhetoric about an imminent U.S. invasion or sometimes he says that invasion would come via Colombia. Whether he's trying to rally his political base or whether this is actually doctrine orienting his whole defense approach is not clear although certainly it seems to be the pretext for a lot of the major purchases, particularly from Russia.

That rhetoric ratcheted up after two incidents involving Colombia. First, the March 2008 Colombian raid into Ecuadorian territory that killed a top leader of the FARC and caused a big outcry in Ecuador and Colombia. And then after July of last year, when news started to emerge in Colombia's press that the United States and Colombia were discussing, without a lot of transparency, a military cooperation agreement that apparently involved the U.S. use of several bases in Colombia, and Chávez took maximum advantage of that.

Now, as Ray said and I agree, I think that a lot of the pretext for these purchases is an asymmetric warfare model. When the invasion comes, they are going to be prepared to resist and lead the guerilla

resistance to the U.S. invaders or the Colombia invaders. This is not a response to a popular clamor in Venezuela either for war with the United States and Colombia or even for major defense purchases. You don't really see it coming from beyond maybe Chávez and some cadres in the PSUV party. It is not a widespread sentiment.

Colombia, in terms of its external threat perceptions, Chávez's rhetoric and purchases have had an impact on the debate. In Colombia, in the media and in official circles, you do increasingly hear talk about a possible threat from Venezuela against which Colombia must prepare.

In my own recent conversations with top Colombian military leadership, I was actually struck by how infrequently they mention the FARC these days. There's almost a sense that the FARC, even though they're carrying out almost daily actions and have about eight or nine thousand members, the FARC are a secondary phenomenon. It is Venezuela and Venezuela's intentions that are occupying most of the cycles that they're thinking about. One individual said to me, well, you know, the FARC doesn't have the capacity to bomb all of our airstrips, giving you an idea of the thinking.

Where else in the region among the countries that are buying up weapons are there even really scenarios that are credible for external threats?

Perhaps Peru and Chile continue to dispute the desert border near the Pacific Ocean, which really isn't a real threat, but it does cause the leaders in those countries to say or do unfortunate things. I remember in November, 2008 when the head of Peru's army, upon leaving, he was caught on video giving a toast in which he says the Chileans who enter will not exit, and if they do they'll do so in a coffin. Where did that come from?

And in November 2009, again we saw a scandal where Peru was accusing Chile of infiltrating spies into Peru to learn about Peru's plans to purchase aircraft. So those tensions do continue to bubble up.

As I mentioned, Ecuador increased its own purchases after the March 2008 raid; although I agree with the last panel, most of those were purchases designed to increase the state presence on the northern border, which are necessary. However, it also included a $250 million contract to buy 24 Super Tucanos from Embraer in Brazil, and I note this week that because of budget cuts Ecuador is trying to renegotiate that contract and buy fewer aircraft because they just don't have the money. So that momentum is certainly receding.

But beyond those examples, it's really even hard to come up with external threat hypothesis. Obviously, Bolivia would like to access the sea again. Argentina still claims the Falklands, but anyway I think the military route has been exhausted there. Argentina and Chile have settled

nearly all of their border disputes at this point.

I mean, Brazil does talk about protecting its new-found offshore oil and protecting against encroachment on the Amazon, though it's not clear from whom they're planning on it. And I just love that term, "Gaullist prickliness." I'd use that to describe a lot of people I know too. That may be what we'll use to label that.

Speaking of external, while Brazil's neighbors don't trust all its intentions, the idea of deterring an invasion from Brazil is such a far-out scenario. I mean Chile is not buying up fighter aircraft to deter Brazil in my mind. So we wonder.

Actually, I would be interested to hear, I mean, Chile's rationale for these purchases in fact. I mean, who is the perceived threat or is it just a matter of prestige or modernization, and for what?

I do note that the head of Chile's air force said earlier this year that with these new F-16s, we don't intend to hit anybody. The concept of deterrence says that you don't mess with me because I can hit you hard if you bother me. Everybody who is looking at us, everybody who is around us, they know that we have the capacity to hit hard. So it's better that they leave us alone.

But there is no sense of who "they" is. Peru, of course, probably thought it was them.

Okay, so let's pass over to internal threat perceptions. I mean there are certainly more of those. In much of the region, that is what militaries have been traditionally in the last century organized to confront. If you're counting internal armed conflicts that have cost more than 100 lives, you will run out of hands pretty quickly.

In South America, I mean right now, internal threats mean sometimes insurgencies; more often, as Ray Walser said, organized crime; not really so much terrorism or global terrorism that we detected really, unless it's again acts of terrorism perpetrated by insurgents or mafiosos.

In general in South America, in most countries, these internal threats right now are not perceived as having exceeded police capacities, much less requiring large arms purchase.

But again, as I did with external threats, there are exceptions. I mean Colombia would be the big one, an internal armed conflict that is nowhere near ending. Colombia does have the largest per capita GDP -- not per capita -- the largest percentage of GDP expenditure on defense, 3.5 percent or maybe 3.6. I don't remember the SIPRI number exactly, but I don't believe that that includes police. Correct me if I'm wrong later.

In Peru, there are still remnants of Sendero Luminoso who have been more active, especially in the Ene and Apurimac Rivers valleys.

And in several countries, you do see the military like you've

seen in Mexico, but that's not South America, playing a larger role in counternarcotics, especially along key trafficking routes: Ecuador in the northern border. In Bolivia, the army's 8th Division plays almost an entirely counternarcotics role, and President Morales has been urging them to do more. Then there are other military task forces playing supporting roles in the drug role. Brazil has sent the troops into the *favelas* on numerous occasions.

But only in Colombia have these internal threats been what have underlain a big military buildup, and this buildup began in earnest around 1998 with President Pastrana, General Tapias, Defense Minister Lloreda and Ramirez. It accelerated after 2002 with President Uribe. Colombia has more or less tripled its defense budget since 2000, if you include police again nearly doubled the number of military and police since that buildup began.

Colombia is now widely cited -- I've never seen an official source, but you see this everywhere -- that it has the fifth largest helicopter fleet in the world. The army does claim to have the third largest Black Hawk helicopter fleet in the world.

Colombia may be the only country in the continent where there's at least maybe not total consensus, but a widespread support for this military buildup in society itself because of the threat perceived by the

guerillas. Not only do polls show the military as one of the most popular institutions, but as we saw last Sunday, we never know what the polls really think in Colombia.

Other than that, other than these examples, I mean it's hard to say that these arms purchases are guided by threat purchases. It's more like the causes that the other panels have discussed, like the end of a peace dividend and the increase in commodity prices. That's why not as much as internal threats, this is why you're seeing the buildup more greatly.

A second topic, and I have no idea how I'm doing for time, but I'll just keep rambling on.

MR. PICCONE: You have five minutes.

MR. ISACSON: Oh, five minutes. Good.

Who are the constituencies domestically behind these arms purchases? In Colombia, as I said, you had the wealthy actually willingly paying wealth taxes to increase the defense budget and make some of these purchases, particularly the helicopters and some Super Tucanos, possible.

But interesting, most of the other areas in the region where you've seen increases in defense purchases has come almost from the left, not a dovish left, but a more muscular left. At times, this owes to national ambitions. Certainly Lula, though he's center-left, sees Brazil as sort of

entering the world stage as has been mentioned. And of course, Venezuela, both for asymmetric warfare reasons as well as for global balance of power, multi-polarity reasons, has sought to arm itself more.

I think in Brazil, domestically, there's a lot more consensus about this ambition than you see in Venezuela. I mean Venezuela is just so much more polarized politically that you can't talk about consensus on almost anything, much less arms purchases.

But in also Brazil, which has a pretty large domestic arms industry, this is a job creation program. Embraer is a large and growing company.

Now, in some of the left of center countries, left of center governments, where you've seen increases in arms purchases, there's an element of trying to buy off the military which is often a much more conservative institution than the other institutions being brought in by the president. Get the leftist command -- get the high command, rather, to join up with the leftist leaders. Make it sort of a win-win, which is why you see Evo Morales consistently calling for new arms purchases, modernizations and especially pay raises for the military. And I think you can't discount that.

In Chile, who is behind the fighter purchases? I will defer to my colleague although I do note, of course, the copper law that gives the military some autonomy in procurement questions. I do note thought that it

seems like in the wake of the earthquake some of that procurement budget is going to be going toward relief and repair operations, or rebuilding operations, and will scale back Chile's ambitions for a little while at least.

And in Colombia, I mentioned the wealth taxes and some consensus on the purchases, particularly to fight the FARC, although there would probably be less consensus on a major buildup to fight Venezuela. The only debate I remember in the last few years over a purchase in Colombia was over the 2005 contract to spend $234 million on 24 Super Tucanos from Brazil, and 2 of the recently defeated presidential candidates, Rafael Pardo and Germán Vargas Lleras, were the most vocal opponents of that, both of them sort of the centrist politicians. I do remember General Hill of SOUTHCOM even writing a letter in 2002 saying that this really shouldn't be a priority.

Now in most of these countries, the military itself of course is a constituency backing these arms purchases, but in countries that aren't making these arms purchases -- that's particularly Argentina, Uruguay and, to some extent, Peru -- it's a source of civil-military tension. Some of this is hypothetical, but you certainly see the militaries desiring to keep up with the neighbors and angry that the civilian leaders are not doing that -- the military as well as backers, usually on the right, and opinion on the opinion pages. If you open up *Clarin* or *La Nacion* in Argentina, you'll often see op-eds almost

panicking about Chile's and Brazil's purchases and asking why Argentina is not catching up. That creates some internal tensions, but it also shows that in these countries, as well as even some of the buildup countries, the debate about what is the appropriate level of defense budget, of purchases, really remains unresolved.

Now what are the constituencies against arms purchases? Again, particularly in Argentina, Peru, and Uruguay, you often see a coalition between the left, usually the left that survived the years of military dictatorships and tortures and detentions, with elements, at least elements of the business community who don't see it as a wise investment at this point, especially who favor a responsible fiscal policy, not plunging the country into deficit. You certainly see the business community in Peru and Venezuela endorse that view.

So, finally, I mean what are some steps that can be taken?

How do we control this increase in weapons buying, if that is indeed what the region wants, or at least prevent it from becoming an arms race?

How do you get the transparency and the confidence-building, the crisis management in place with or without U.S. involvement?

First of all, I think pressure on the sellers themselves is unlikely to work mainly just because there is too many of them. Ten years

ago, 15 years ago, the United States was not only the largest seller of weapons to the region, it accounted for more than half of sales. Now U.S. sales have been flat in the region, usually between a billion and a billion and a half dollars a year. That includes even just nonlethal equipment, which brings the United States down -- I'm sure SIPRI has better numbers -- that are about a third of the total. So there's plenty of other places buyers can go now.

Instead, first of all, where does the United States fit into that? I think the United States could and should show more leadership, and make an example of restraint and transparency, which means not encouraging or participating in sale that are obviously budget-busting or obviously inflaming regional tensions. And it means making transparency a key foreign policy goal for our diplomats in the region.

But ultimately and above all, getting at this requires that the governments themselves in the region do get together, work together. We need to see more of governments in the region declaring clearly their intensions, and communicating their large purchases and the reasons for those purchases. As my colleague from WOLA, Lucila Santos, said in another forum a couple months ago, it's really unacceptable that countries in the region are finding out about their purchases and their budgets by going to SIPRI's website. They shouldn't have to do that. It shouldn't be just

available on the Internet. It should be talked about. There should be a system for notifying about upcoming purchases and the reasons for them.

In the absence of that, you have some aggressive statements from leaders of the militaries in the region -- I mentioned Peru and Chile -- that end up almost substituting or filling the vacuum for threat assessments, and that unnecessarily inflames tensions.

Also, transparency efforts should include, to a much greater extent, small arms which maybe are the greatest danger because they stay there.

One thing that was useful in the early to mid-2000s, and probably needs to be reinvigorated, as the process of publishing white papers and indicating what defense goals are and what threat perceptions are and what purchasing plans. There haven't been too many of them after 2005, and it would be good to have another round or even a process of producing them on a very regular basis, every two years for instance.

And perhaps a regional commitment to avoiding secret, or at least vaguely worded, bilateral military cooperation agreements with powers from outside the region because they increase tensions unnecessarily -- the lack of transparency and the poor rollout of the Colombia-U.S. agreement raised tensions. Venezuela's secret military agreement with Russia continues to add to tensions.

We need institutions to formalize this, and there are some institutions now, with or without U.S. involvement, and I'll wrap up here. The OAS is going to be discussing this in Lima next month. The OAS has an Inter-American Defense Board that could, but certainly in its present form could not, be a good fora for making all this happen, in serving as a secretariat, but it would need itself some substantial reform. The regular defense ministerial meeting, so the next one will be in Bolivia in November, should try to take this on although they have such a consensus model that it makes it hard to do, but I think it would be a useful discussion.

The South American Defense Consulate, UNASUR, is untested and brand new, but offers some promise.

Actually, most of the things I just mentioned are untested or really have not been tested by crises, but I think they're the way to go. Participating in them means yielding some secrecy, yielding some sovereignty, but the payoff for all of those involved is probably greater.

Lima next week offers an opportunity to talk about this. I congratulate the Peruvians for making this the principal topic of discussion. I hope they can bring along, recall secondary countries to actually have a broader discussion of how better to increase transparency and confidence.

And, thank you.

MR. PICCONE: Thank you, Adam. (Applause)

MR. PICCONE: Professor Soto.

MR. SOTO: Thank you, Ted. Thank you. I will have to thank Mauricio and Richard Downie for your kind invitation to make a big travel from Santiago up to here for this nice event.

I would like to start this presentation remembering words from the message President Sebastian Piñera presented to the nation on the past 21st of May at the Congress, quoted: "In the area of defense, our policy will reinforce the deterrence capabilities of our armed forces in order to guarantee peace, security, serenity and integrity of our territory, sea and aerospace. Besides our defense policy, we'll cooperate with our foreign policy to foster mutual confidence measures and solidarity among our nations, especially fostering methodologies to measure military expenditure."

President Piñera's words reinforced the principles that set the reference and framework in which our defense policy is based, and you can read them on the slide.

We also consider that the crux of our defense policy rests in two elements: national security achieved mainly by deterrence and international cooperation. Nevertheless, we think that the core of our defense is based on the modernization processes of our defense institutions; second, in regional cooperation on defense and security issues; and finally, in our contributions to the international environment of peace and

security.

First, some stating of facts. During the ’50s and the ’60s, with most of the Latin American countries, Chile relied on the military system program of the U.S. to get and maintain most of its military inventory. The Copper Law was implemented in 1958 to provide funds for military equipment purchases after the incident of Snipe Island begun with Argentina. Shortly, it was put aside by the government in order to prioritize other social needs.

In 1974, as a result of the military environment, the U.S. denied a portion of military equipment and support to Chile through the Kennedy amendment, and in the (inaudible) conflict with two neighboring countries Chile was forced to buy military equipment elsewhere and whatever was offered according to a restricted budget. This would lead to a significant rise in military expenditure in order to fulfill the minimum needs Chile could afford in order to face both conflicts. As a result, expenditures were raised, and Chile got a myriad of equipment which would challenge any maintenance system.

From the ’90 up to now, things changed. The government supported an increased modernization and transformation programs that began to take place in a normal way. The services have started transformation, bearing in mind mostly the new role the country has taken in

international politics and a more active role in peacekeeping operations. Those facts oriented the process in order to obtain capabilities that will enable the firm forces to operate on another standard in terms of equipment, weapon systems, communications and doctrine, so they can fully cooperate in peace operations overseas with other countries and with other nations as we're presently doing in Haiti and Bosnia.

In that context, we sought a transformation process that comprises, among other issues, the closure of several army units, a severe cut in human resources and services because of the technology use in the new weapons systems, mechanizing the infantry and renewing the main battle tanks and field artillery as the army is presently doing, with similar capabilities to the ones used by other armies and another standard. The navy and air force processes were quite similar to the army, emphasizing more technology and fewer personnel, as you will see later on the charts.

But also bear in mind the compromise to cooperation with NATO is standard with partners all over the world.

Some preliminary concerns: Strategic balance. The Argentinian Mariano Bartolome in his paper, "The Strategic Balance: Arms Race and Security Dilemmas in South America. What Is the Truth?," set two important definitions related to this issue.

First, he defines the strategic balance, not only to say that it's

limited to a quantity of military forces and capabilities or hard power, but stating the wide concept of a strategic balance in which the higher power is the military and is complemented with other components of the national power, such as cooperation and the deployment in a multilateral arena of different tools of soft power that may help to get and maintain such a balance.

Later, he defines arms race. For Bartolome, an arms race is something that can be created or decided on unilaterally because it needs a logic of action and reaction within two important actors. I think Iñigo put it very well in that way.

The Chilean Book of Defense 2010 establishes the arms race being a term related to the Cold War and can be recognized when military positions present trends to overcome the other quantity of military assets, to meet the strategic need and thus creating a strategic imbalance and a competition with potential rivals which turns into a cyclical process, searching for a new strategic balance and a strategic advantage.

The Chilean effort to foster mutual confidence measures in terms of military expenditure. Among many initiatives that were developed in the southern cone, one of the most important decisions between Argentina and Chile was the agreement on a common, standardized methodology for measuring defense spending. With the collaboration of the

Economic Commission for Latin America and the Caribbean, ECLAC, there has been very important progress on this issue. This method has helped to overcome some suspicions caused by the disparity between the figures submitted by governments, international agencies and independent institutions.

The methodology decided by ECLAC was developed to measure defense spending in Chile and in Argentina. However, it is possible to apply it in other countries of the region. In fact, in the year 2002, a joint effort was started between Chile and Peru to apply it within both countries, with no farther events.

In summary, the policy promoted by the Chilean state in terms of transparency of defense spending has led to several achievements. On one hand, when their purpose is to increase mutual confidence between Chile and other countries, they have contributed to improve our external security. From a strictly economic point of view, they now accept the methodology to measure defense spending. Within Chile this leads to the possibility of a better alignment of resources, and internationally it enables a better appraisal of economic management of the public sector.

The National Defense Book 2010: The newest version of our national defense policy, besides dedicating a whole part to describe military policy, introduced a new chapter named “Military Forces and Intentions.”

There are indicators. The chapter describes the process of modernization of military equipment and related resource allocations and the effects among power. It also shows how Chile presents this information to everyone, whether domestic or foreign, and confirms the fact that it has no offensive intensions, neither territorial claims, that it acts within the international legal framework and that it complies with other regimes that require information from countries about their military acquisitions and sales, an action that only few nations of the world normally follow.

The following charts show how Chile has run the acquisition processes for the last 10 years. Let us take a look at a chart that shows how manpower decreased from a strength of 86,000 people to a present strength of 67,000. This is a result of newer technology and better manpower management and reorganization of military information.

In the next chart, we can see the expenses in personnel resources. It's higher for reserve personnel regarding active personnel. This also affects when you want to get a general picture of defense expenditure, making it higher than what it really is.

The following chart represents the fiscal contributions to defense in the long term since 1963 up to 2009 as a percentage of GDP. We can see the effect of the crises of 1974 and 1978 right there, with the highest peak of almost 6 percent of the GDP, and from the beginning of the

nineties, right there, to show a steady lowering trend to 1.4 percent of the GDP last year.

The chart shows the normal budgeting at the bottom. This is the annual budgeting, and the higher one is including the fact of the Cooper Law. It is important to bear in mind that Chile's GDP is among the highest in Latin America, as is shown in the chart, reaching $14,000 per capita PBA and about $156 billion in the past year, even though the expenditure in defense shows a declining pattern.

The next chart shows the percentage of effective use of the Copper Law, taking into account that the trend was the rising of the international price of copper, meaning more revenues to be used for military expenditure. Instead, it shows that the investment has lowered from almost 80 percent to 23 percent last year and has been maintained a reasonably stable ratio with GDP.

The next two charts illustrate the inventories of military equipment, showing the difference from the years 2000 to 2009. In each item or system allotted to the army, navy and air force, the important thing to note is that most of the inventory has be reduced but replaced for up-to-date systems. That is proper when you face and carry on a transformation and modernization program. In this case, the most relevant figures are the ones related to armored vehicles due to the transformation of motorized infantry

units into mechanized formations, along with armor, artillery and engineers.

And this is regarding navy and air force.

The last chart shows how the inventory has evolved through the modernization program, again from 1990 to 2009, and similar as the figures shown just before.

All this information is published in the last Book of the Defense 2010 to show that Chile had nothing to hide in defense expenditure and other military issues, as a way to encourage confidence-building measures in the rest of the countries of the region.

Chile also reports to the Conventional Arms Registration Office of the U.N. since its creation in 1992 and has done it every year. Only 43 countries of the world have reported their acquisition yearly since that year. The last report was sent in August in the seven categories considered: armored vehicles, armored combat vehicles, high caliber artillery systems, combat aircraft, attack helicopters, combat vessels, missiles and missile launchers.

Also, on the issue of anti-personnel de-mining Chile's advancing according to an established plan informed through the Ottawa Convention and has invested $23.5 million from the fiscal budget.

Conclusions. Chile, within 20 years, has reduced one-fifth the number of its military personnel and its military inventories are within

reasonable figures. It has also restricted its military expenditures, keeping its military investment in relation with GDP, stabilized since 1996. Although it has more resources available, it also spends more in passive personnel than in active duty personnel, and presents itself as a country that has well planned the development of its force and that reports transparently the military equipment acquisitions.

All those facts show that Chile is acting according to the principles of its defense policy. It does not pretend to cause any strategic imbalance, neither an arms race, and it's oriented only to safeguard its country and be an active actor, cooperating with the international peace effort.

Also, Chile is willing to foster more confidence-building measures with other countries in the region, as a strategy to contribute to a strategic balance and thus elimination of the danger of further armed conflict and arms race. This is mainly by establishing a common and standardized methodology for measuring defense spending with other countries, as it has done with Argentina, and perhaps confirming another combined peace force such as the Southern Cross Combined Task Force, also developed with Argentina, as a part of a wide array of cooperative measures to defuse conflict in the region.

Of the three factors already mentioned as the introduction for

this discussion, clearly Chile will be falling, I think, in Factor B because of the need to modernize defense capabilities and also the need to keep military power in accordance with the general development of the country, as it is also represented as one of the principles of our defense policy.

Finally, let us note the reaction of President Alan García to Piñera's words. As you can see in the slide, showing a quote he declared to the newspapers *La Razón* and *El Comercio* online on Sunday the 23rd of May, 2010, both important newspapers from Lima, that reflects how the executive in Peru perceived the defense policy of Chile, not a threatening one, but as more reliable and trusted enough to build a new and peaceful future.

And as a result of these words, there was a meeting of the Minister of Defense of Peru, Rafael Rey, with his Chilean counterpart in Santiago last Friday to start the establishment of several measures to foster mutual confidence, such as the adoption of the common and standardized methodology for measuring defense spending, academic projects between Anepe and his counterpart in Peru, as well as serving a series of combined exercises for relief operations, and the start of a combined work in Haiti. All of those measures, we hope, will open the path to more bilateral and multilateral initiatives of confidence-building measures, and that may set an example for other nations in the region.

Thank you very much. (Applause)

MR. PICCONE: That was excellent. We have about 20 minutes or so for questions, and we'll have a microphone going around.

Let me just make one comment based on what I've heard so far. It sounds like there's consensus so far from both the first and second group of panelists, that there's no serious external threat to the hemisphere or to specific countries even.

I would make one exception which I think is the Colombia-Venezuela/Colombia-Ecuador situation I think still raises some questions, particularly given -- and no one has mentioned this to my surprise. I mean Adam mentioned how the Colombian military seems to be talking more about Venezuela than about the FARC. But it's precisely Venezuela's relationship with the FARC that is the concern, and of course that's led to the conflict in Ecuador. So we might want to keep that on the list of potential flashpoints.

But the real drivers of the concerns around security are internal. When you think about the mechanisms needed to address citizen security, let alone priorities around poverty and inequality, it's really focused on strengthening the police and a whole range of other social budgetary expenditures.

So it sometimes leaves you scratching your heads. Why are

we even having this concern? Maybe there is some exaggeration around this notion. It seems so far no one really believes the idea that there is an arms race, and I think that's overall a very positive thing.

I think the next panel will get a lot more into the implications, the policy mechanisms, and the confidence-building measures. We've heard bits and pieces of it, but I was very encouraged by this last presentation and in particular the political dynamic that's evolving between Chile and Peru, another case that might be a flashpoint but seems to be eroding as a concern.

So I wanted to just make those initial reactions, and then we can open up the floor.

Kevin?

MR. CASAS: Thank you. I'm Kevin Casas from the Brookings Institution. A couple of questions to Professor Soto.

I was - "startled" is the word - with the figures of military expenditure as a proportion of GDP, and the reason why I'm startled might be my fault. It's because they didn't seem to coincide with any of the sources that are out there, including SIPRI.

In the case of SIPRI, the figures, they vary year to year, but as a rule over the course of the past decade Chile has hovered around 3.6, 3.7 percent of GDP. And actually, if you take 2008 -- and these are calculated

using GDP figures from CEPAL, from ECLAC -- the figure goes up to 4.6. Clearly, something is amiss here because the difference is just too large.

I mean you're talking there about 1.5, 1.6. That's a third of what seems to be out there. So I would like you to elaborate a little bit on that.

Number two, clearly, what we have heard from you is a tale of modernization of the armed forces, but it's not modernization for modernization's sake. I mean clearly the process has to be driven, and I confess my ignorance when it comes to Chile's white book, but it has to be underpinned by some kind of assessment of threats in the region. I would like you to be more explicit about what the perceived threats are, that underpin Chile's current military doctrine. Thanks.

MR. PICCONE: Before taking more questions, since they're so specific to Chile, why don't you take those?

MR. SOTO: Okay. First of all, I have worked on the three defense books, and one of the problems we have in the second one, we decided not to put any figures. You check the second Book of the Defense 2002, there's no figures at all. Because of that, because we couldn't consider the figure of SIPRI or our own figures, another one, we decided not to put all of them.

But it causes a problem, and the difference mainly is because

we have the civil police and the *carabineros*, which is uniform police, under the Ministry of Defense still today. And the figures here are only defense spending, armed forces. So that's high. It puts everything higher. Okay?

We think that during next year, and perhaps this year, we'll finally create the Ministry of Public Security. Then the police and *carabineros* and civil police will go out of the Ministry of Defense. But that is the reason, the main reason.

On the other one --

MR. PICCONE: Your perception of threats.

MR. SOTO: Yes, I have it here. First, we decided to transform mainly the army from a garrison -- someone told you, Iñigo -- from a garrison army to an operational army, and this was good and bad.

It was good because we modernized the army. We focused on more an operational army because up to the nineties we were thinking in a kind of total war, in case of war, a total war with a lot more efficient process, and now we think that we cannot rely on mobilization. Most of the figures in personnel, if you check you it out, see professional soldiers which are national servicemen enlisted in the army for five years, in order to have more professional personnel manning the high technology equipment.

We have still one problem with Argentina regarding the borders between Mount Fitz Roy and Hill Fayum, I think. And we have still

the problem with Peru with its presentation to an international jury, but that was two weeks ago. This week, the Minister of Defense Rafael Rey, when he met President Piñera, they decided to encapsulate the problem. That will not affect our defense contribution, given the issue with Peru. This is non-problem.

And then we have a problem -- we don't have a problem, but Bolivia has stated that in their constitution Bolivia has the right to get the coast on the Pacific. It's a myth, a contradiction. We have no foreign diplomatic relations with Bolivia, but we have a lot of non-diplomatic relations with Bolivia, especially military. The military diplomacy in the southern cone has been very, very effective to defuse misunderstanding, and that's the main reason, I think.

Did I answer your question? More or less?

MR. PICCONE: All right. Why don't we take some more questions. I have one here on the right, and then we'll move back.

MR. ISACSON: The lady in the back has been very insistent.

MR. ORTEGA: Thank you. My name is Boris Ortega. I'm from the Embassy of Venezuela.

And I wanted to bring the notion of reality versus perception, and the reason why I'm doing this is because I've heard that it seems from the panelists that Venezuelan military spending is actually motivated by a

perception. It surprises me because it hasn't been mentioned here that in 2005, which is the year in which Venezuela begins its increase in armed purchases, there was a report on terrorism from the United States that imposed sanctions on armed purchases, and it hasn't been mentioned here. So that is a reality that took place based on a perception of the United States. According to that report, we don't cooperate enough with the terrorism efforts.

Second, I think the United States as an actor -- I was doubting whether to consider it an external or a regional actor, but somebody said it's an external actor --should be taken more into consideration because the United States has an operational command which is SOUTHCOM and it has troops which operate in that region. So I think many of the tendencies have to do with actions of the United States, too.

And the third thing that I wanted to comment is the apparent secrecy. There was a mention that some of the Venezuelan purchases were secret, and yet from all the panelists I've gathered that all the purchases that were made since the beginning of our government, our current government, the Chávez government, they all have been mentioned. The last time I checked from an objective source, which is SIPRI, all of our purchases have been there. So I would like Mr. Isacson, who was the person who mentioned, who made the mention of secrecy, to elaborate

more on that supposed secrecy.

And, sorry to take so long, but there's also the --

MR. PICCONE: Very briefly, because we have lots of people who want to ask.

MR. ORTEGA: I'm just going to comment on the idea of Chávista militarism. I've heard many times in other events that our defense policy is being driven by internal factors. Social controls, Mr. Ambassador mentioned. I would like you to please elaborate more on that because it seems like a very superficial comment, and, you know, it has implications as to the perception of Venezuela and its defense policy. Thank you.

MR. PICCONE: Thank you very much.

In the way back, we have a question. Yes?

SPEAKER: Yes, I am from the Embassy of Colombia, and regarding the remarks of Mr. Isacson I just would like to highlight that the need because I think it was underestimated, that the real need for Colombia strengthening all the security and the territory and the military capacity, with no doubt, is the threat posed by illegal armed group. And the illegal armed group is just not a name. It's not the FARC or ELN. What it means is they are linked to their activities with terror acts and with what is so-called the new transnational threats to security, transnational threats like the drug problem and as well as another one, the arms illegal trafficking.

So the point is Colombia has been very, very vocal on that. I mean we have outstanding results, and those outstanding results in the last years have been because we have focused not only on investment in the military and a monetary investment. It's a human capacity investment. But it's focused on an internal threat; an internal threat, that of course since they are linked to transnational security threats, we require as well cooperation from other countries.

I make this point because I certainly disagree with the view that the driving force of Colombia is an external perception of any particular neighbor country.

[Technical Interruption]

SPEAKER: Before the OAS could pressure Peru to make any concessions -- in 1995, they couldn't dislodge the Ecuadorians and dispute a territory and Peru had to go to negotiations. Three years of negotiations. They didn't give up territory, but they gave up other things that they were not willing to give up before that.

So if we think about it from a perspective of Latin Americans, from the perspective of Latin American countries, we might get some surprises. (Inaudible) **Augusto Varas**, **Felipe Aguero** did a study and they were shocked. They were surprised. Something like 45 percent of Chileans continued to perceive Argentina as a threat. Okay, now, we may not think

Argentina, but we're not the Chilean people. Okay.

Chile, a very good exposition about Chile. I think we need to be thinking in those terms because it's not about wars. It's about crises that could escalate. If you look at the Soccer War -- and I hate that term "Soccer War" -- the 100 Hours War --

MR. PICCONE: Wrap it up.

SPEAKER: Okay. I'll wrap it up. The Salvadorians moved into Honduras not expecting a war. All right? That wasn't the intent. So if we look at these arms purchases and we think about the driving factors have to be preparing for war, we're missing the boat. That's not the driving factor.

MR. PICCONE: Got it. Thank you. Adam, do you want to be the first to reply?

MR. ISACSON: Sure. In response to the question from Honduras, I would just have to respond with two questions. First of all, last year Venezuela and Russia did sign a defense agreement. And I'd like to add no other Venezuelan government is going to divulge the text of that agreement.

Second, you mentioned the secrecy of Venezuelan purchases. If Venezuela's purchases are indeed not secret, is Venezuela prepared to post a document, ideally a document on the Internet detailing those purchases? And they are not. So I think both would be a great

contribution to regional security.

On the topic of the illegal arms groups in Colombia, of course it's still a major factor. And as I said, I don't think there would be a consensus in Colombia behind major arms purchases to confront a perceived Venezuelan threat. There still is a pretty broad -- not complete, but a broad consensus behind increasing or maintaining high levels of defense spending to confront the FARC and the ELN, and hopefully the remainder of the paramilitaries.

But I think to some extent the Colombian government is a victim of its own rhetoric here after about seven or eight years of, you know, a barrage of statistics of claiming successes against the guerillas, about their reduction of guerilla operations, the reduction of guerilla numbers, the quotes from the leaders of Colombia's defense sector. I'm using the term home stretch, *recta finale*, to talk about where you are in the struggle against the guerillas, you know. And then an increase in Colombia's media and from Colombian officials, including the winner of Sunday's election, of comments describing Venezuela as a threat, it can be excused if a lot of us outside of Colombia do think that there's been a shift in Colombia's threat perceptions. Although Colombia would be well served I think by a debate over how to retool its defense strategy to increase true governance, not just military governance, but true state presence over its ungoverned areas.

And the point about public opinion about threat perceptions is well taken. If some of these really in my view very hypothetical cases are indeed on the minds of Colombian civilians -- not Colombian civilians, the region's civilians to the point where they're actually willing to undergo the opportunity costs through education, health care, to other needs in order to make these rather high tech weapons purchases for national prestige. I think if you frame the whole question that way you might hear a much different response, but I don't think that work has been done. So you have to leave it there in the gray area.

MR. PICCONE: Frank, do you want to --

FRANK: Yeah, I'd like to talk a little bit about the Chávista militarism. Mr. Chávez is a unique political character with a military background. He's probably one of the few people that I know of who celebrates an unsuccessful coup as a day of national celebration in which blood -- I mean, I think it didn't quite reach 100 on our conflict scale. So it sort of begins there.

To me a militarized society is two things. Part of it is show, displays of armed force and everything like that. Secondly, it's indoctrinating your people into a combat ideology. It is putting upon them a sort of sense of socialism of death. You have one choice. You die for defending your country. It's the sort of things that were done in 19th century nationalism in

Latin America. He's re-imported a lot of the sort of past nationalistic devices. It is creating structures. They're outside the sort of formal defense structure, such as militias and National Guard.

Those in my mind constitute a form of militarism in the classic sense. And I think that we should continue to focus attention on what this does to the sort of normal political dynamics in the country and secondly, what it does to perceptions of threats from surrounding countries. So I think that militarism is not a particularly good thing. Chávista militarism I think is a negative force in the region.

Thank you.

MR. PICCONE: Colonel Soto: did you want to make any comments?

COL. SOTO: Not exactly on that, but I would like to, I left out a little problem within the issue of soldiers from garrison [during the time of natural disasters]. Nothing is black and white. And what happened, you know, we had a terrible earthquake on the 27th of September and most of the news around the world were people looting, entering supermarkets, getting everything out of there from LCDs to food. And that was a problem mainly because when we have units all over the country they were in place and they could act immediately. Not security-wise, but they were in presence there. But today, in conception, there was only one regiment with

150 soldiers. They were on summer leave. And then the government was hesitating a lot to declare a state of emergency in which by our contribution all the powers are invested in armed forces general and he think took control of everything. That was the wrong thing about the garrison problem. And we have to deploy more than 15,000 people, soldiers, from all parts of the country to the south. And now, most of the military service is dedicated to rebuilding the country. The soldiers will stay only one month just for basic, very basic training. And then are sent to the south to the regions to rebuild the country. And they're working on that.

MR. PICCONE: Just a final point before we wrap up and take a quick break before the next panel, to bring it back to U.S. policy and the National Security Strategy, the Obama Administration released last week and if you look at it you'll see it carries forth a strong emphasis on multilateralism and notion of burden sharing that the U.S. military in particular is overextended. And we need to rely increasingly on other states to participate, including in U.N. peacekeeping operations. And I'm glad the presentation references that. No one else did. But certainly Brazil has played a really critical role in Haiti, for example. And that might be one other explanation for a need to invest further in military capabilities to raise the levels of interoperability with international missions, NATO standards, et cetera. It's something else to think about as we move into the third panel.

Please join me in thanking the panelists. (Applause)

(Recess)

MR. GOLD-BISS: Ladies and gentlemen, it's time to continue. So if you would take your seats, please.

It's a great pleasure to serve as moderator for Panel 3: "The Implications for South America and U.S. National Security." My name is Michael Gold-Biss. I'm an associate dean for academic affairs at the Center for Hemispheric Defense Studies. And as we have all mentioned, it's a genuine pleasure to be here and to work once again with the Brookings Institution.

You have the biographies of all of our speakers and they are impressive indeed. So I'm just going to highlight a few points and let the rest go to the presentations themselves.

Dr. Kevin Casas-Zamora, who is to my immediate right, prior to joining Brookings was the minister of National Planning and Economic Policy and second vice president of the Republic of Costa Rica from 2006 to 2007. He has worked in a variety of capacities for the editorial process and for the United Nations Development Program. His doctoral thesis was entitled "Paying for Democracy in Latin America: Political Finance and State Subsidies for Parties in Costa Rica and Uruguay," and was published in 2005 after earning the 2004 John Blundell Ph.D. prize for the European

Consortium of Political Research. So tremendously impressive.

We continue on to Michael Shifter. No less impressive. Michael is president of the Inter-American Dialogue, a Washington-based center for policy analysis and exchange on Western Hemisphere affairs that I'm sure you're all familiar with. He also directs the Andean Program in the Inter-American Dialogue. And since 1993, he has been adjunct professor of Latin Americans at Georgetown University School of Foreign Service. Prior to joining the Inter-American Dialogue, he directed the Latin-American/Caribbean program at the National Endowment for Democracy; before that, the Ford Foundation's Governance and Human Rights program. In the Andean, based in Lima, Peru, and Southern Cone based in Santiago, Chile. He is a contributing editor to *Current History* and a member of the Council on Foreign Relations.

Finally, it's my pleasure to introduce Gabe Marcella, Gabriel Marcella, Dr. Gabriel Marcella, who is a researcher of the Strategic Studies Institute, United States Army War College. Until 2008, he was professor of Third World Studies and director of the America Studies in the Department of National Security and Strategy of the United States Army War College, where he is an adjunct professor and teaches the America's Course because he retired in 2008 -- I'm sure to do all the other things that teaching wouldn't allow him to do. During his government career he has served as

advisor to the United States Southern Command and he has been advisor to the State Department and Defense Department. He is author of a variety of publications, the most recent ones include *American Grant Strategy for Latin America in the Age of Resentment* and *Security Cooperation in the Western Hemisphere: Resolving the Ecuador-Peru Conflict.* And though it's not listed here, he has also just published a book on strategy.

So without any further ado, we will proceed in the order that I have introduced our speakers. Thank you.

MR. CASAS-ZAMORA: Thank you very much, Michael. And thank you all for being here today. I'm actually very glad to see this turnout. I mean, I am pleasantly surprised.

I'm going to talk about military expenditure in South America and some of its political and broader strategic implications. And in the course of doing so I'm basically going to try to raise three points or three major reflections. One of them is about whether the current level of military expenditure in Latin America -- in South America -- regardless of whether we're witnessing an arms race or not is a good thing for the region. That's number one.

Number two, what we can do about it. I mean, you know, we've heard a lot of things being said here today about the need to improve transparency. Well, let's see if the current institutional framework is

adequate for that purpose or what other things need to be done.

And number three, I'm going to say a couple of things about who are the major actors in this story, which are Brazil and the U.S., what they can do to improve mutual trust in South America at this point in time.

So, okay. We know that South America is spending more in military pursuits than say one decade ago. In 2008, and we already know that there are major discussions, major debates, major problems with the figures themselves, but, you know, we know that military expenses in the region in 2008 were nearly twice as much as they were in 1990. However, as a proportion of GDP and Ted Piccone -- my colleague Ted Piccone raised this question before -- the change for the region as a whole has been rather modest, from about two percent of GDP -- military expenditure was about two percent of GDP in 1990, it is about 2.4 percent. We lost about 2.4 percent in 2008. Again, you know, there's a lot of uncertainty about the figures, but I think they give us an idea about what's happening.

Is this good news? Bad news? Or simply no news for the region? After all, many analysts -- and we have heard a few today in this event -- have warned correctly against the facile use of the notion of arms race to describe what's happening in South America, perhaps the increase in military expenditure was preordained to happen, and as such we shouldn't worry too much. Or should we?

I will venture that regardless of whether we're witnessing an arms race or not, what's happening with military expenditure in South America is not good news for the region. This is not -- because of the risk that the new military toys may increase the likelihood of the region's rulers to stir up trouble or to be trigger happy, this is a risk that exists even without the new military acquisitions and that in any way case appears to be rejected by the population at large than South America dislikes profoundly the idea of going to war with the neighbors.

The real problem is of a different, more certain nature. I'm convinced that the trend towards higher military expenditure hinders the region's economic and political development and that even its security benefits are debatable at the best. It is true that comparatively speaking, and it has been said here, military outlays in South America are not high. In 2007, for instance, military disbursements in the typical South American country were at roughly the same level as in sub-Saharan Africa, Asia, and the developed West. They were well below the level exhibited predictably enough by North America and the Middle East. Yet, this figure starts to shed its favorable colors when we put it in a broader development context. Why not compare it, for instance, to the levels of taxation that sustain the provision of public use by the state? Why not compare it to the society's investment in education? And when we do so, the picture in South America

is far from rosy. And that's what you have in this table.

It turns out that military expenditure in South America is a higher proportion of tax revenue and education expenditure than anywhere else in the world, with the predictable exception of North Africa and the Middle East. Even sub-Saharan Africa fares better when we place military spending under this light. Simply put, in the low taxation context that is pervasive in Latin America, military expenditure does compete with the scarce resources for development. Indeed, that has been the conclusion of a series of econometric studies carried out by among others Noble economics laureate, Lawrence Kline, in Guatemala, Bolivia, and Southern Cone. Analyzing -- just to give one example -- analyzing data from 1968 up until 1994 in Guatemala, Kline concluded that, and I quote here, "The trimming of the military and its demands on scarce resources can result in both short- and long-run gains. In the long run, the gains can be seen in the broadest economic measures, such as GDP, while both short- and long-run gains are expected to occur in household consumption." In Latin America, butter continues to be a far wiser economic choice than guns.

To that we have to add the political implications, the most disturbing of which is probably the effect that increased military acquisitions can have on the already endemic corruption in South America. The purchase of military equipment typically involves big international

transactions and a degree of exception -- exemption from normal transparency rules. If this is a dangerous cocktail anywhere and it has been shown time and again, it is truly frightening in Latin America. Recent weapons acquisitions in Ecuador and Peru have been affected by as yet unproven corruption allegations. This is not new, of course. The list of corruption scandals linked to arms procurement in the region, a list which includes the likes of Carlos Manning and Blamino Montecinos. It's ominous enough to warn against the likely effect that a current trend can have on the integrity of governments throughout Latin America.

Are these troubling implications justified by the security benefits brought by the new weapons that South America is purchasing? We don't know. In order to justify the military expenses, some of the region's governments have been quick to come up with all kinds of far-fetched threats to sovereignty, including U.S. invasions to take control of valuable natural resources. Maybe. I would argue, and it has been said here, that a more -- that a far more pressing security concern is the lack of effective control over the territory that afflicts quite a few of the South American states. It is in those ungoverned spaces that organized crime thrives to the point of threatening the viability of the states -- of the state as Colombians know very well. Yet, a large proportion of the new weapons system that has been purchased recently in South America, things like tanks

or missile launchers or nuclear submarines, have rather little to do with territorial control. Hence, the effects of South America's current level of military expenditures on the region's economic development, democratic consolidation, and security are debatable at best, if not negative.

This is the same assertion that Peru's president, Alan Garcia, in particular, has been making all over the region for quite some time. His words have not been always backed by his actions, but the general point is well taken and he should be commended for raising it.

Yet, there is no obvious policy remedy to this. To begin with, the recent hike in weapons acquisitions by different countries in South America has no single cause. We talked about this in the last panel. To the extent that they can be ascertained, the motives behind Brazil's military purchases are totally different from those of say Colombia, whereas in the Brazilian case the decision to buy new advanced weapons seems to be underpinned by the country's aspiration to play a significant global role and its quest for international prestige. In the Colombian case, the purchasing of new weapons is naturally linked to the country's internal conflict and its role in the forefront of counternarcotics efforts.

Even amidst this plurality of rationales, it seems fairly clear that the charged political atmosphere in South America and the profound distrust that pervades relations between neighbors in the region are important

factors behind the current trends. Such distrust is more visible, of course, between Colombia and Venezuela, but it also defines the relationship -- to different degrees the relationship between Colombia and Ecuador, Chile and Peru, and even Argentina and Uruguay. To the extent that mutual distrust is a factor in this process, it is crucial that all the countries in the region make an effort to implement measures to improve confidence between their militaries and to enhance the transparency in military acquisition.

The good news is that the institutional framework to secure transparency and build confidence need not be created from scratch. Far from it. One crucial element that has been mentioned here is the inter-American convention and transparency in conventional weapons acquisition signed by all the South American countries in 1999 in Guatemala. This is a very good instrument to report periodically to the OAS all the weapons acquisitions that have raised eyebrows in Latin America in the recent past. At this point, eight out of the 10 South American countries -- Bolivia and Colombia are the exceptions -- have ratified this treaty which nevertheless languishes underappreciated and underused, so much so that the day for the first review of its implementation seven years after its entry into force in 2002 went by without any country even paying attention.

A second piece of this framework is, of course, the South American Defense Council, a regional body created in 2008 with the

expressed intention of nurturing the cooperation between the region's militaries. So far the Council has been used for the kind of political grandstanding that undermines trust rather than the opposite. Convened to criticize Colombia for its decision to sign a security agreement with the U.S., the Council proved incapable of acknowledging Colombia's special security situation and the region's own passivity to face up to the very real international threat represented by the military and criminal activities of FARC. So far, the Council has only provided another forum to air the mutual distrust that is at the essence of the problem that it has been called to solve. When it comes to fulfilling its mission to facilitate information sharing between the region's armed forces, the one thing that the Council has managed to achieve is putting up a website to share information and make suggestions about defense issues. This is so far the Council's best contribution to regional trust. But it has the potential to be a useful instrument of cooperation if taken seriously and given the institutional resources that all the current bodies of the South American integration process so ostensibly lack.

The Council couldn't be a sort of clearing house to implement the program of notification of servants, of military exercises in the region, to program combined exercise between the region's armed forces to encourage and coordinate the exchange of civilian and military personnel for

both regular and advanced training between all South American countries, to coordinate activities that develop regional peacekeeping skills and capacity through common training, combined exercise, and exchange of information and peacekeeping, and so on and so forth. The possibilities are endless.

Rather than pompous presidential summits, these are the concrete steps that can help the improved levels of trust between armed forces in South America. Even those measures, however, are of limited use for ultimately the measure that can help to thaw the distrust are not to be taken in the military realm, but in the political realm, a decision by Hugo Chávez to arrest any of the FARC commanders that live in Caracas or the decision by Brazil to end once and for all the ambiguity of its nuclear policies to mention, but two examples, can do far more for political trust in South America than one year of joined military exercises and information exchange and more than one decade of presidential summits and solemn declarations. No matter how much the current institutional framework would improve military transparency and trust in the region may help, the truth is that the prevailing distrust can only be undone at the political level.

All these mentions that I'm mentioning are underpinned by the notion that the regional as a whole will come to realize that it is in its best interest to improve mutual trust and ultimately to keep military expenditure under control. That's a tall order. After all, Latin America has a history of

rather unsuccessful arm controls initiatives dating from the Ito Jakuchu Declaration in 1974.

While collective action is always a tricky thing to wish, it is nonetheless possible to identify individual actors that may have a special interest in helping this process. Brazil and the U.S. are, of course, two very significant players in this story. Not just that, it is at least plausible that both of them for different reasons have a core interest in a more stable, more democratic, more developed South American where resources don't get diverted unnecessarily to military pursuits. I believe that despite -- I believe this, that despite the obvious fact that both countries are important suppliers of military hardware for the region. My assumption is that for both the U.S. and Brazil, the geopolitical interests in long-term economic prosperity and political stability trumps their immediate commercial interest.

Brazilians like to see themselves as a benign rising power. I sometimes wonder if in Brazil's near abroad in places like Bolivia or Paraguay where the economic presence of Brazil is very dominant, such benign perception holds. Yet, all the same, I do think that the increasingly assertive Brazil that we are beginning to witness is for the most part not perceived as a threat in the region. But I also detect a measure of uneasiness with regards to two things that do no favors to mutual trust in South America. The first one increasingly, and it has been mentioned here,

is the nuclear issue. It is true that Brazil has enshrined in the constitution the decision to forgo the development of nuclear weapons. That renders very puzzling Brazil's equivocal relationship with U.N. nuclear inspectors, the tone of some of President Lula's own words with regard to the Non-Proliferation Treaty, and it gives very public overtures towards Iran. Given the troubled history of Brazil's nuclear program in the '70s and '80s, the South American neighbors are quite right to raise an eyebrow.

The second uncertainty concerns the burdens, both diplomatic and military, that Brazil is willing to bear regarding collective security in South America. Brazil has mentioned repeatedly the need to replace the old collective security arrangement, such as the Inter-American Treaty for Reciprocal Assistance, with a new architecture. Moreover, it has taken the lead in the development of the South American Defense Council. That's all very good and makes imminent sense. Yet, as mentioned before, it is still very much an open question whether the potential of this institution will be realized and if the new collective arrangement for defense will ever stem from it. So far, the attitude of Brazil with regards to the conflict in Colombia, the one case in which one South American state faces a concrete threat with sovereignty has been ambiguous at best to the dismay of the Colombia government. That gives little confidence about Brazil's true commitment to a collective defense mechanism. If such a mechanism is to emerge in South

America, Brazil will be expected to lead it and to bear a rather large share of the cost.

Is it willing to do it? I am convinced -- totally convinced that Brazil is a responsible international flair, not just by conviction, but also by self-interest. Precisely because of this, dispelling these two sources of uncertainty would be a great service that Brazil can do to regional stability to prevent an arms race in South America. It is ultimately a service that Brazil can be to itself.

Finally, there is the U.S. In the current political climate in South America where the U.S. can do to enhance trust levels and prevent an arms race is relatively limited. One obvious thing is to follow the simple rule to do no harm. Thus, it should very much avoid unnecessary slips in its communication towards the region. It has been repeatedly pointed out much of the regional reaction elicited by the reactivation of the Fourth Fleet and the U.S.-Colombia Security Agreement, a reaction that came even from reliable U.S. allies, like Brazil and Chile, could have been avoided with a greater effort to explain to the regional foreigners the underpinnings and objectives of these decisions. This would not have prevented, of course, those governments that are not willing to listen to the U.S. from using both decisions as rhetorical fodder. But it would certainly have deprived them of an echo chamber. It is a hopeful sign that the recent counternarcotics

agreement between Brazil and the U.S. generated no criticism in the region thanks in part of an explicit effort by Ethan Molati to communicate the content of the agreement to its neighbors before the bill was formally announced.

We can talk about the things the U.S. ought to do and also the things that it ought to avoid in the present context. One such thing, and I mention this because there's an idea that pops up every now and then, particularly when people start talking about races in Latin America, one such thing is the adoption of an arms embargo towards the region or even towards the specific countries. Adopted at least twice over the course of the past decades, those embargos have probed useless when not counterproductive. They have simply driven countries to other providers of weapons. This is exactly what we're witnessing in stark terms in the case of Venezuela. It is not clear at all, of course, that the current Venezuela government would be willing to purchase weapons from the U.S. if the given the chance.

But the fact of the matter is that it is facing no problem whatsoever to replenish this military arsenal, forging in the process a military alliance with an extra regional power. Whether we like it or not, the provision of weapons is a tool for the U.S. to remain in close contact with the armed forces of the region. This is a point of realism that is particularly important in

the current South American context. The cases of Venezuela and Brazil suggest that greater economic reliance on primary commodities, particularly mineral resources, which is the flavor of the month in Latin America, provides governments with an obvious rationale to increase military expenditure in order to protect those as strategic assets.

This is problematic in itself. However, it is even more serious if an extra regional power, such as China, develops a vital interest in the provision of those primary resources. The hypothesis of a U.S. arms embargo to the region, it is very easy to imagine China providing an abundance of military hardware required by the region's governments to protect those commodities. It may do so for immediate commercial gain, but also and more fundamentally in order to fulfill long-term strategic imperatives. This could be a potentially very serious source of friction with the U.S.

I feel very uneasy saying this because the Costa Rican in me would much prefer that the South American countries didn't spend money at all in miniature hardware. Yet, to the extent that they do purchase weapon systems, it is very important for the U.S. to remain the main provider. This ain't pretty. None of this is. It is simply necessary.

Thank you very much. (Applause)

MR. GOLD-BISS: Thank you very much, Kevin, for sharing

your insight and surely sparking a round of questions.

We will now proceed to Michael.

MR. SHIFTER: Thank you. Thank you very much, Michael, and thanks to Brookings and the Center for the invitation. This is a very, very important issue. There's not enough attention paid to it. I regret that I wasn't able to join you this morning for the panels, but I gather that a lot of very wise, intelligent things were said. As a matter of fact, everything I was going to say, all the brilliant things were already said this morning.

But let me see if I can maybe expand on some of the points that Kevin made and also provide a little bit of perspective. The information was leaked -- I think it was last August, almost a year ago -- about the U.S.-Colombia Defense Cooperation Agreement. I got an e-mail from a former Latin American ambassador who had been here in Washington in the 1990s and he wrote to me and he said what is the Committee on Hemispheric Security of the Department in Counsel DOAS doing about this? And I said what committee? Well, when one looks back in the 1990s at a general assembly meeting that took place almost two decades ago in 1991 in Santiago, Chile, the end of the Cold War, democracy is in Latin America, really set the groundwork for this committee that was supposed to really be in charge of tracking, monitoring, precisely the kinds of concerns and issues that are being discussed here today.

And out of that meeting of the Santiago -- the General Assembly meeting emerged this notion of cooperative security. The idea was to go beyond plastic balance of power notions to anchor peace and security. But instead talk about a different approach to security, equilibrium, and deterrence achieved through transparency, military procedures, confidence building, measures and collaboration on specific joint problems. Back then as well there was a focus and emphasis on sub-regional context in situations which is the same -- we're talking about people are saying there's no arms race. What that suggests is that there are very particular situations that are driven by different dynamics. Domestic dynamics. Well, that wasn't very different than it was back in the 1990s, as well.

Now, there are always some questions about this notion of, you know, confidence building and transparency. It's sort of easier said than done. How can transparency be verified? What really increases confidence? Can confidence building and transparency be effective without also gauging the strategic balance among the nations engaged in them? There are a lot of questions.

If you permit me, the Inter-American Dialogue did a report 15 years ago on reviewing multilateral governance in the Americas. And if you permit me to quite a few lines from that report just to try to put the discussion today in some perspective. One issue requires prompt multilateral attention.

The transfer and sale of arms. Some of the largest Latin American countries have recently bought or are about to buy sophisticated armaments from Europe. The United States is considering lifting its automatic ban on the sale of advanced weapon systems. Intra-hemispheric transfers of conventional arms and the clandestine illegal trade in conventional arms are also causes for great concern. The emergency of this historic controversy about arms purchases threatens to resurrect historical mistrust, stimulate arms races, and undermine Latin American economies and budgets. There are, on the other hand, some legitimate need for modernizing armaments and replacing obsolesce systems.

And here the recommendation. What is required is urgent consultation among OSA member states to develop -- to test and develop a regional consensus on guidelines and “the rules of the game” which will permit reasonable and legitimate acquisition of armaments, but avoid the risks. There are embryonic precedents. Kevin mentioned the Ito Jakuchu agreements. There are others on biological and chemical weapons in 1990. And in addition, Article 2G of the OAS charter lists as a purpose of the organization the achievement of “an effective limitation of conventional weapons that will make it possible to devote the largest amount of resources to the economic and social development of the member states.

Again, that was 15 years ago and the question is, you know,

what to do in the face of all the very complex, troubling -- if it's not an arms race it is certainly cause for concern. And I think, you know, it's hard to resist the conclusion, at least from my perspective, that one has to kind of go back to those ideas. And do the hard, diplomatic work that multilateralism requires. And obviously, the obstacles today are much greater than they were 15 years ago. Fifteen years ago the U.S. had a different role in the region. It has much less influence today in shaping situations than it did back then. Brazil, as Kevin mentioned, is a very different -- is a very different place. Has a much stronger, more assertive, dominant role. Hugo Chávez was not in power 15 years ago. Obviously that is a critical factor that affects the dynamics in the region as well. There's greater mistrust among governments, greater polarization, greater fragmentation. So the task which was difficult back then is even greater today.

And we have a General Assembly meeting coming up this week in Peru. As Kevin mentioned, Alan Garcia has made this very interesting proposal, but I don't think there's any -- my sense is that there's absolutely no chance this is going to be really seriously discussed at all on the agenda because there's just no interest and will of talking about these kind of ideas, these kind of proposals.

So we're at a difficult situation. I think what's been described factually the trends and dynamics that Kevin did and others have done I

think are right on. But I think from the U.S. perspective, given this historic asymmetry in power between Latin America and the United States, which continues to sort of create these kinds of resentments and mistrusts. And I would just -- some of the descriptions that Kevin gave I think that needs to be really highlighted is that we still -- these kinds of resentments are still there and they come up in these kind of very, very still, very sensitive situations that involve military agreements, Colombia, and other kinds of situations that involve any kind of military question. They haven't disappeared.

Let me just talk about maybe four or five what I see as implications for the United States specifically. And given the U.S.'s changing role in the region, the first is simply to try to take multilateral agreements seriously. Not just rhetorically, but seriously. I don't see a lot of strong evidence of that, at least, and at a political level. Not just at a technical, professional level, but a political level. I am not convinced that there really is that kind of commitment, and I think if the United States takes multilateralism seriously, we might be surprised, shocked that other friends might also take it seriously. But I don't see a lot of evidence in that.

I think there are these other regional arrangements. UNASUR, the Southern American Defense Council, I think these are not -- shouldn't be viewed as problems or threats. I mean, these are -- these I

think are interesting mechanisms. I think UNASUR has played a useful role in diffusing tensions between Colombia and Venezuela. It has played a useful role in avoiding some of the worst possible scenarios within Bolivia. So I think these are instruments that the United States could look at favorably and to try to see if there's a way that they can make them more meaningful and more effective. So that's the first point.

The second point is, and this is kind of a pet issue that I've had for a long time. I agree with what Kevin said about that this is unbalanced. The purchase of arms does have a cost in terms of the social development and agenda of Latin American -- many Latin American countries. But I think that the U.S. has to be very careful in raising this. This is -- I've seen this over many, many years saying, well, that such and such a government shouldn't buy military hardware because people are poor and they should focus resources on education and health. I agree with that, but I seldom have seen that pitch as being very productive in accomplishing very much. And I would just be very careful and cautious about the U.S. particularly, and especially since one could raise a lot of questions about the United States, as well and its own spending on the military. And its own social needs as well and what the right balance is. And guns and butter as well. So that turns around very quickly. I don't think it gets very far. And I think one has to -- I would be very, very cautious about that. And in fact, it probably

doesn't help advance the causes we believe in.

The third is obviously the question of Venezuela. And here, you know, I mean, I believe that there is -- that Venezuela, unlike the rest of the region, has an agenda and attention to curtail the influence of the United States and the agenda of the United States in the region. That is a very different purpose and agenda and goals than other countries. And so therefore a lot of the statistics and a lot of the data that are out there and how much arms are being -- you know, Venezuela has gone up or gone down I think really has to be very connected to what the purpose in the agenda of the government is. And it seems clear to me watching this government over the last more than 11 years, that that is what the attention is. Whether it's successful or not is a different question. But that has implications for how the United States should deal with Venezuela and see Venezuela in contrast to other governments in the region.

Brazil -- and Kevin mentioned this; I also agree -- is just a critical player. We're not going to make any progress on the multilateral agenda and dealing with this issue unless there is an agreement with Brazil. There are lots of problems, particularly now over the Iran issue as we see, but there is this agreement as Kevin mentioned which I think is a good step. It's not going to solve the problems, but beginning to have exchange and technology and so forth is a positive step. And I think that really needs to be

built on. And there has to be a strategic commitment and objective of really focusing on Brazil to deal with the wider regional concerns. And whether it's Colombia, whether it's Venezuela, whatever else it is, if the United States and Brazil don't at least have sort of a common -- a good communication or understanding, it's going to be very, very difficult to pursue those objectives.

And the final thing is just to get the U.S. to get its own house in order. President Calderon came to the U.S. Congress and said -- talked about the ban on assault weapons. And, you know, this was -- obviously was a sensitive issue to raise in the U.S. Congress, but, you know, I think this is -- the message was clear that Latin Americans see what measures are taken in the United States to deal seriously with assault weapons here in the United States and that has implications because of traffic into the region. And to the extent that the United States can make progress on that agenda in its own legislation and its own measures here at home I think helped build credibility that the United States needs in order to make it much more effective to stand and pitch towards a broader agenda for the region politically.

Thank you. (Applause)

MR. GOLD-BISS: Thank you very much, Michael. I'm sure that comments and questions will arise, but I think we all appreciate that you have contextualized many of the thoughts that have emerged. So thank you

very much.

MR. MARCELLA: Good afternoon. I want to thank the host for this conference for the invitation, and I want to thank you for attending in such numbers, such great numbers, this program today. It shows that the subject is important and that there are a lot of people that are interested in the subject.

I feel a sense of historical continuity, much like Michael. First of all, I'm honored to be in the room. I teach in Root Hall at the Army War College, and Nellie Hugh Root had a close friend who was the foreign minister of Peru. So things have a certain kind of historical continuity here.

There's another historical continuity. Luigi Annotti, perhaps the dean of Latin American Security Studies in the United States, was writing about this stuff in the 1960s. Those of you in the audience that are much too young to know that should know that Luigi is still now active in the academic side of the House having left the policy community some years ago at the state department in the OES.

So there's a lot of continuity here. One of the issues that has concerned academic policymakers and policy wonks in general has been the issue of what's sufficient for Latin America in terms of arms. And how do they make that determination? Who should make that determination based on what criteria? And the United States has always found it difficult to make

easy decisions.

If you go back to the late ’60s and ’70s, the F-5 issue with Peru -– again, it was about sophisticated weaponry going to Latin America and was that weaponry relevant to the defense needs of a particular Latin American country. Peru bought Russian weapons, then called Soviet weapons, including aircraft and tanks. So this issue keeps coming up.

Based on my work on Latin American security and some of the discussion this morning, and unfortunately I was not here for earlier part. I was on 270 enjoying the ride down from Carlisle. It was a pleasant trip. It was three hours plus. The issue is not so much arms, but in security. Of course, arms breed their own insecurity.

So what do I mean by insecurity? First of all, I recognize that certain countries have legitimate need for arms. We can debate about what kinds of arms, but if Brazil wants to develop a military industry for export purposes, if it wants to purchase technology or go into an technology transfer agreement with France or other countries, it has every right to do that. It has one with the United States, by the way. For example, the Tucanos have U.S. technology in it and the Tucanos are now sold practically all over the world. And there are over 170 Tucanos in service around the globe. So that’s a sovereign decision of Brazil.

My concern is more with the insecurity that we see in Latin

America. That is to say porous borders, wars without borders, insecure borders, ungoverned space, public insecurity within the countries, crossing borders. The kinds of insecurity and violence generated by all kinds of actors, including contraband, terrorism, narco trafficking, the cutting down of forests for export of valuable wood, and other forms of insecurity.

Now, we've heard a lot of discussion about the motivation for purchasing weapons. But the reality today is that the kinds of weapons we've seen being purchased in Latin America on the sophisticated side really don't add much to the security of the country internally. Indeed, Colombia needs to purchase equipment sufficient for its counter-narcotics and counter-terrorism operations and also to control its borders and its airspace and maritime space.

How about a country like Ecuador? What does it mean to provide its own security? Ecuador, if you look at the northern border, Ecuador does not control the northern border. In fact, the northern border is controlled by a variety of miscreants from paramilitaries, contrabandists, FARC, ELN -- mostly FARC members crossing back and forth. But the northern border of Ecuador is not controlled by the state of Ecuador. So you have a situation where the state is in effective entirely. That ineffectiveness would be demonstrated in insecurity of its citizens. And no amount of weaponry on the northern border is going to solve the problem. The

problem is deeply rooted in the socioeconomic and political situation of that area, affected by the way over a million people in the immediate area and much more to the south of that.

So what does Ecuador need in terms of equipment let's call it of a military? It needs communication, transportation. It needs small craft. They need all-terrain vehicles. It needs good intelligence. Its purchasing by the way a pilot -- a drone aircraft for reconnaissance purposes from the Israelis. It's purchasing Super Tuconas from Brazil. The number has been reduced because of budgetary reasons from 24 to I think 18. Is that correct? And that's what Ecuador would need. It also needs to improve its police capacity because that is to the ability of the police to provide public security. And all of this requires a massive effort on the part of the state. And the state in Ecuador, much like the state in a number of Latin American countries and Ecuador is very similar to the weakest of Central American states. We haven't talked about the northern part of this region. The weak state phenomenon is a serious challenge to those of us who want to promote a coherent approach to the solution of security problems. And also security benefits of democratic government.

Guatemala is a country undergoing tremendous strain: institutional collapse, desgobierno, corruption, violence, criminology. This prompts the question what is appropriate not only for the Guatemalan state

to have in terms of capacity, but how does the United States engage in environments of descovierno? Whom do we work with? How do we work with? How do we work with our own Congress and the American people and the interagencies to promote an effective approach to meeting the security needs of a partner country.

In the case of Ecuador, I go back and I have written extensively on this. Some of you may be familiar with this publication called "War Without Borders: The Colombian-Ecuador Crisis of 2008." If we had been more prescient, more intelligent about our approach to Ecuador's security problems going back to the late '90s, we would have been more forthcoming in providing military assistance of the kind that Ecuador needed. Now, these are not big ticket items, supersonic aircraft for example, but it needs mobility. It needs helicopters. It needs communication. Etcetera, et cetera. And trucks and other kinds of vehicles to protect its border. Had we been more forthcoming, and, in fact, the Ecuadorians approved Secretary Rumsfeld with a request for C-130s. And we simply did not -- it seems to me, or in fact, it seems to most analysts in Ecuador -- provide effective assistance that might have prevented the events in Angostura on March 1, 2008, when the Colombian Air Force attacked the base of Raul Reyes.

We had in our partnership with Ecuador, which goes back beyond the Manta Base Agreement, back many years, had been more

forthcoming than perhaps the deterrent capability of Ecuador would have been better for that particular situation.

Let me go beyond this point and go to some points made earlier by colleagues about the South American Defense Council, UNASUR, et cetera. In the theory of collective security and collective defense, the Council -- the South American Defense Council is neither a collective security nor a collective defense entity yet. It may get to some form of collective security.

The signatories -- by the way there are only five nations that are signed up for the South American Defense Council. There are deep ideological divisions. These divisions persist and they are not new to the security equation in Latin America. They go back many years. Their profound chasms of understanding what the security problems are. Colombians, for example, end to define their problems in terms of narco trafficking and terrorists and paramilitaries, which is very legitimate. Which is, I think, essentially correct.

Ecuadorians tend to define their security in terms of economic -- socioeconomic development. And have no patients, at least this administration, for planned Colombia, which the United States feels obliged and is committed to to support Colombia in its most difficult time. So there's a profound chasm in understanding what to credit.

Recently, the Defense Minister of Ecuador was asked in an interview what are the threats to Ecuador? He said, oh, no. Let's not talk about threats. Let's talk about capacity. A country like Ecuador needs to be talking about threats. Its very survival has been affected, has been threatened periodically in its history. So you have a government talking about capacity, not willing to talk about threats. So insofar as the South American Defense Council is supposed to be devolved in the direction of a collective security defense entity, it has a long way to go. Yet, we should promote that cause. I think that South Americans should be -- should have the experience, should have the frustration, the learning experience of attempting to do this. But I'm not optimistic. But nonetheless, as an academic who has tried to teach this to our senior military officers, I think it would be worth investing some time and understanding what needs to be done to push this along.

Are the members willing to commit themselves to organizing and integrating forces? Managing intelligence? Training and equipment? Establishing a command and control system and an operation and capability for common action? One Latin American military colleague said of the South American Defense Council unless these questions are answered, they might just be another opportunity for diplomatic tourism.

What are some of the implications? I'll be brief on this

because I want to hear what you have to say and I'm sure our colleagues here do also. Some of the implications for statesmen, north and south in this hemisphere, the civil military debate on this issue is no more robust now than it was in 1967. It's very disappointing. It's still very illogical, very shallow, very superficial, and in some cases it doesn't take place at all. These decisions on arms purchases, on security, are made much too -- in a reserved way within the governments of the region. And there's little public debate. Civil society is seldom engaged and civil society does not seem to be interested. This process must be strengthened and organizations like CHDS, USSOUTHCOM, Brookings, and others, can promote productive dialogue in this direction.

Another implication, policy implication is that the United States must deal more effectively with the defense needs of its partner. It is a real test of our ability to deal with small countries, small needs, small capabilities. We're not talking about megabuck expenditures here. But we're talking about responsiveness, precision, effectiveness. We are learning, for example, right now with Ecuador to work with a difficult government, a populous government which has taken a number of anti-American stances, evicted us from Manta Air Base, which, by the way, the United States constructed in World War II to do the photo mapping of South America.

What about the UNASUR and the South American Defense

Council? I think we said enough of that. One more point. This takes us to another discussion on the Fourth Fleet. In my career, no issue has been so grossly misunderstood, so exaggerated by everyone -- just about everyone I read or talk to in Latin America. A Venezuelan Jesuit said not long ago that Chávez needed worry -- the United States and regional countries needn't worry about the purchase of Russian arms by the Chávezan government, that the Fourth Fleet would take care of the problem. Well, the Fourth Fleet has no capacity to make war.

The Fourth Fleet is a humanitarian mission, hospital ship and that's it. This suggests to me that we're talking about the asymmetry that Michael talked about. An asymmetry which was very, very apparent throughout the evolution of this issue since the 1960s. (Speaking in Spanish.) We are a military giant. We are globally deployed. The image we project of our power in Latin America is almost limitless, incomparable, no one could stand up to it. So when we say we'll reestablish the Fourth Fleet without informing the ministries, without paving the communications, it creates problems. Some of our finest friends in Latin America have misdefined, misunderstood what the Fourth Fleet is all about.

Then the theater of the observed of the Colombian Base Agreement is another example of how the (speaking in Spanish) can affect very negatively perceptions of the United States in Latin America unless we,

of course, prepare foreign governments adequately for these announcements. I look forward to your comments and questions.

(Applause)

MR. GOLD-BISS: Thank you, Gabe. It's important to remember that there is indeed a context and that is security. And as someone who has to dabble dangerously periodically within the realm of what we call defense economics, all of this is a part of an edifice of a variety of thinking that makes us -- makes it important for us to remember that there are historical, there are internal, there are external dynamics that relate to these and that even within the same content when they appear to be clashing with each other because arms races appear to be intense to counteract other arms races, they don't necessarily have to be that. Sometimes it's a process. Sometimes it's a process that began 20 or 25 years ago and is only coming to a conclusion now.

But without further adieu, let's take two questions and then we'll continue with that. I see one hand there and I see one hand there.

MS. HAWKINS: Hi. Thank you. Christina Hawkins from Georgetown University.

My question could be directed towards Professor Shifter or all the panelists, of course, with their valuable insight. You, Professor Shifter, had mentioned for the U.S. in terms of what the U.S. can do to improve

stability in the region or some kind of cooperation on a hemispheric basis, multilateralism, returning to the hard work of diplomacy in the sense of multilateralism.

My question is basically just President Obama, under this new administration, do you see that we're at this critical juncture as all the articles or literature are saying we finally have this new era of partnership, engagement, you know, respect mutual collaboration, as he said at the Summit of the Americas in April 2009. We see evidence of that in some of the initiatives that came out of that. The Pathways to Prosperity and Energy and Climate Partnership of the Americas where Venezuela just attended last month, I believe in April, to address the root causes of insecurity, which I also very strongly agree is a huge issue in Latin America, maybe more so than arms itself.

So it would seem that this approach to multilateralism, getting back to the hard work of it, do you see the U.S. as having a responsibility in creating another forum in terms of defense, arms specifically, focusing on the hemisphere, such as the nuclear summit President Obama just held, but having one for the hemisphere itself? And --

MR. GOLD-BISS: Can you just --

MS. HAWKINS: Sorry. Okay. And as the anomaly to that, what do you say to people who reject the U.S. involvement, especially very

sensitive issues such as security and military issues? How would you address that anomaly?

MR. SHIFTER: There is another question in the back.

MR. HUGHES: Philip Hughes from the White House Writers' Group.

This panel discussion has exposed the subject that has sounded very complicated. I'm wondering if maybe there isn't another way of looking at things that makes it very simple, and it's this. There's one country, Colombia, which has a unique security situation and some unique military requirements and equipment needs and training needs. There's at least one other country, Brazil, maybe there are others, that have an ambition to project a larger role in the world and in the region for them building up their military capacity that's connected to that. Understandable. There are obviously countries all over the region that have routine replacement requirements for existing hardware and upgrades. But then there's a handful of countries with highly personalistic leaders, most of them, the ones I'm thinking of and you can all think of the same, followers of Chávez, which means also kind of admirers of Castro, who are requiring weapons that seem strangely out of proportion to either their internal security needs or their realistic external threats. And that's the problem.

Is it possible to see things that simply and focus on that last

category that's the problem?

MR. GOLD-BISS: Thank you. Please.

MR. MARCELLA: I thank you. Your analysis --

MR. GOLD-BISS: It's right over there.

MR. MARCELLA: I concur with your assessment. The three-tiered analysis is right on. I think the problem is the imperial ambitions, the grandiose ambitions of Chávez. The purchase of that level of weaponry and sophistication is really not that relevant to the security of Venezuela. And I question the -- I really question the utility of such a purchase.

I think the Jesuit was correct. If the United States feels threatened by Venezuela or Venezuela feels secure because they're buying those weapons and the United States is the biggest concern of Venezuela, then the calculation is off.

I was mentioning to a colleague earlier that the Chávez behavior with respect to the militarization and the weaponry has shades of Mussolini's fascism. I was born and raised in Italy so I do have a long memory of this stuff. There's political theater in it as well. He wants to be an international player, which is not contradictory to Venezuelan history. If you go back some decades in the earlier part of the 20th century, the Venezuelan dictator Gomez -- was it Gomez?

SPEAKER 1: It was Jimenez…

SPEAKER 2: No, no beyond.

SPEAKER 3: Juan Vicente Gomez.

MR. MARCELLA: Juan Vicente Gomez had grandiose visions as well once they discovered -- Venezuela discovered oil in such huge quantities. That is one concern.

I think the other concern with Venezuela is what happens to the other weapons which are not so sophisticated that are entering Colombia and have entered Colombia for a long time, for a number of years I should say. Colombia has found that Venezuelan munitions found their way to the FARC. We know the Vegas computer files contained communications about Venezuelan support. So what happens to all those weapons that are going to be retired from the inventory of Venezuela? Who's controlling them?

MR. GOLD-BISS: Kevin?

MR. CASAS-ZAMORA: Yes. I beg to defer slightly. I don't particularly like what President Chávez is doing in all senses, and that includes arms procurement. But I would be very, very hesitant to turn that into the only story that matters. I think there are either real or perceived concerns about some of the things that Brazil is doing that have nothing to do with Chávez. I don't think that Venezuela explains the level of distrust which I very much welcome the news that were given to us on the last panel.

That level of distrust between Chile and Peru is decreasing. That's great news. But the fact of the matter is that that distrust, whatever the level might be, has nothing to do with what Chávez is doing in Venezuela. So, I think there's a constituency here in Washington that is very interested in turning Venezuela into the sole focus of this discussion. And I think it's a very bad idea to do so. I think that will take us back two or three years in U.S. foreign policy towards Latin America which were not particularly fruitful years. I think we should accept that the story is more complicated and that what both the regional and the extra regional actors have to do to increase levels of trust is therefore far more complicated than just focusing on Venezuela.

MR. GOLD-BISS: Michael?

MR. SHIFTER: Yeah. I agree with Kevin. You know, I think, you know, you mentioned the different tiers or different categories of people who know Brazil a lot more, a lot better than I do talk about the extent to which the perception about what the U.S. might be thinking about the Amazon affects decisions on security issues. These are all perceptions that are out there. And it's not that one situation is completely wild and sort of unacceptable and out of bounds and the other one somehow makes a lot more sense. I mean, we all have these kind of perceptions and that reflects political realities in different situations.

I just -- I wouldn't frame it as sort of as neatly and tidy as that.

I do think Chávez is different from a political sense in terms of a challenge for the United States than any other figure in the region, but I think once you distinguish between, you know, look at the whole arms situation which was the broader, more complicated outlook I think.

On the other question on the multilateralism, the story in my view is that the summit a year ago, a little over a year ago now in Trinidad and Tobago, I think President Obama did sort of put forth sort of the goals and the framework of this approach, but things got sidetracked. Honduras. The Colombia-U.S. Cooperation Agreement, Cuba, these are the old issues. And not that Honduras is an old issue, but what happened in Honduras really, you know, hit on some old issues and touched the chord in the region and created some of the problems that we have seen historically. And it made it very, very difficult to make a lot of progress on the substantive agenda that President Obama laid out well I think at the summit. I think we're at a point now to try to sort of pick up to see if we can pick up that. I think, you know, that does require hard work and it's difficult, and it turns situations with Brazil over Iran -- does it make it easier? There are obviously very, very sharp differences between the U.S. government and Brazil over a very sensitive question that's not a hemispheric issue, but this is a global issue.

Just on the final -- on your final comment, I think what the U.S.

with the forward looking is to try to look at the agenda for the future with Latin America are all these global issues, whether it's, you know, nuclear non-proliferation or financial management or the economic issue with the G20. And increasingly, all Latin American countries are involved in those global forum discussions. And I think that that is where the United States I think could be very, very helpful and try to create, you know, I think there's a place for both hemispheric mechanisms, but also obviously Latin America increasingly interested -- Brazil especially, but other countries, too, in having a say and influence on global discussions of issues that affect them as well. And I think the United States should try to promote that participation as much as it can.

MR. MARCELLA: Can I say --

MR. GOLD-BISS: Sure

MR. MARCELLA: Thirty seconds. Just to go back to the question of Venezuela, I mean, I would actually like to make use of some of the information that we were provided today on the first panel. The jury is still out as to whether what Venezuela is doing is outside the historical pattern. I mean, that's what I understood from the first panel. And I defer in that sense to our two experts. So if we are not clear even about the empirical content of the discussion, I would certainly refrain from turning that into a policy recommendation.

MR. GOLD-BISS: Two more questions, please. I see a hand in the back and a hand in the front. Let's start at the back, please.

MS. SCHOTT: Thank you. Sonia Schott with Global Vision Venezuela.

In the coming days the report on terrorism will come out and the State Department again renews the status of Venezuela as non-cooperative against the fight of terrorism. I would like to know what it means in terms of the impact not just only for Venezuela, for the region, and specifically on the relations with the U.S.

Thank you.

MR. GRABA: Thank you. Just a brief one. UNASUR. How do you visit a possible dialogue between the U.S. and UNASUR regarding defense? Some countries are trying to push this idea in the framework of the general assembly. Oh, yes. Lima. UNASUR Minister of Foreign Affairs and Secretary Clinton. So do envisage that this would be possible? Or what would be the difficulties for achieving this goal?

MR. GOLD-BISS: Just briefly identify yourself.

MR. GRABA: Ah, Pedro Graba from the Embassy of Peru.

MR. GOLD-BISS: Thank you. Gentlemen? Okay.

MR. CASA-ZAMORA: I mean, it would be great if it happened. I don't see it happening. And when I guess before we can see a

dialogue on defense issues between UNASUR and the U.S., I think that UNASUR itself and the South American Defense Council has to get its act going. So I would focus more on that rather than dialogue that while very useful is still I think a distant prospect. It has to happen at some point, but I don't see it happening immediately.

MR. SHIFTER: Venezuela, the dilemma on Venezuela has always been that, you know, there's been a lot of political tension for a long time, Venezuelan government. But there's, you know, this matter of oil, which is still very important and still important interest to the United States. And my sense is that, you know, that the U.S. has sort of resolved that dilemma by just not questioning or opening up the question of getting oil from Venezuela and yet politically there's very, very little communication or cooperation at all. I think going down -- going to the point of putting Venezuela on the terrorist list is not something that this administration is very interested in doing because of what it would achieve, what the implications would be. And I'm not sure that it would be helpful in terms of the response to the Venezuelan government. I'm not sure, you know, what that would achieve. It may make some people feel good because it's making a statement about some very, you know, troubling evidence, but I think that the -- that in general most of the mood of the administration is to sort of move away from sort of putting countries on the terrorist list because it's not

really -- it doesn't get you very far.

So I doubt that that's going to happen. And especially because of the economic commercial relationship which is still very, very strong with Venezuela and the U.S. government has to balance both the political strategic concerns with the economic concerns as well.

MR. MARCELLA: I think if the language is Venezuela is not cooperating with the United States on the terrorism problem, that's very different from the legal distinction called state-supporting terrorism or international terrorism. I think the punishments that the United States is obliged to impose upon states that support terrorism are very, very different. And I don't think we're getting to that point.

MR. SHIFTER: I'm sorry, I thought that's what that she..

MR. MARCELLA: No. I think the lady used the term "cooperative." Is that correct? Not cooperative. That's the same language they've been using before.

MR. SHIFTER: using before, so nothing has changed.

MR. MARCELLA: So the implications for regional policy by Washington probably don't change.

There's another pragmatic consideration here. The United States has to keep all options open for the eventual redemocratization of Venezuela. Chávez is going to go away some day. Maybe soon. Maybe

not so soon. Who knows? There will be a political process that will perhaps lead to an establishment of true democracy in Venezuela. And American support for democratization will be important. So how do we play into that process? So let's not expend options so early on, including of course the oil option which is beyond consideration.

MR. GOLD-BISS: Well, unfortunately, it's that time and I'd like you to help me in thanking the panelists. (Applause)

In the meantime, I will introduce the person who will be giving the summary remarks and it's my pleasure to introduce Dr. Frederick M. Nunn, who is the dean of academic affairs at the Center for Atmospheric Defense Studies. He's a historian of modern Latin America and is currently the dean of academic affairs and professor of national security affairs. He is professor emeritus of history and international studies at Portland State University, where he also served as vice provost for international affairs. He's the author of numerous books and articles on military civilian relations on literature, including *Yesterday's Soldiers: European Military Professionalism in South America 1890-1940.* Without any further ado, Dr. Nunn.

MR. NUNN: Thank you, Michael.

Every summary statement should be like a book review. There should be something of the speaker or the writer in it. So let me begin

by saying that a little over 30 years ago, when I was even younger than I am today, I was sitting in the National Archives reading reports from civilian and military representatives of the United States government in various capitals in South America. And more than once during that several weeks of the hot summer my eyes fell upon the words arms race, armaments race, arms competition, arms build-up, threats to security. These documents all came from the pre-World War I era. And they all came in that first reading from Brazil, Argentina, Chile, and Peru.

In many of them there were illusions to what we might call a domino theory that what happened in Brazil would naturally affect what happened in Argentina. The perception of a threat based on an internal imperative and an external imperative would create a reaction. You heard about that ingredient of an arms race more than once this morning. When reading about what was going on or what our representatives perceived was going on on the west coast of South America, more than once my eyes fell upon the words “this has implications.” Words to this effect. This has implications for Ecuador because what Peru does will affect what Ecuador does. And then what Ecuador does may affect what Colombia does. And it pretty much stopped there. And there were mentions -- occasional mentions of both Bolivia and Uruguay. And maybe I’m stretching it, but I think once I came across Uruguay’s concerns.

So with the exception of Venezuela, all the countries we have been talking about today in South America were involved peripherally or actually in what has been variously described as an arms race. Or if an arms race wasn't going on and there is no such thing as an arms race, they weren't involved in what was going on. Now, we're not right back where we started. History doesn't repeat itself. It's more spiral than circular I think. But we're still discussing here in Washington, D.C. -- we're still discussing the phenomenon that we call an arms race or armament race in South America. We have discussed today quite ably what constitutes trends in an arms race. What are the ingredients that we see and what trends do those ingredients lead to that constitute what we think of as an arms race? A country replenishes, refurbishes, modernizes, transforms. The country next door gets nervous. A country's political statements, political ambitions links perhaps with transformation, modernization, refurbishment caused problems next door.

Traditional rivalries caused problems next door. Back in 1910, the four major military powers of South America were only a third of a century -- stretching it a little bit -- removed from war. Now, these wars were not forgotten in 1910. They weren't forgotten in the 1920s or '30s. They certainly weren't forgotten in the 1940s, and they haven't been forgotten today. We have statistics and public opinion polls that show that. So the

ingredients are historical, as well as political, as well as military in the strict sense. And they create the trends. I think the trends reveal the factors. They reveal more of the factors of what we perceive as an arms race. Whether or not there is an arms race going on or whether there ever was.

And those factors are multiple. They can be national. They can be sub-regional. They can be regional, and today they can be global. Taken together the ingredients and the trends and the factors and the history and the politics reveal what the implications are. And there's the roof. The future is always the hardest to get. Much easier dealing with the present and the past than it is dealing with the future.

On several occasions today there was mention what is the role of the U.S. to be? As if the role of the U.S. is a determining factor. And it may or may not be in hemispheric affairs. The hemisphere has changed a lot in the last 20 years. It resembles from a historian's point of view, it resembles the hemisphere of 1910 than it does the hemisphere of the Cold War in terms of the United States' role and the ambitions of other countries.

Will the needs for international development -- the budgetary needs for internal development ever overcome an intellectually, politically, and in policy making, the need for traditional or even nontraditional armaments expenditures. There's an implication to think about. Will we enter a paradigm which goes empty, hinter lanes, those permeable frontiers

become more important from a development point of view than from a strictly military point of view. A hundred years ago, there was all kinds of talk in South American military literature about the need for modern military forces to protect the frontiers and to develop the Hinterlands. This is 100 years ago I'm talking about, not just a few years ago. So the implications, as I say, are historical as well as political, as well as strictly military.

Globalization and democratization and internal development are all implications for the future. What will the face of these processes be with continued military expenditures, rising and falling, whatever the trends may be? What will happen to these ongoing processes if there indeed is an arms race or if there indeed is not? Every summation should end, and this one has ended. (Laughter and applause)

SPEAKER: We will have closing remarks. I will not introduce the speakers for you know them already.

SPEAKER: Thank you very much, Fred.

Well, I have very little to say, to add what's already been said. I just want to use this couple of minutes to thank CHDS for this wonderful partnership yet again. It's proved successful. I mean, this is the second time that we've managed to pull it off very nicely. And we did so with the help with all of you that turned out. So I guess this is something to celebrate.

And from the Brookings perspective, from the Brookings standpoint, this activity would not have been possible without the help which I want to explicitly acknowledge of my long suffering research assistant, Diana Aleja, who sadly doesn't seem to be in the room. Well, somebody has to tell her that I said this. Really, I mean, this was not of my making. I mean, it was all her hard work. The hard work that she put into this. And, well, if she were here I would ask for a round of applause, but she's not here. Anyway, tell her that I did ask for some applause for her. She did a terrific job.

I guess I walk out of this building today slightly more hopeful than I walked in in the sense that most of what we've heard today suggests that there's no arms race, at least in the conventional sense, going on in Latin America, which is, I guess, good news. That doesn't mean that we don't have problem with military expenditures of different sorts and with implications on the fallout from some of the decisions that are being taken in the region. And I tried to make the point very forcefully that even if there is no arms race going on in the region, we should look carefully at the opportunity costs that military expenditure has in South America and in Latin America more generally. So they are good news, but that's not the whole story.

In any case, what is truly important is that we are having this

discussion. That we are having an empirical discussion about this. And this empirical discussion is sorely needed precisely because words, terms like arms race and perceptions do have consequences. Do have real consequences. And decisions get made upon perceptions and upon the endless repetition of key words, like arms race. And I would certainly loathe to see policy decisions being made here in Washington based upon a wrong perception. I mean, this -- I guess the importance of not making decisions upon empty perceptions is something that this country should have learned, you know, very clearly about after Iraq.

So I certainly hope that with this event we're beginning an empirical, an empirically driven conversation about what's happening with military expenditures and military acquisitions in South America and in Latin America more generally. And we keep this conversation going. That we keep partnering with CHDS in order to have this debate, and that you all keep turning up to the future events that we'll be hosting on this and other related subjects.

Thank you very much. (Applause)

MR. GOLD-BISS: Well, let me just add some final remarks to this. It really has been a fascinating day. And I want to thank all of you for being so engaging in what obviously is a very interesting topic.

You know, it's interesting to me that Kevin came away very

hopeful as a result of this. I came away with a longer perspective. Actually, when Fred Nunn gave the perspective of 1910 and put this back into a situation, it was rather interesting. Gabe Marcella talked about there being no change since these same kind of discussions were going on in 1967. And Michael Shifter talked about he read a document that the Inter-American Dialogue had put together in 1995. No change. I think there's a message here to those of you who are in the audience, some of you students; I know there's one from Georgetown and from other places here. This may be a message to you that if you're doing some research in this particular area, you'll probably be able to use this 15 or 20 or even 100 years from now. So I think what's quite clear is that we just don't have the analytical models yet developed that really are adequate to help us to better understand and put all these issues into the appropriate perspective.

I think today's discussions have really helped illuminate a lot in terms of our understanding of what is going on. But when you put it in a larger perspective, I think there we really do find we need some help and we just don't have the adequate tools to really address this. So I hope that this session has helped you all in the same way. And let me say that we are going to try to put together the proceedings of this event, so those of you that would like to have a copy of that we would like to have your e-mail so we can pass it on or your addresses so we can let you have a copy of what

we put together.

But let me say again, add my thanks to Kevin's. Let me first thank all the speakers for a wonderful job here today, some of whom came very far from Chile, Julio Soto; from Sweden, Mark Bromley; and Gabe Marcella, who came from Carlisle, Pennsylvania, but it was obviously a pretty tough trip. (Laughter) So we're glad to have you all. (Applause)

We're also really delighted to have this opportunity to once again partner with Brookings Institution and what has been a very interesting event. Thank you so much, Kevin. And I certainly also want to thank Diana Padilla. But Kevin Casas-Zamora really has been a driving force behind this, and I think we owe him also a round of applause. (Applause)

And I also on our team want a special thanks to Carlos Ospina, who has been the really, the driving force on our side for putting this all together with our academic team, as well as our administrative team that put this all together. So I want to thank you all as well.

But special thanks again goes to all of you for being with us today in what has truly shown to be a very interesting topic, not just for those of us that put this together, but also for you. And we're delighted to see that and we look forward to seeing you again at not only Brookings events, but ours at the Center for Hemispheric Defense Studies.

So once again, thank you and have a wonderful day.

(Applause)

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