THE ROAD TO
HEMISPHERIC COOPERATION:
BEYOND THE CARTAGENA SUMMIT OF THE AMERICAS

The Brookings Institution | Washington, D.C. | July 2012

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INTRODUCTION

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A Hemisphere in Flux

For the United States, the tumult exhibited at this spring's Sixth Summit of the Americas in Cartagena, Colombia was an unfortunate but increasingly common display of the shifting templates of contemporary inter-American relations. From the high point of the Miami Summit in 1994—when a convergence of historic transitions to democracy and more open economies gave birth to an ambitious hemispheric agenda of cooperation across multiple sectors—to the failure in Cartagena to reach agreement on a final declaration, plus an embarrassing scandal involving U.S. Secret Service agents, regional diplomacy has grown ever more fractious and deadlocked. The fragmenting poles of power and influence in the region—a rising Brazil, a combative alliance led by Venezuela, a weakened Central America bogged down by economic stagnation and criminal violence, a struggling Mexico adapting to global forces and a new president, and a distracted and despondent United States, not to mention the pull of new actors like China and the downcast eyes of old actors like Europe—translate into a frustrating competition for leadership and growing doubts about the usefulness of pursuing a hemispheric agenda.

At least that is how it looked from the headlines in Washington, which focused on the contentious debates around U.S.-Cuban relations, the "war on drugs," and even the long-simmering Malvinas/Falklands dispute that marked the Cartagena gathering. These are longstanding and legitimate disagreements that deserve recognition and serious hemispheric diplomacy. But they should not stand in the way of other important business on the regional agenda, issues that range from economic innovation and trade to public security, education reform, and energy and climate change. These are the subjects that will determine whether countries of the region are able to move together into the 21st century as meaningful partners with a common vision for win-win solutions. They merit more attention and discussion in every capital of the hemisphere and at the heads of state level.

To flesh out the best ideas in each of these areas, the Brookings Latin America Initiative commissioned a series of working papers from leading experts in the United States and the region. The group, joined by senior officials from the Obama administration and a host of Brookings and other scholars, then came together for discussion at an all-day workshop in the lead-up to the Cartagena Summit. Based on the rich conversation that ensued, and the results of the summit itself, the authors prepared longer versions of their work, with the aim of providing deeper and up-to-date treatment of each topic as well as a roadmap for hemispheric cooperation.

Looking ahead to the next summit, scheduled for 2015 in Panama, the overarching question is whether states can summon the political will to manage their differences in a way that will not block cooperation in other important areas. The current signals, however, are not encouraging. Cuba, the lost cousin of the inter-American family, will remain a divisive issue because some states want it to be invited even though it does not meet the region's democratic criteria for inclusion. This disagreement should become a catalyst for developing a road map for engagement that would outline the steps Havana could take to demonstrate its commitment to the region's core values. Such an initiative would be a good test of the hemisphere's true commitment to its identity as a club of democracies. It might learn something from the successful experience of the Association of Southeast Asian Nations (hardly a chorus of democracies), which denied Myanmar a meaningful role in the organization until it undertook important political reforms. Instead of taking this kind of nuanced approach, friends of Cuba in the ALBA bloc (Venezuela, Ecuador, Bolivia, Nicaragua, and others), vowed not to attend the 2015 summit if Cuba were not included. They adopted this position after they failed to win support for a boycott of the Cartagena Summit if Cuba were not invited (thanks in part to Colombian President Juan Manuel Santos's deft handling).

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Assuming no change in Cuba's political system between now and 2015, a free ticket to the dance would mean a serious rupture in the region's rules that only democratically elected governments can participate fully. To avoid the U.S.-Cuba problem becoming the skunk at the next party, governments need to start spelling out some criteria that would point the way toward Cuba's re-admission to inter-American institutions, while continuing to pressure the United States to reconsider its own failed embargo policies.

The dispute over U.S.-Cuba relations, however, is merely one symptom of the larger phenomenon of changing power dynamics taking place in the region. The slow but encouraging process of democratic consolidation, as uneven as it is, nonetheless has brought to power (through free and fair elections) a series of governments of varying stripes that have played a recurrent chord of anti-Americanism. In its most strident form, this brand of "anti-imperialist," (i.e., anti-Washington) politics has become the central rallying cry of their foreign policies, a view in which publicly contesting the United States, regardless of the merits of the issue, is reason enough to take the opposing side. Brazil, for its own reasons of exercising regional influence, often at the expense of the United States, is encouraging such talk as it seeks to build up UNASUR as a force in hemispheric politics. These attitudes are not only hamstringing cooperation across a number of key issues, they are also generating proposals that steadily chip away at the Organization of American States, the inter-American human rights system and the summitry process, after years of relatively positive progress. The region, despite all its promises and the obvious logic of deeper integration and cooperation, has reached a crossroads that may force a break from the past with no clear direction for the future.

It is against this rather complicated backdrop that we have considered the issues that deserve greater attention from policymakers in the region as they pick up the pieces from Cartagena and look forward to Panama. In the following papers, experts on economic innovation and trade, education reform, energy and climate change, public security, democracy and human rights, and the inter-American system address a myriad of opportunities open to governments interested in deepening cooperation, outline the challenges that confront them, and recommend actionable steps for moving forward. Each one includes commentary from Brookings scholars who have participated in various stages of the project from the start. Together, they offer a set of priority actions for hemispheric cooperation, and measurable steps for U.S. engagement, that could help define which path regional diplomacy takes out of its current state of disarray. For the United States, its own competition for the White House and the Congress this fall may lead to different outcomes on issues—immigration, drug control, Cuba, energy, foreign assistance and dwindling resources—that are central to U.S.-Latin American relations. We hope this collection will contribute in some meaningful ways to repairing the thinning fabric of inter-American cooperation, regardless of what the voters decide in the United States, Venezuela or Mexico this year.

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FOSTERING A CULTURE OF INNOVATION IN THE AMERICAS

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Executive Summary

- Between 2003 and 2008, the region experienced the longest and strongest period of expansion since 1980, and only the second period since the late 1960s to have had such high growth rates of per capita gross domestic product (GDP). The combined effects of economic growth, higher earnings, more comprehensive transfer programs, and a decline in demographic dependency rates have resulted in considerable poverty reduction.

- Despite recent growth and progress on several fronts, some exceptions notwithstanding, the region has been slow to incorporate innovation into economic activities and production chains, or value added into exports, which are keys for strengthening competitiveness and sustainable growth.

- Scientific and technological capabilities in Latin America and the Caribbean (LAC) are mixed, with important asymmetries and lags. For example, investment in research and development (R&D) in Latin American countries, with the exception of Brazil, is lower than expected, given the level of per capita income. Most R&D in the region occurs in public laboratories and universities, while in other regions it is carried out chiefly by businesses.

- Even though the price of broadband has been halved over the past two years, broadband is still expensive, slow, of poor quality and out of reach for large segments of the population.

- While the region is among the world's most dynamic in terms of the increase in Internet users and information and communication technology (ICT) spending, this advantage has not been reflected in improved productivity. The use of ICT has had little effect on productivity because of gaps in access, poor broadband quality, and problems relating to the shortage or lack of complementary ICT assets.

- Today, science, technology and innovation occupy an important place in the agenda of several governments in the region. Innovation is an increasingly integrated process that takes place over networks and requires the interaction and cooperation of various agents in both the public and private sectors. Strengthening mechanisms to support regional cooperation on science, technology and innovation policies can prove key to generating synergies and complementarities.

- Aware of the need to address these issues, both at the national level and from a regional perspective, policymakers have been engaged on a number of fronts. Several initiatives in the science and technology field have been undertaken between LAC countries and the United States. Such efforts should be expanded further to spur innovation.

The Context

In the years leading up to the 2008 financial crisis, economic growth in Latin America and the Caribbean (LAC) had been at a historic high. Between 2003 and 2008, the

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region experienced the longest and strongest period of expansion since 1980, and only the second period since the late 1960s to have had such high growth rates of per capita gross domestic product (GDP). On balance, the countries weathered the global recession well, showing resilience both economically and socially, although Mexico and Central America were harder hit due to their closer integration with the United States. While growth is expected to slow to 3.7 percent in 2012, down from 4.3 percent in 2011, it will still be above the international average. The control of inflation (at 6.6 percent), sound fiscal policies, a lower and better-structured public debt (below 35 percent of GDP), and unprecedented high international reserves (in excess of $765 billion) continue to be major strengths.[1]

The combined effects of economic growth, higher earnings, more comprehensive transfer programs, and a decline in demographic dependency rates have resulted in considerable poverty reduction. While the incidence of poverty was 44 percent in the region as a whole in 2002, it declined to 30.4 percent in 2011; extreme poverty decreased from 19.4 percent to 12.9 percent in the same period. Unemployment now stands at 6.6 percent below the pre-crisis level. Moreover, there have been unprecedented improvements in income distribution thanks to a better apportionment of labor income and to redistribution policies. For the first time in history, inequality has been reduced and the Gini coefficient has improved in 18 countries, thus reversing the historical trend toward worsening distribution.

Overall, the past years have been characterized by economic prudence and progressive social policies.[2] Important changes have also taken place in the region's integration into international markets. Countries have achieved considerable export growth and improved access to major destination markets. Ties with Asia-Pacific, and with China in particular, have grown stronger, especially in South America. Also, foreign direct investment (FDI) to the region has been growing at an unprecedented rate. In 2011, FDI to LAC reached a record high $153 billion, representing 10 percent of global flows.[3]

Despite recent growth and progress on several fronts, significant challenges remain. Most importantly, growth performance during the past 50 years has not been dynamic. Countries have not been able to generate productivity growth, primarily because they have not kept pace with innovation. Today, productivity growth resulting from the emergence of new technologies (and faster change in existing ones) alters how production is organized across firms and sectors globally. More and more, sustainable growth depends on the ability to generate knowledge, to innovate, and to incorporate new technologies so as to foster greater competitiveness in international markets. New forms of industrial and geographic organization and business networks are evolving, with opportunities for participating in global supply chains and developing regional or sub-regional value chains—all with a view toward boosting the value added and technology and knowledge content of exports.

With some exceptions, the region has been slow to incorporate innovation into economic activities or production chains, or value added into exports, which are keys for strengthening competitiveness and sustainable growth. Achieving this will require creating dynamic innovation systems to speed up the accumulation of technological capacities. It will also require promoting the use of new information and communication technologies (ICT) in contemporary innovation systems, which are essential given their cross-cutting nature.

The real challenge in this regard resides in changing production patterns, with the goal of developing more knowledge-intensive societies, which can incorporate greater value and knowledge to diversify production of exported goods and services. Effectively upgrading value chains will depend on the ability to manage the absorption, dissemination and creation of innovation and knowledge—as well as progress in creating a skilled workforce and appropriate infrastructure and logistics.

This paper provides an overview of the main features of technological development and innovation in the LAC region. It will address trends, policy challenges and opportunities for cooperation in an effort to foster a culture of innovation. We acknowledge that there are often stark differences in economic performance among—and even within—countries, but such analysis goes beyond the scope of this paper. Please refer to the cited documents for a closer look at these issues. The paper draws from the most recent work on science and technology, innovation, and the information society undertaken by the Economic Commission for Latin America and Caribbean (ECLAC).[4]

Technology and Innovation

Innovation is one of the keys to diversifying production. Broadly defined, it includes not only radical changes but also small improvements in product design and quality, in the production process and its organization, and in marketing and logistics. This process, in turn, is a function of three things: capacities to create, learn and adapt knowledge and techniques to the productive and commercial domain; possibilities for capturing the greatest value added by those innovations; and the availability of the material, human and financial resources required.[5] The greater the generation of knowledge and linkages with the rest of the production structure, the greater the impact of innovation on productivity and growth.

As the experience of developed countries shows, the main driving force for innovation comes from the interaction between research and development (R&D) activities (both public and private) and the capacity of firms to generate, adopt and disseminate innovative processes and products. On the other hand, in developing economies, learning consists of increasing the adoption and adaptation of innovations in all activities related to production processes, product quality, and design and commercialization strategies. This develops the countries' technological capabilities and generates competitive advantages that redefine the export potential of businesses and the international position of each economy.

The difference between the speed of innovation in the leading countries and the speed with which the less-developed countries succeed in learning, imitating and adapting is crucial for the types of participation both have in the international economy. Falling behind may have long-term consequences for competitiveness and growth. As several studies show, there is a virtuous cycle in which R&D spending, innovation, productivity and per capita income mutually reinforce each other.[6]

Technology: A Few Highlights

As ECLAC has pointed out, scientific and technological capabilities in LAC countries are mixed, with important asymmetries and lags. As Table 1 indicates, investment in R&D in Latin American countries, with the exception of Brazil, is lower than expected, given the level of per capita income. Spending on R&D barely exceeds 0.5 percent of GDP in the region, which is one-quarter of the world average and below the figures for China, India and Malaysia. Most of the region's limited investments in R&D are governmental in origin, while the contribution of businesses is much lower. The opposite is true in more advanced countries: public resources are supplemented by a higher level of business investment in R&D.

The number of researchers per million inhabitants in the region is around one-tenth of the number observed in developed countries. However, the region does not fare too poorly when this indicator is compared with the results in some other developing countries such as China, India and Malaysia. Also, when comparing the number of patent applications with other emerging countries, the region still lags behind in terms of efforts to adopt and create new technologies. China in particular has successfully imitated and adapted new technologies to create its own technological capacity.

Innovation patterns are asymmetrical. Most R&D activities in LAC are geared toward science and basic research; in countries at the cutting edge of technology, R&D is focused on applied and experimental development. Also, R&D in the region occurs mainly in public laboratories and universities, while in other regions it is carried out chiefly by businesses.

As the experience of advanced countries shows, investment in R&D increases as the economy becomes specialized in more complex scientific and technological sectors and activities. A relatively small proportion of the increase comes from government. Public-sector participation is a fundamental component of the first innovation phase in countries that have successfully built their own technological capacity, allowing them to advance from adapting technology to creating it. Since most LAC countries are at this first stage, the most worrying aspect is not the limited participation of the private sector, but rather the low level of public investment and the lack of applied development. It is also interesting to note that there tends to be more public funding in developed countries where the production structure (especially in terms of exports) is linked to natural resources (Australia, New Zealand and Norway, for example).

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Table 1: Indicators of Scientific Base and Innovation Efforts and Effectiveness

	Innovation efforts					Effectiveness of innovation efforts		
	Number of researchers per million inhabitants (average 2000–2004)	R&D spending as a percent-age of GDP (average 2002–2004)	R&D spending by sector of financing (percentages of total, average 2000–2004)			Number of scientific and techni-cal articles for every million in-habitants (2003)	Number of patents granted by USPTO [d] (cumulative, 2000–2006)	Patents granted by USPTO as a percent-age of the total granted to non-residents (cumulative, 2000–2006)
			Government	Business	Other[c]			
Argentina	727	0.42	43	26	31	81	330	0.060
Bolivia	120	0.26	20	16	64	4	2	0.000
Brazil	434	0.94	58	40	2	48	738	0.135
Chile	682	0.68	47	42	11	94	88	0.016
Colombia	105	0.17	13	47	40	8	58	0.011
Costa Rica	...	0.37	...	...	...	20	27	0.005
Ecuador	47	0.07	...	...	...	2	15	0.003
Guatemala	...	0.08	...	...	...	1	7	0.001
Honduras	...	0.06	...	...	...	2	4	0.001
Mexico	321	0.43	55	35	10	37	568	0.104
Panama	97	0.31	29	0	71	12	8	0.001
Paraguay	80	0.09	63	0	37	1	1	0.000
Peru	...	0.12	...	...	...	5	23	0.004
Uruguay	366	0.22	17	47	36	57	10	0.002
Latin America and the Caribbean	298 [b]	0.55	55	37	8	27	1,879	0.34
G-8	3,412 [a b]	2.5	28	64	8	613	424,785	63.33
Australia	3,924	1.62	41	51	8	794	6,530	1.197
New Zealand	3,945	1.16	45	38	16	759	906	0.166
China	517	1.27	28	63	9	23	2,367	0.434
India	120 [a]	0.7	76	20	4	12	2,128	0.39
Malaysia	300 [a]	0.6	27	61	12	21	550	0.1
Republic of Korea	3,187 [a]	2.59	24	74	2	288	29,270	5.366
Singapore	4,699	2.14	41	52	7	743	2,558	0.469
Finland	7,749	3.47	26	70	4	1,000	5,612	1.029
Ireland	2,521	1.12	30	61	10	440	1,068	0.196
Norway	4,595	1.71	42	49	9	726	1,724	0.316
Spain	2,189	1.07	40	48	12	401	1,983	0.364
World	...	2.23	31	62	7	158	1,141,751	...

Source: ECLAC, *Structural Change and Productivity Growth—20 Years Later,* 2008
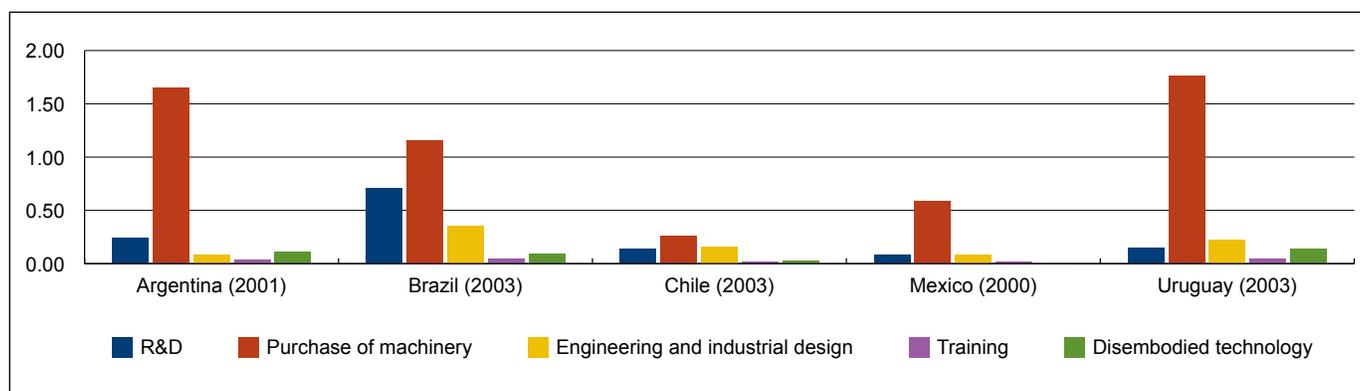
[a] Information corresponds to 2004

[b] Simple average

[c] Includes higher education and nonprofit institutions and external funds.

[d] United States Patent and Trademark Office.

Figure 1: Latin America (5 Countries): Innovation-Related Spending, By Type of Activity

Source: ECLAC, *Structural Change and Productivity Growth—20 Years Later,* 2008

Innovation and Businesses

Evidence from national innovation surveys conducted in Argentina, Brazil, Chile, Colombia, Mexico and Uruguay sheds some light on firms' innovation behavior.[7] The results of the surveys point to similar sectoral patterns of innovation in the region as those observed in other parts of the world. Firms with above-average levels of innovation are found in chemicals and pharmaceuticals, machinery and equipment, and in the automotive, petroleum and metal sectors. Overall, an average of 38 percent of innovative firms are in the field of new product and process technologies.

Innovative firms outperform those that do not innovate. Results show a positive relationship among innovation, productivity and export capacity. Also, the effects of innovation on a firm's productivity are positive, irrespective of firm size and sector, with a slight tendency for the effect to be stronger in sectors that make more intensive use of engineering (for example, machinery and electrical appliances).

Firms in the region tend to "use" rather than "produce" knowledge, acquiring embodied technology developed in other countries. Firms invest little in in-house innovation activities. In this regard, innovation is biased toward acquisition of knowledge and limited internal learning efforts (see Figure 1). Also, when analyzing innovation surveys regarding cooperation among firms, universities and research or training centers, results indicated that for the most part, firms do not collaborate with other private and public actors.

Table 2: Effects of Broadband on Economic Growth and Social Inclusion

Economic growth	Social inclusion
Accelerated growth in productivity	Access to public goods: information and knowledge freely available on the Internet
Greater innovation in productive and organizational processes through the development of applications, based on the needs of different types of enterprises	Online access to public services: education, health, government, citizen participation, etc.
Job creation	Innovation in processes of social interaction through the development of new applications
Development of technological and productive capacities of individuals and enterprises	Increased well-being due to positive externalities in consumption
Increased environmental sustainability through the use of intelligent tools for managing energy and transportation resources	Impact on communication and on dealing with disasters

Source: ECLAC, *Broadband for Development and Inclusion,* 2011

The surveys also shed light on some of the firms' obstacles to carrying out innovation. Though firms perceive a wide range of obstacles with striking differences among countries, major stumbling blocks include a lack of three things: a science and technology system capable of supporting innovation efforts, financing, and skilled human resources.

Information and Communication Technology (ICT)

Given the cross-cutting nature of ICT, promoting its use is essential in contemporary innovation systems. The Internet in particular has changed the manner in which economic and social activities are undertaken by making more efficient the generation, management and exchange of information.

And, as recent experience in the more advanced countries shows, the development and intensive use of ICT have significantly impacted productivity, promoting enterprise innovation and making public services more efficient and more inclusive. Table 2 summarizes some of the economic and social benefits associated with broadband.

Figure 2: Penetration of Fixed[9] and Mobile[10] Broadband
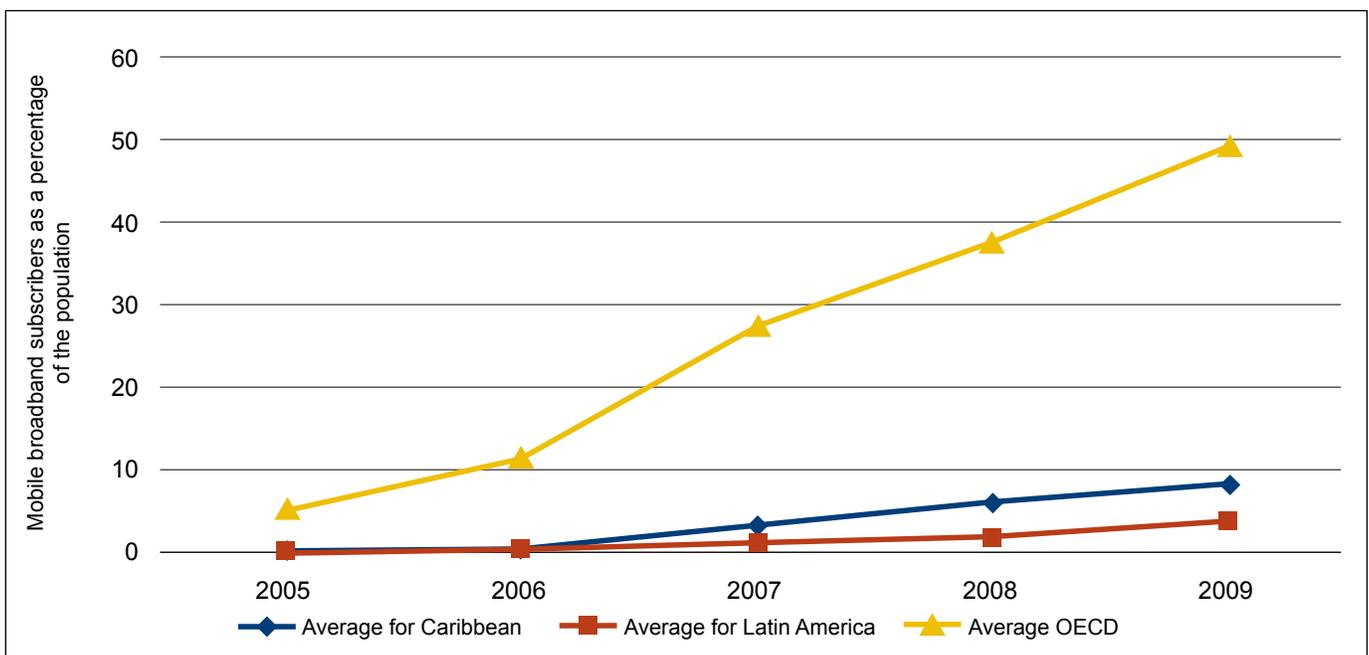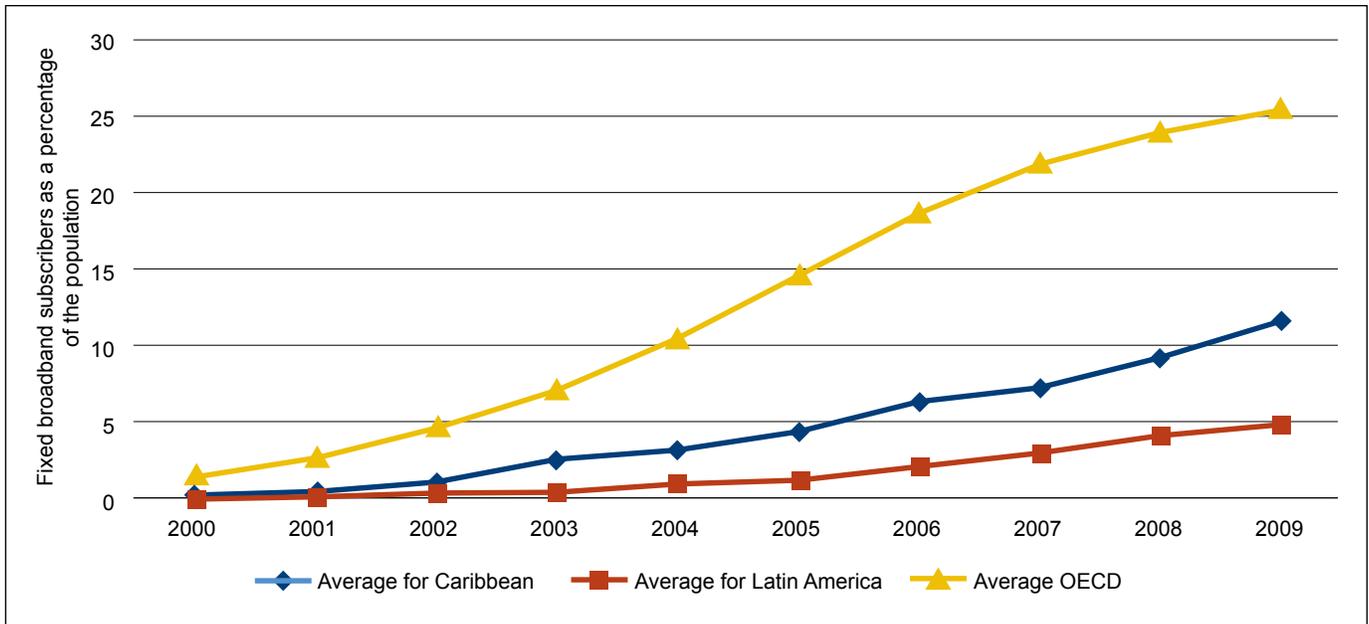
Source: ECLAC, *Broadband for Development and Inclusion*, 2011

Figure 3: Affordability of Fixed Broadband[11]

Country	Percentage of income
Bolivia (Plur. State of)	81.5%
Belize	51.0%
Nicaragua	50.3%
Paraguay	38.3%
Guatemala	24.6%
Suriname	22.7%
El Salvador	21.9%
Latin America average	16.9%
Caribbean average	16%
Dominican Rep.P	8.1%
Ecuador	7.9%
Peru	7.9%
Costa Rica	6.0%
Chile	3.9%
Uruguay	3.6%
Colombia	3.6%
Brazil	3.0%
Barbados	2.8%
Mexico	2.3%
Jamaica	2.3%
Argentina	2.2%
Panama	1.6%
Trinidad and Tobago	1.1%
Canada	0.6%
OECD average	0.6%
United States	0.2%
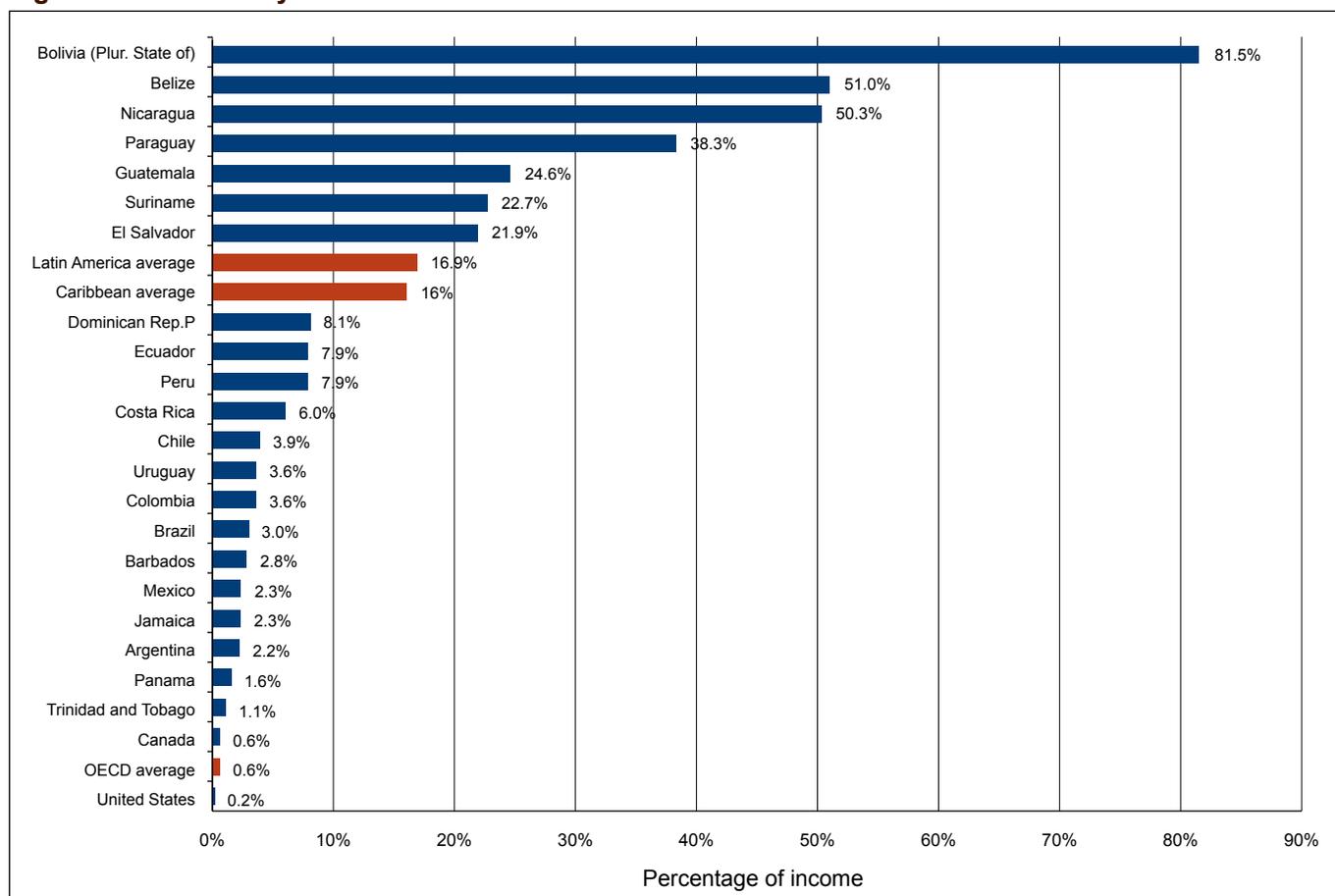
Source: ECLAC, *Broadband for Development and Inclusion,* 2011

Broadband for Development and Inclusion[8]

Data on penetration, quality, price and affordability of broadband Internet service in LAC countries shows a mixed situation.

In the 2000s, LAC countries have steadily increased their share of Internet users, applications and spending on incorporating these technologies. Regarding infrastructure, the region has begun to converge with high-income Organisation of Economic Co-operation and Development (OECD) countries in terms of fixed and mobile telephone penetration, although most mobile phones in the region are pay-as-you-go and are used mainly for voice and messaging services. This is not the case with mobile broadband access, however, where countries are rapidly falling further behind the high-income OECD countries. So while the gap in telephone services has closed, a new gap (in broadband access) has opened. Low broadband penetration is even more critical in less developed countries, in lower-income households and in rural areas. Figure 2 shows the increasing differences in penetration, principally in the case of mobile broadband. This could be particularly worrisome for the region, since this form of access would be the most viable way to expand broadband service on a massive scale.

Other dimensions of the broadband gap relate to deficiencies in quality of access, measured in terms of transmission capacity, long latency times and high costs. The fact that the significant increase in the numbers of broadband users and subscribers has not been accompanied

Figure 4: Average Effective Upload and Download Speeds (Kbps)
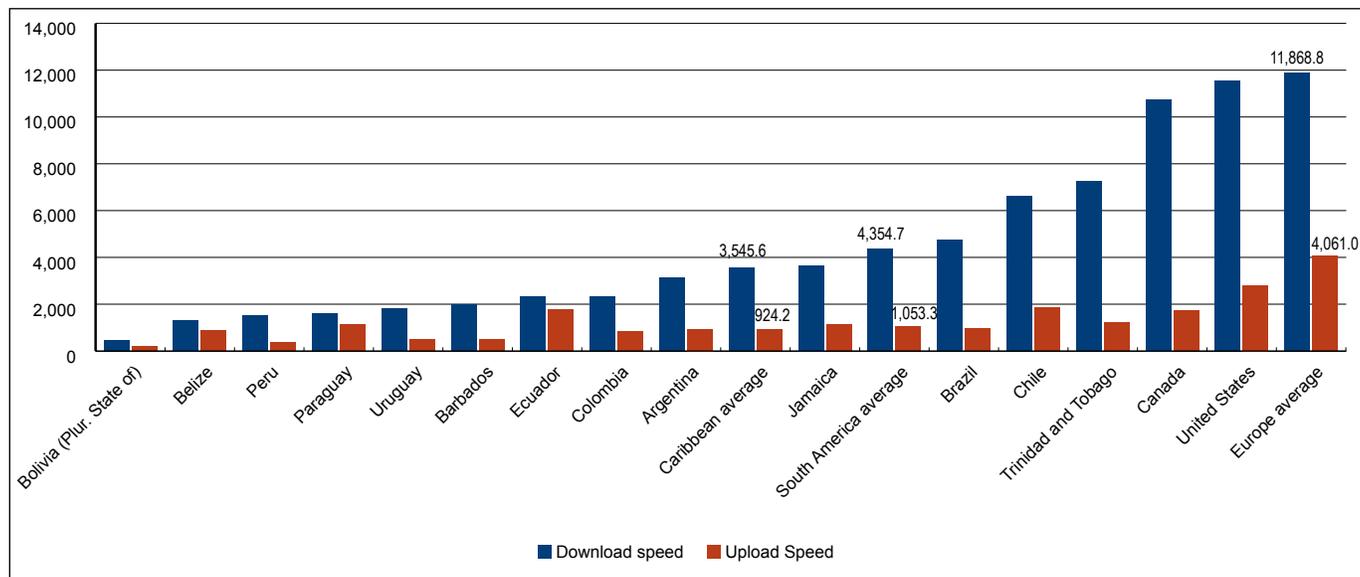
Source: ECLAC, *Broadband for Development and Inclusion,* 2011

by improved quality of access is cause for concern. In 2000–2007 the region's share of the worldwide number of Internet users and subscribers rose from 4.4 percent to 8.2 percent, but at the same time its share of total transmission capacity fell significantly, from 2.9 percent to 1.1 percent. This had a negative impact on opportunities to use the most advanced applications.

Throughout the region, broadband is still expensive, slow, of poor quality and out of reach for broad segments of the population. Only 5 percent of people have access to the Internet, at a cost of $25 per MBS, whereas in Europe, the cost is just $5. The data in Figure 3 show that there are large differences in terms of the relative price of broadband service, based on income. In LAC countries, the impact of prices on income is around 25 times greater than is the case in OECD countries, a differentiating factor that clearly affects the ability to adopt broadband service.

In conducting any assessment of broadband Internet service, one factor that must be taken into account is the quality of the service. One of the parameters used to measure this quality is the connection speed for both uploads and downloads. According to the data, the region also lags in

this regard, with both download and upload speeds significantly below those available in Europe. This variable is crucial, since it determines what applications can be used.

The gaps in broadband access involve differences not only among, but also within, countries. One of the main determinants in the use of broadband is income level, as reflected clearly in Figure 5, which shows the differences in Internet penetration in relation to income levels. For all of the countries in the sample, the result is the same: the higher the income level, the greater the penetration of service, with very significant differences between the segments at the extremes.

Overall, the performance of LAC has differed from that of more advanced economies, in that there is no significant narrowing of the gap with countries of the OECD as to the degree of readiness for the information society. In addition, the impact of ICT in LAC countries has been modest in comparison with international best practices, and the rise in spending on ICT as a proportion of GDP has not been matched by increases in productivity. This is telling, given that since the 1990s most of the countries have implemented digital policies and a variety of strategies and programs geared toward building information societies.

Figure 5: Percentage of Internet Penetration by Income Quintile[12]
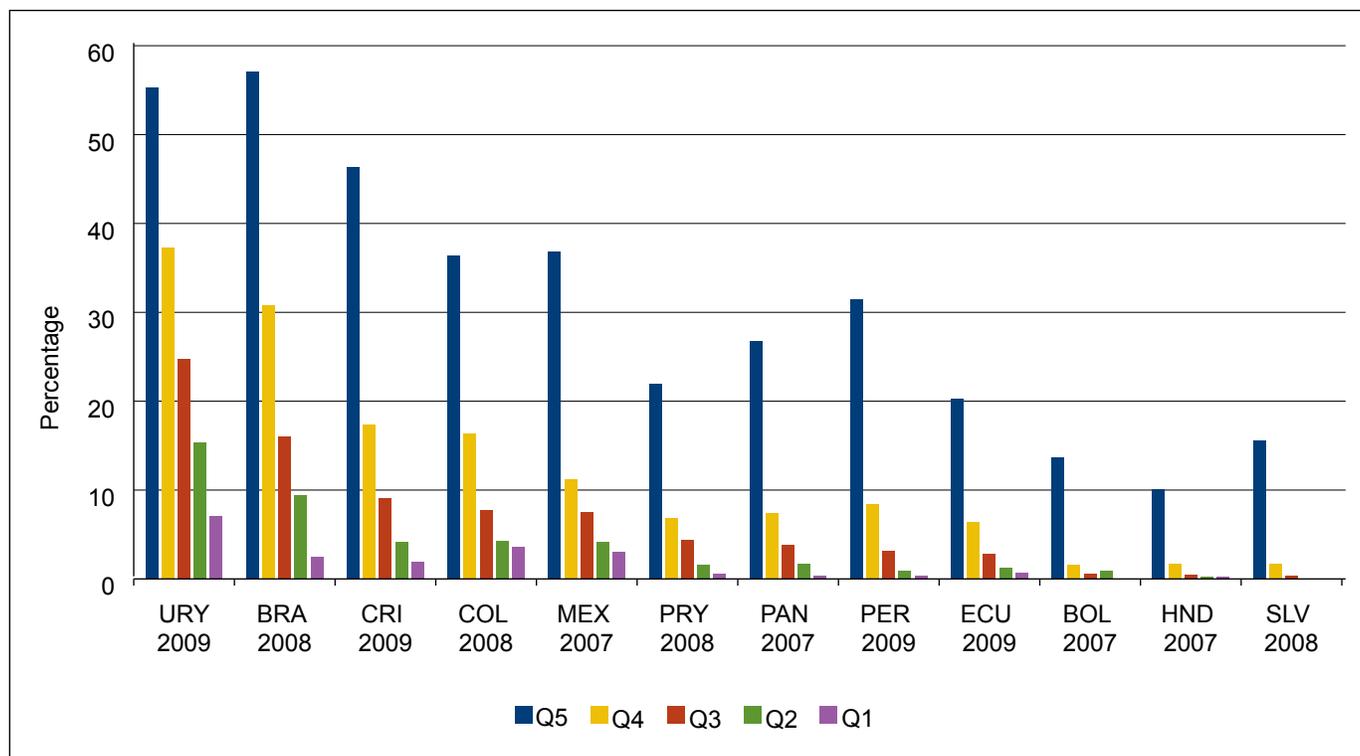
Source: ECLAC, *Broadband for Development and Inclusion,* 2011

As ECLAC has pointed out, while the region is among the world's most dynamic in terms of the increase in Internet users and ICT spending, this has not been reflected in improved productivity. This is due to gaps in access, poor broadband quality and problems relating to the shortage or lack of complementary ICT assets. This access gap relates to the undersupply of complementary goods and services in the areas of human resources, business management, research and development and public sector reform—all of which are essential to ensuring appropriate ownership of technological advances and increasing the impact on productivity and social inclusion.

There are significant institutional gaps with the advanced countries with regard to ICT policies. Most of them relate to weaknesses in policy design and in the institutional structure of the bodies responsible for agendas and programs, lack of coordination between government bodies and the private sector, budgetary constraints, and low levels of leverage and support from key actors.

Progress in ICT will require expanding the high-speed Internet infrastructure to make broadband available to all. Progress is also needed in e-government, education and health based on the intensive use of digital technologies and networks and ICT-intensive innovation, especially the production of content and applications. This also involves stepping up the pace of ICT dissemination toward microenterprises and small and medium-sized enterprises (SMEs) to help make them more competitive.

Proposals for Addressing the Shortfalls

Policymakers have been engaged on a number of fronts as they seek to address these and other issues on both the national and regional levels. At the regional level, countries are advancing actions to maximize the impact of the region's information society initiatives (eLAC 2005–2007, eLAC 2008, eLAC 2015). The eLAC regional strategy encompasses all of the countries of Latin America and the Caribbean and is based on a long-term vision that is in keeping with the Millennium Development Goals (MDGs) and the

World Summit on the Information Society (WSIS). This vision is also being pursued through short-term action plans that have quantitative and qualitative targets. The figure below summarizes the key elements of the current strategy. [13]

While all of the issues detailed are important, with none a singular lynchpin for future success, the issue of access to and cost reduction of broadband is a high priority. Acting as technical secretariat, ECLAC has helped to promote the *Regional Dialogue on Broadband*, in which 10 countries in the region have been participating actively. And there have been concrete achievements: in just two years, the cost of public broadband has been halved. The focus now is on obtaining better quality service and lowering costs by reducing the use of international links, which account for between 20 percent and 40 percent of these costs.

Institutions to Support Technological Development

The history of today's developed countries shows the importance of public policies in promoting basic and applied research and in building research-oriented institutions. Notwithstanding the importance of factors such as a stable macroeconomic environment, well-functioning financial, labor and product markets, and effective tax, trade and regulatory policies—all of which affect innovation—policies such as promotion of R&D do so more directly. As experience has shown, public investment in R&D has proven to be crucial since, without government intervention, the market would undersupply certain types of research.

As is well documented, in the United States, for example, government support has been key in fostering new technologies in a variety of fields including agriculture, chemicals, information technology and health care. Overall, governmental support to R&D has provided many benefits and has generally been successful in spurring technological developments in the United States.[14]

In Latin America and the Caribbean, policies to support science and technology and innovation have evolved over time.[15] During the import substitution industrialization period, the public sector played an important role supporting the generation of technological capabilities and building institutional infrastructure for science and technology. Though significant progress was made in increasing the supply of technological capabilities, the system was not linked to

Table 3: eLAC2015 Plan Of Action

The eLAC2015 Plan of Action has 8 thematic areas, 10 lines of action, 6 priorities and 26 goals. The areas, lines of action and priorities are the following ones:	
Access to broadband	• Line of action: achieving access for all • Priority: achieve a leap toward universal broadband access
e-Government	• Line of action: treating e-government as an obligation of governments toward their citizens • Priority: achieve transactional and participatory e-government
Environment	• Line of action: promoting the use of ICT to mitigate the impact of climate change and broadening the use of technologies for natural disaster and emergency prevention, mitigation and response
Social security	• Line of action: promoting the use of ICT for inclusive social security • Priority: use ICT to ensure access, security and continuity of health care for users of health services
Productive development and innovation	• First line of action: driving research, technological development and innovation in the region • Second line of action: helping to close the digital divide between large enterprises and micro-, small and medium-sized enterprises (SMEs) • Priority: achieve access to ICT for all microenterprises and SMEs and promote innovation
Enabling environment	• First line of action: crafting a legal environment that facilitates the development of the information and knowledge society • Second line of action: moving toward the implementation of policies that facilitate the development of the information and knowledge society • Priority: promote the use of ICT for regional integration
Education	• Line of action: developing and implementing ICT for an inclusive education • Priority: provide universal access to ICT for education and expand their use in this field
Institutional structure for a policy of state	• Line of action: promoting coordination at the national level

Source: ECLAC, *Broadband for Development and Inclusion*, 2011

the demand for innovation. Policies were designed without participation from the main stakeholders and based on the assumption that research would follow a "linear path" from universities or research centers to adoption in production methods. This top-down policy approach changed in the 1990s when emphasis was placed on demand factors, and the intent was a "hands-off science and technology policy." Public intervention was limited to correcting market failures and allowing private-sector demand to guide knowledge and technology activities. On balance, however, the model is considered to have been more successful in dismantling the previous top-down approach rather than in designing the needed incentives to increase demand for innovation and technology.

Technology policy has gradually evolved. Nowadays, the prevailing approach is based on a recognition of complementarity between the public and private sectors in generating and disseminating knowledge. This systemic approach privileges interaction between supply and demand. Incentives for innovation have a sectoral focus and are designed with involvement of the private sector.[16]

Over the past decade, several countries of the region have undertaken institutional reforms geared toward strengthening science and technology and innovation processes. Institutions responsible for designing innovation policy have grown stronger in several countries. The creation of ministries and agencies dedicated to innovation strategies illustrates the growing interest in the design and implementation of more efficient and effective policies. To name but a few, Argentina created the Ministry of Science, Technology and Productive Innovation (2007); Chile established the National Innovation Council for Competitiveness (2005) and the Governmental (ministerial) Committee for Innovation for Competitiveness (2007), among others. Since 2008, Brazil has implemented a productive development policy with strong participation from the Brazilian Development Bank (BNDES).

The new strategic vision and institutional framework has been accompanied by new and diversified policy instruments geared toward mobilizing resources for technological advance. No doubt, as the experience of countries that have been successful in invention and innovation shows, the production of new technological knowledge increases as more resources are committed to it. However, as Lam-

oreaux and Sokoloff maintain in their study of innovation in the U.S. economy, it appears that there is no globally superior way to organize the mobilization of resources for invention. They also show that the way in which financing takes place has consequences for the direction of technological developments and the competitiveness of the economy.[17]

In Latin America, new policy instruments have included technology funds, sector-specific funds, venture capital incentives, and initiatives to promote university-enterprise cooperation, among others. Funds are one of the most widely used tools for encouraging enterprise knowledge generation. There are basically two fund models in use in the region. They differ in terms of how they work, where the funding comes from, how the beneficiaries can tap them, who is eligible, and how the funds are managed and monitored. The Brazilian model takes an integrated approach, mixing elements of supply and demand and thus setting itself apart from the model that is more widely used in the region, which stresses demand.

However, policies focused on national innovation systems and adequate financial support for implementing innovation strategies still need further strengthening. It remains necessary to improve planning capacity, overcome the tendency of assigning resources based on short-term assessments, and design more results-oriented policies.

Increasing Cooperation on Innovation

Today, science, technology and innovation occupy an important place in the agenda of several governments in the region. Innovation is an increasingly integrated process that takes place over networks and requires the interaction and cooperation of various agents in both the public and private sectors. Strengthening mechanisms to support regional cooperation on science, technology and innovation policies can prove key to generating synergies and complementarities. The scope of these tasks tends to exceed national capacities; international cooperation is an important alternative that can enable countries to combine their efforts to attain the levels of quality, scale and productivity required in the global economy.

The countries of Latin America and the Caribbean have accumulated experiences and capacities in managing policies to support scientific and technological development and in-

Table 4: Latin America: Science and Technology Support Fund Models

Type of Fund	Features	Weakness
Funds based on demand-side subsidies (Argentina, Chile, Colombia, Costa Rica and Mexico)	• Funding from governments and international agencies • Horizontality • Direct allocation to beneficiaries via competitive selection and evaluation	• Can exacerbate differences between actors: the most proactive actors with the greatest technological capacity are selected, leaving out those most in need of developing this capacity • There is no way to keep the funds from indirectly financing non-S&T related activities • Awareness policies are needed to promote knowledge and use of the funds
Funds based on coordinating S&T supply (schools and research centers) and demand (productive sector) (Brazil)	• Resources from higher-revenue productive sectors • Allocated with a shared strategic vision (scientific community, entrepreneurs, ministries) • Sector-based selectivity • Promote S&T research via cooperation between universities and businesses	• Coordination is complex, and there are conflicts of interest among ministries • Management conflicts arise because of the high amount of funding

Source: ECLAC, *Innovating, Gaining Market Ahare and Fostering Social Inclusion: Success Stories in SME Development* (Santiago, Chile: United Nations, 2011).

novation; they should use these openings for collaboration. In recent years, the countries of the region have made some progress in expanding their coordination in science, technology and innovation—but not enough to generate synergies that impact decisions relating to trade, investment and international partnerships involving technology businesses and innovation.

Toward the end of 2008, several countries signed the *Mechanism for Regional Dialogue on Science, Technology and Innovation Policies*, which should continue to be promoted. Its purpose is to address challenges in managing and implementing science, technology and innovation policies. The dialogue would help to increase the available critical mass both at the human resources and financial levels for conducting large-scale projects. Doing so would bring together fragmented research efforts in order to generate synergies among the various scientific and technological development efforts. This open, informal forum would allow discussion on substantive topics relating to science, technology and innovation policies of regional interest.

Also, the private sector—especially in the information technology industry in countries such as Colombia, Mexico and several Central American countries—has been signing cooperation agreements to create synergies through initiatives, strategic partnerships and joint activities. These efforts are aimed at encouraging the opening of new markets, designing and executing training and technology transfer programs, coordinating and supporting events to disseminate knowledge on software and ICT, and promoting experience-sharing among countries.

In the context of the knowledge economy, innovation and competitiveness cannot be properly fostered without trained human resources, especially in fields in which the region has (or might acquire) competitive advantages. The linkages between the educational system and the productive system must be strengthened to allow the former to provide the skills needed by the latter. Much could be gained from sharing innovative, successful experiences on curricula, management, the adoption of new technologies, teacher training and refresher courses, online classrooms and distance education.

ECLAC has advanced several proposals for further strengthening cooperation on innovation and competitiveness in LAC countries.[18] Examples include: creating or establishing regional forums, funds or foundations to promote, study and fund innovation programs/projects; preparing annual reports on regional innovation initiatives; identifying programs to encourage socially excluded young people and women to enter the ICT field; developing regional capacities in effective ICT (e.g., e-government, ICT-related industries such as creative and cultural industries and those involved in software production); expanding high-speed networks; strengthening health; and improving education.

Opportunities for Cooperation in Innovation with the United States

Fruitful initiatives and important collaboration are already taking place between the United States and several countries (United States and Brazil, United States and Chile, Canada and Brazil, to name a few). Most recently the United States and Brazil reaffirmed their commitment to "recognize the importance of science, technology and innovation." In March 2012, the U.S.-Brazil Joint Commission Meeting on Science and Technology (originally created in 1984) agreed to expand initiatives in a wide range of areas to include: strengthened ecosystem, ocean science and space weather research; collaboration on nanotechnology development; managing and monitoring of natural disasters; and improved measurement standards for biofuels. They also agreed to expand academic and research partnerships in health science, with particular focus on influenza, HIV/AIDS and the prevention of non-communicable diseases. In each of these areas, existing ministries, national institutes and working groups and the private sectors (as feasible) will work together to develop and encourage information sharing, shared access to user facilities, exchange of students, scientists and scholars, and joint research projects. Aspects of this arrangement can be found in other science and technology agreements into which the United States has entered, including with Chile (1992), Colombia (2010) and Uruguay (2008).

Thus is appears likely that an expanded agenda that seeks to foster mutually advantageous cooperation in innovation in the Americas could be developed in the following areas, among others:

- Strengthening cooperation on science, technology, and education. It would desirable to deepen and expand joint initiatives on research and development projects in areas such as ICT, agriculture, green technologies and nanotechnology, to name a few.

- Encouraging cooperation among universities focused on innovation and technology. These efforts should be geared toward promoting two-way work internships and higher education exchanges, particularly between research and higher education institutions in the fields of science, technology, environmental studies and math.

- Improving collaboration and technical assistance directed toward strengthening the competitiveness of small and medium enterprises, including their technological upgrading and use of ICT to increase productivity.

- Fostering the competitiveness and internationalization of firms, particularly small and medium-sized enterprises (SME), by promoting alliances between firms from the LAC countries and the United States, paying particular attention to the accession of SMEs to regional value chains.

Endnotes

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6 ECLAC, *Structural Change and Productivity Growth – 20 Years Later*, 2008.

7 For more information regarding innovations surveys throughout the region, please see: ECLAC, *Structural Change and Productivity Growth 20 Years Later*, 2008.

8 In preparation for the Sixth Summit of the Americas, the Government of Colombia requested that ECLAC prepare inputs on access and use of technologies, with particular concern with broadband use. See ECLAC, *Broadband for Development and Inclusion*, 2011.

[9] The average for the Caribbean countries includes the Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago and the Eastern Caribbean Currency Union (Antigua and Barbuda, Dominica, Grenada, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines). The average for Latin America takes into account 18 countries (excluding Honduras), while the average for the OECD includes 31 countries.

[10] The average for the Caribbean countries includes the Bahamas, Belize, Jamaica, Suriname, and Trinidad and Tobago. The average for Latin America takes into account 15 countries (excluding Colombia, El Salvador, Honduras and Panama), and the average for the OECD includes 31 countries.

[11] Rates for service are as of April 2011 in the case of the Latin American countries, the United States and Canada, and as of May 2011 for the Caribbean countries.

[12] The figure does not include the Caribbean countries, since the relevant information was not available from the national statistics offices of those countries.

[13] ECLAC acts as the technical secretariat of this regional action plan, monitoring advances, publishing information bulletins and exchanging information among the stakeholders.

[14] Address by Ben Bernanke, "Promoting Research and Development: The Government's Role," delivered at the conference *New Building Blocks for Jobs and Economic Growth*, Washington, D.C., May 16, 2011.

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COMMENTARY BY CAROL GRAHAM

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Dr. Bustillo provides a very good review of the state of technology and innovation in the region—issues that are critical to the economic future of Latin America and the Caribbean. The paper is an enlightening contribution to the usual discussion of economics in the region, and highlights one of the key economic factors that countries in the region must grapple with if they are going to attain competitive and sustainable growth.

One caution regarding this topic—which is also a shortcoming of many discussions of the economics of the region—is that it tends to treat the region as a homogenous entity. Yet there are large differences in economic performance both across and within countries. These differences are particularly important factors determining the ability of different countries to adopt and take up new technologies. Not only are there huge differences in progress across countries, but distributional issues within countries also vary in terms of access to the Internet and education, for example, which will significantly impact overall development outcomes.

In the end, the region's high levels of inequality, both across and within countries, serve as an obstacle to its economic competitiveness. While progress has been made in recent years in reducing inequality in many key countries, the differences across countries—both in terms of their macroeconomic management and in terms of the general access that their citizens have to technology and innovation—are likely to increase rather than decrease in the future, not least due to the nature of technology-driven growth.

ECONOMIC INTEGRATION IN THE AMERICAS: AN UNFINISHED AGENDA

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Executive Summary

- Since the 1990s, trade integration has led to cooperation among Latin American and Caribbean nations, which has in turn created trust, cross-border networks and demand for further openness. These interactions have solidified alliances and spurred efforts to solve problems in areas as varied as infrastructure projects, environmental protection, security and democratic governance.

- Latin America and the Caribbean, however, are shifting toward a new form of regionalism, which is recalibrating integration in the hemisphere.

- The United States appears less enthusiastic about trade agreements, although recent free trade agreements (FTAs) with Colombia and Panama are important steps forward. In addition, some governments in Latin America, pressured by a public backlash against globalization, are turning their backs on open trade policies.

- On the other hand, 11 countries on the Pacific side of the Americas formed the Pacific Basin Forum in 2007 and are working to unify their trade agreements. A smaller group called the Pacific Alliance, composed of Mexico, Colombia, Chile and Peru, is accelerating the process of convergence to create a seamless accumulation of production, which would allow countries to import intermediate goods from within the bloc while satisfying the rules of origin requirements.

- The recent global economic downturn has accentuated the importance of trade and economic integration as engines of growth and development in the Americas.

- Exports have served as a countercyclical force in the region's economies, propelling growth and economic stability.

- The region's need for economic growth calls for closer trade integration and liberalization that goes beyond trade agreements. Measures that facilitate doing business across borders, such as improving customs, logistics and infrastructure, as well as building relationships with consumers in foreign markets and multinational firms, are essential.

The Context

The recent global economic downturn has accentuated the importance of trade and economic integration as engines of growth and development in the Americas. As was true in past times of turmoil, exports have served as a countercyclical force in the region's economies, propelling growth and economic stability. Further connecting countries via trade would help to set the entire region on a more prosperous plane and ignite cooperation in other areas.

Since the 1990s, countries of the Americas have pursued a multi-tiered trade liberalization strategy composed of unilateral opening; regional trade agreements (RTAs), which

include free trade agreements (FTAs), customs unions (CUs), and common markets (CMs); and multilateral trade liberalization (WTO). With the Doha Round negotiations at a standstill, however, countries in the region have opted to place greater emphasis on regional and bilateral trade agreements. Within Latin America and the Caribbean (LAC), leaders in Mexico and Chile, and more recently Peru, have been spearheading free trade agreement expansion in the region. For these countries, the bulk of trade is regulated by such agreements: a full 87 percent of Chile's total trade during 2010 was with trade agreement partners (both intra- and extra-regional); for Mexico, the figure is 79 percent.[1]

The drift toward regional trade agreements and preferential trade agreements (PTAs) contrasts with the sentiment and momentum of just two decades ago. In 1990, President George H. W. Bush floated the idea of a free trade area that would stretch "from Alaska to Tierra del Fuego," which was later outlined under the vision of the Free Trade Area of the Americas (FTAA). In 1994, the United States, Canada and 32 LAC[2] countries hoped to negotiate an all-embracing FTAA by 2005.

Fast-forward to the present: the mood has changed. The United States appears less enthusiastic about trade agreements, although recent FTAs with Colombia and Panama are important steps toward further integration with LAC countries. Mercosur gave priority to multilateral liberalization under Doha. Meanwhile, some governments in Latin America, pressured by public backlash against globalization, are turning their backs on open trade policies.

However, there are new potential success stories as well. In 2007, 11 countries on the Pacific side of the Americas formed the Pacific Basin Forum (in Spanish, ARCO) and are working to unify their trade agreements. A smaller grouping (Mexico, Colombia, Chile and Peru), under the name of Pacific Alliance, is trying to accelerate this process of convergence among themselves (with recent interest from Costa Rica and Panama) to create seamless accumulation of production, which would allow countries to import intermediate goods from within the bloc and still satisfy rules of origin requirements. The Pacific Alliance, formally established in a Presidential Summit in 2012, will go beyond traditional trade in goods, exploring financial integration mechanisms, labor mobility, trade facilitation and customs cooperation,

among others. Both Mexico and Central America are also requesting accumulation of origin in their agreements with the European Union. This would promote closer business linkages between Mexico and Central America by allowing cross-border production without violating rules of origin, and would help those countries capitalize on European markets. Further, U.S. President Barack Obama recently unveiled initiatives to enhance regional integration in areas such as education exchanges, support for small and medium enterprises (SMEs), and broadband connectivity at the Sixth Summit of Americas, held in Colombia in April 2012.

The global financial crisis of 2008-2009 presented another potential turning point in trade policy in Latin America. While the region weathered the crisis relatively well, average annual growth rates in LAC are still projected to have slowed to 3.2 percent for the period 2009-2013, compared with the annual average of nearly 6 percent during the 2003-2007 period. Europe, one of LAC's major traditional trading partners, faces a period of prolonged economic stagnation. Just as the 1929 crisis led to more activist states in the region, and the 1982 debt crisis triggered wider-scale adoption of the Washington Consensus,[3] the ongoing global downturn will likely lead to rethinking the models of economic development and global engagement.

This paper focuses on the shift toward new regionalism in the Americas. By first contrasting "old" and "new" regionalism, this paper will then consider the evolution of regionalism in LAC and the challenges of recalibrating hemispheric integration.

Trends in Economic Integration in Latin America and the Caribbean

Latin America and the Caribbean (LAC) encompass diverse countries in terms of population, economic size, geography, stage of development, and linguistic roots, as well as ethnic and cultural backgrounds. In 2010, the LAC region accounted for about 8 percent of world population, and contributed about 7 percent of world GDP. When the United States and Canada are included, the hemispheric share of the world economy rises above 35 percent.

Currently, Latin America is well integrated into the international trading system—a significant shift from the past. Latin America and the Caribbean accounted for 6 percent

Figure 1: Intraregional Trade (share of exports), 2010

(Percentage point changes from 1990 in italics; bold cells are intra-regional trade flows)

		LAC	MERCOSUR	NAFTA	CARICOM	CACM	US+ CAN	EU-27	ASIA PACIFIC	ASEAN
EXPORTING REGION	**LAC**	**18.1**	7.0	41.0	1.1	1.5	40.0	12.0	14.1	1.6
	Δ from 1990	*7.1*	*2.0*	*-0.8*	*0.0*	*0.1*	*-0.8*	*-12.7*	*4.4*	*0.1*
	MERCOSUR	28.6	**15.5**	11.7	1.4	0.4	9.9	20.2	23.0	3.7
	Δ from 1990	*11.5*	*6.6*	*-12.3*	*0.9*	*0.1*	*-12.2*	*-12.7*	*9.8*	*0.6*
	NAFTA	15.8	2.7	**48.3**	0.6	1.1	40.7	14.8	18.3	3.9
	Δ from 1990	*5.5*	*1.3*	*6.6*	*-0.1*	*0.5*	*4.3*	*-6.8*	*-3.1*	*0.2*
	CARICOM	27.3	2.0	47.4	**17.8**	1.3	46.9	12.8	1.6	0.3
	Δ from 1990	*12.9*	*1.1*	*1.8*	*6.3*	*1.2*	*1.3*	*-7.1*	*-0.1*	*0.2*
	CACM	37.7	0.3	45.0	1.4	**24.0**	41.5	10.4	6.5	1.4
	Δ from 1990	*14.7*	*0.1*	*-0.8*	*0.1*	*8.1*	*-2.3*	*-14.5*	*2.7*	*1.0*
	US + CAN	17.6	2.8	41.3	0.7	1.1	**32.1**	16.8	21.4	4.6
	Δ from 1990	*7.1*	*1.4*	*1.1*	*0.0*	*0.5*	*-2.5*	*-5.2*	*-0.8*	*0.7*
	EU-27	2.3	1.0	7.7	0.1	0.1	7.1	**64.4**	7.9	1.6
	Δ from 1990	*0.9*	*0.6*	*-0.4*	*0.0*	*0.0*	*-0.6*	*-2.3*	*2.1*	*0.1*
	Asia Pacific*	4.7	1.4	15.8	0.2	0.1	14.7	14.3	**48.4**	14.4
	Δ from 1990	*2.5*	*1.1*	*-11.3*	*0.0*	*0.1*	*-11.8*	*-3.4*	*9.1*	*2.4*
	ASEAN	2.6	0.7	9.9	0.2	0.1	9.4	10.7	61.2	**25.9**
	Δ from 1990	*1.7*	*0.6*	*-11.0*	*0.1*	*0.0*	*-11.3*	*-5.4*	*11.2*	*7.0*

DESTINATION (header spanning the data columns)

* Asia Pacific group consists of 10 ASEAN countries plus Australia, China, Hong Kong, Japan, Korea, New Zealand, and Taiwan.

Source: Author's calculation based on U.N. COMTRADE data (2012)

of world merchandise exports and 3 percent of world services exports in 2010. Beginning in 1990, trade openness expanded significantly. While merchandise trade as a share of LAC GDP nearly doubled during the 1990-2007 period, reaching 40 percent of regional GDP before tapering to 34 percent by 2010, nearly all of the countries in the Americas are net importers.[4] Overall, the regional balance of trade reached a $12 billion deficit in 2010.[5]

The growth of LAC exports to the United States has slowed in recent years, from an annual average of 19 percent in the 1990s to 6 percent during the 2000–2010 period. At the same time, countries have forged more trade agreements with one another and intensified regional efforts on trade facilitation. As a result, most LAC countries—especially smaller economies, which experience disproportionate effects on their trade from trade agreements—have seen their regional bias, measured by the share of regional trade, increase since the early 1990s.

Intraregional trade flows seem small compared to total exports in Latin America and the Caribbean, reaching 18 percent in 2010. The depth of intraregional integration also pales in comparison with other regional blocs with higher ratios, such as the European Union (64 percent), Asia Pacific (48 percent) and Association of Southeast Asian Nations (ASEAN, 26 percent) (see Figure 1).

However, more recently, intraregional trade in the LAC region has been very dynamic, rising to 18 percent of the total in 2010, an increase of 7 percentage points from 1990.[6] Sub-regional trade has also grown rapidly.

Journey Toward Hemispheric Integration

The origins of hemispheric integration date back to the 1950s, when the first set of agreements were made under the Latin American Free Trade Association (LAFTA). LAFTA focused on inward-looking protectionist schemes and supporting import substitution policies being imple-

mented by Latin American countries. Other summits in the Western Hemisphere were convened more than a generation ago, in the context of the Cold War in 1956 and 1967. These focused on the size and shape of U.S. aid programs and the relationship between trade preferences and immediate security concerns.[7] Since World War II, the intellectual climate and objectives for hemispheric cooperation have shifted. Throughout the period of "Old Regionalism"—from 1950 to 1975—regional agreements such as the Central American Common Market, Andean Pact, or the Caribbean Community and Common Market (CARICOM), initiated the pathways for developing a common market, but implementation was at times incomplete.

Since the late 1970s, Latin America has undergone a process of political transformation—from authoritarian to democratic regimes—which paralleled economic reforms. During the democratic transformation in the region, which Huntington identified as part of the global "third wave" of democratization, the number of democratic LAC countries increased from three in early 1978 to 15 democracies or semi-democracies in 1992.[8] The United States re-engaged the region with a bipartisan consensus of promoting democracy. After the late 1990s, the pattern has been mixed, with some advances and setbacks, but continues strong, with the number of electoral democracies reaching near 100 percent. On the economic side, the debt crisis in the 1980s encouraged countries to replace import substitution and active state intervention. In the 1990s, the hemisphere moved decisively away from trade as aid toward adopting trade liberalization, structural reforms, and privatizing state owned enterprises.

1994 and the Road to Regional Integration

The momentum toward building regional democracy and implementing market-based policies reached its apex during the Summit of the Americas in Miami in December 1994. Unlike the previous Cold War era summits, the 1994 Miami Summit provided a unique forum to establish a common agenda for trade and social issues among democratically elected leaders in the hemisphere. The Miami Summit renewed aspirations for achieving hemispheric integration beyond post-World War II security pacts. Most were also implementing structural reforms and fiscal responsibilities embodied in the Washington Consensus.

In fact, 1994 is a year to remember in the history of regional integration in LAC. That year, a menu of options opened up for LAC to decide the course of economic integration in our region. First, the launching of the FTAA negotiations during the Miami Summit. Second, the successful negotiation of NAFTA as the first modern North-South FTA among the United States, Canada and Mexico. Third, the customs union agreement in Mercosur. And fourth, at the multilateral level, the conclusion of the Uruguay Round. All of these were completely different models of integration—potentially complementary but in practice representing different paths toward integration. I have called this the "Italian" menu of integration: (a) the "pizza" menu, or an homogenous model for the whole hemisphere (FTAA);[9] (b) the "ravioli" menu, or the sub-regional model of integration with deeper integration pursued under the traditional blocks (Mercosur, Central America, Andean, and Caribbean groupings); and (c) the "spaghetti" menu, or the expanding web of bilateral agreements based on the NAFTA model of integration. We all know by now that the most preferred choice was the "spaghetti bowl" of multiple and overlapping FTAs that have been signed and implemented since the mid-1990s among countries in the region, and later on with partners in Europe and Asia. Most recently, a new item was added: the so-called "lasagna" menu, under which this spaghetti bowl is being flattened out into lasagna through a process of harmonization and convergence among existing agreements (i.e., the Pacific Alliance). Figure 2 lists the intraregional and extra-regional FTAs in force, under implementation, or proposed.

Most of the bilateral and regional PTAs in the Western Hemisphere were modeled under the original NAFTA blueprint, although some include more comprehensive provisions for goods, services, and investment—with also-increased provisions for beyond-border integration, such as government procurement, intellectual property rights, competition policy, and dispute settlement mechanisms. Post-2002 PTAs include even deeper disciplines with greater transparency and economic integration measures. For example, the Canada-Chile PTA includes provisions to eliminate anti-dumping and substitute safeguard disciplines.

There is another structural change in recent times, as demonstrated in Figure 2, with LAC countries increasingly focusing on trade with Asia. The volume of trade between LAC and Asia has grown six-fold since 2000, reaching

Figure 2: FTAs Involving LAC Countries

	FTA Name	Yea of Entry into Force
IMPLEMENTING	Central American Common Market (CACM)	1961
	CARICOM	1973
	Andean Community	1988
	Southern Common Market (Mercosur)	1991
	North American Free Trade Agreement (NAFTA)	1994
	Bolivia - Mexico	1995
	Colombia - Mexico (formerly G-3)	1995
	Costa Rica - Mexico	1995
	Chile - Mercosur	1996
	Bolivia - Mercosur	1997
	Canada - Chile	1997
	Mexico - Nicaragua	1998
	Chile - Mexico	1999
	Mexico - EU	2000
	Mexico - Israel	2000
	Mexico - European Free Trade Association*	2001
	Mexico - El Salvador - Guatemala - Honduras	2001
	Chile - Costa Rica	2002
	Chile - El Salvador	2002
	Costa Rica - Canada	2002
	Chile - EU	2003
	Mexico - Uruguay	2003
	Panama - El Salvador	2003
	Chile - EFTA	2004
	Chile - South Korea	2004
	Chile - US	2004
	Panama - Taiwan	2004
	MERCOSUR - Colombia, Ecuador, Venezuela	2005
	MERCOSUR - Peru	2005
	Mexico - Japan	2005
	Chile - China	2006
	Dominican Republic - Central America - United States (CAFTA- DR)	2006
	Guatemala - Taiwan	2006
	Panama – Singapore	2006
	Trans-Pacific Strategic Economic Partnership (Chile, Singapore, New Zealand, Brunei)	2006
	Chile - Japan	2007
	CARIFORUM States - EU	2008
	El Salvador - Honduras - Taiwan	2008
	Nicaragua - Taiwan	2008
	Panama - Chile	2008
	Panama - Costa Rica	2008
	Chile - Australia	2009
	Chile - Colombia	2009

	FTA Name	Year
IMPLEMENTING	Chile - Peru	2009
	Colombia - El Salvador, Guatemala, Honduras	2009
	Panama - Guatemala	2009
	Panama - Honduras	2009
	Panama - Nicaragua	2009
	Peru - Canada	2009
	Peru - Singapore	2009
	Peru - US	2009
	Belize - Guatemala	2010
	Peru - China	2010
	Chile - Turkey	2011
	Colombia - Canada	2011
	Colombia - EFTA	2011
	Costa Rica - China	2011
	Peru - EFTA	2011
	Peru - Thailand	2011
	Colombia - US	2012
	Mexico - Peru	2012
	Panama - Peru	2012
	Peru - Japan	2012
SIGNED	Costa Rica - Peru	Pending
	Costa Rica - Singapore	Pending
	Panama - US	Pending

		Year negotiations began
UNDER NEGOTIATION	Mexico - Singapore	2000
	El Salvador - Guatemala - Honduras - Nicaragua - Canada	2001
	Paraguay - Taipei, China	2004
	Dominican Republic - Taipei, China	2006
	Mercosur - Pakistan	2006
	Mexico - South Korea	2006
	CARICOM - Canada	2007
	Dominican Republic - Canada	2007
	El Salvador - Peru	2010
	Honduras - Peru	2010
	Chile - Thailand	2011
	Costa Rica - Guatemala - Honduras - Panama - EFTA	2012

		Year proposed
PROPOSED	Mercosur - Thailand	2006
	Mexico - Australia	2006
	Chile - Indonesia	2009
	Chile - Hong Kong, China	2009
	Colombia - Australia	2009
	Central America - Republic of Korea	2010
	Colombia - Japan	2011
	Colombia - China	2012
	Mexico - India	2012
	Mexico - Turkey	2012

* The European Free Trade Association consists of Iceland, Liechtenstein, Norway, and Switzerland

Source: Author's compilation based on World Trade Organization data

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$350 billion in 2010, with China displacing Japan as the main trading partner with LAC.[10] For some countries in Latin America, the Asia Pacific region represents a massive market: nearly 45 percent of Chile's exports go to that region; the figures for Peru and Brazil are about 25 percent each. Chile and Peru have signed a combined 11 PTAs to date with countries in the Asia-Pacific region. The increased importance of trade with Asian partners allowed these countries to weather the global financial crisis relatively smoothly, whereas those sub-regions with closer trade ties to the U.S. (namely Mexico and the CACM countries) suffered a sharp downturn.

Future Scenarios

There are several new pathways for the future of trade integration in the Americas to take: promote multilateralism, strengthen regional blocks and explore regional convergence.

Multilateralism

In an increasingly integrated world, multilateral trade liberalization matters more than ever. One of the key benefits of multilateral trade negotiations is that the principle of "most-favored-nation" (MFN) applies, such that any trade preference extended to one WTO member must be offered to all. Under a successful conclusion of multilateral liberalization, firms everywhere could bypass overlapping preferential agreements and rules of origin requirements. Multilateral negotiations would be optimal and should remain a priority. At the same time, the new concept of "multilateralizing PTAs" has emerged as a means to enhance compatibilities between PTAs and the global trading system, and to strive to advance toward global free trade by way of PTAs.

Sub-regionalism

By deepening sub-regional integration initiatives (such as Mercosur, NAFTA, CAFTA, CACM, CARICOM, etc.), Latin American countries can consolidate regional trade preferences and move toward building deeper common markets. CAFTA provided a pragmatic alternative for convergence of disciplines and multiplicity of rules of origin, by cumulating rules of origin requirements in some textile categories. In the case of Mercosur, consolidation into a customs union as a bloc—including macroeconomic convergence

and the dismantling of exceptions in common external tariff (CET) and duties—would provide the political commitment necessary to advance the Mercosur process. Mercosur is the second largest customs union outside of the EU and epitomized the "new regionalism" in the 1990s, which was based on "open regionalism" and shared development goals. The Pacific Alliance is the most recent and pragmatic response to new challenges at the sub-regional level, with a strategic focus on positioning the region toward the emerging Asian markets.

However, there are still challenges. For example, after the Mercosur customs union agreement was signed in Ouro Preto in 1994, there have been persistent tariff exceptions for both intra-zone zero tariffs and common external tariffs. Two of the founding members of the Andean Community (CAN)—Chile and Venezuela—left the grouping in 1975 and 2006, respectively, because of disagreements over trade and other issues. Recently, the four remaining full members have adopted somewhat divergent positions over trade policy. There are also inadequacies that need to be addressed in regional dispute settlement mechanisms around Latin America and the Caribbean, as they can abet non-tariff barriers.[11]

Convergence

Perhaps the most politically feasible solution to the PTA tangle is convergence, a process by which the various existing PTAs become connected to each other. Convergence was pursued in Europe in the late 1990s, when the various PTAs criss-crossing the old continent were brought together under a single, pan-European area of accumulation of production. This is currently the focus of various country groupings in the Americas and Asia-Pacific.

A region-wide agreement in LAC would yield great economic benefits. It would better link the major economies in North and South America, whose bilateral trade—as projected by gravity models—could expand two- or three-fold in response. The feasibility of convergence in the area of market access regimes among RTAs in the Americas is rather substantial.[12] Tariff elimination—the first precondition for effective convergence—is highly advanced in the Americas.

There are already a number of initiatives seeking convergence that are at different stages of discussion, such as the

Latin America Free Trade Area initiative (Espacio de Libre Comercio), the 11-country Pacific Basin Forum (ARCO), or the more recent Pacific Alliance initiative. The Pathways to Prosperity in the Americas effort involving the United States, Canada and 13 Latin American countries[13] also includes discussions on common trade issues. Five countries of the Americas[14] are also involved in convergence discussions in the Asia-Pacific Economic Cooperation (APEC) forum. More recently, the Trans-Pacific Partnership (TPP) negotiations have increased complexity to this emerging trans-pacific integration and convergence dynamic.[15] A remaining question is this: How feasible would it be to reconnect the whole hemisphere into an FTAA-type of initiative, since economic opportunities and joint gains provided by an Americas-wide agreement are too important to be missed?

Beyond Agreements

To date, there are more than 50 extra-regional PTAs being implemented, negotiated or proposed (see Figure 2). However, trade agreements are not enough. While agreements can be a "sovereign remedy"—delivering important benefits to the member states and the global trading system—realizing their full potential for fostering trade, regional integration, and national welfare requires an intense focus on complementary policies conducive to trade both at the regional and national levels.

For example, the lack of adequate physical infrastructure and trade links among Latin American countries has precluded closer trade integration. Intra-regional trade in LAC is lower than a decade ago, which suggests it has not become an engine of growth as it has in Asia, where complex networks of vertical supply chains contributed to robust growth of intra-firm and intra-industry trade. Experience in Latin America suggests that regional integration benefits small and medium-sized enterprises (SMEs) more than bilateral PTAs with developed countries. However, unlike Asia, Latin America has yet to develop extensive and integrated cross-country supply chains that would facilitate competitiveness and provide SMEs with an indirect role in targeting industrialized markets.

This is a worthy issue to address. Regional integration in Asia has been intensified through intra-industry and intra-firm trade. The Asia Pacific region did not use the proliferation of PTAs to successfully integrate itself with the world economy. Instead, domestic reforms and the expansion of "factory Asia" supply networks helped boost intra-regional trade, which has grown by 10 percent since 1990 to reach 46 percent today (compared with about 18 percent in Latin America).

In addition, trade or regional integration agreements may bring uneven benefits to the countries involved, as well as to different constituencies within countries. For this reason, supportive policies that ensure the gains from regional integration and intra-regional trade are consolidated and distributed equitably are an important part of the picture.

On the positive side, there are now efforts to foster trade facilitation in the region. In 2000, 12 South American countries[16] launched the Initiative for the Integration of Regional Infrastructure (IIRSA), which has developed 524 infrastructure projects across the region—covering transportation, energy and communications—requiring investment of at least $95 billion. Beyond building physical infrastructure, IIRSA also supports the harmonization of regulation across the region and improvements in cross-border traffic. The revival of the South American Community of Nations (UNASUR) and the Meso-American Integration and Development Project, which stretches from Mexico to Colombia, includes regional infrastructure and trade facilitation reforms. The Pacific Alliance initiative also includes proposals to go beyond trade and investment issues. The United States and Canada are participating in the Pathways to Prosperity in the Americas initiative, which includes technical capacity building for small businesses, as well as investments in clean energy and development.

Conclusion: A Future of Vibrant, Open Regionalism

Through good times and bad, trade has been the anchor of the LAC region's economies throughout the postwar era. Since the 1990s, trade integration has also fueled hemispheric cooperation. It has created trust, built cross-border networks of stakeholders, and developed demands for further openness and interaction regarding everything from cross-border infrastructure projects to regional environmental protection and security cooperation. Trade integration has also been integral for solidifying alliances and for the heady gains in democracy in our hemisphere.

The current situation is important: It calls not for recoiling and turning our backs on liberalization, but for closer trade integration and liberalization. Agreements are not enough in a world of fierce competition. The future agenda has to span beyond agreements and include measures that facilitate doing business across borders—improving customs, logistics and infrastructures, as well as building relationships with consumers in foreign markets and multinational firms (potentially major regional clients for LAC's small and medium-sized firms). Only then can the hard-earned integration of the past two decades be fully harnessed for trade, growth, and development.

Endnotes

[1] U.N. COMTRADE database.

[2] These countries are: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, the Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay and Venezuela. Only Cuba was not invited to participate.

[3] John Williamson, author of the phrase "Washington Consensus," identified ten key reforms that Latin America should have implemented in 1989: fiscal discipline, reordering public expenditure priorities, tax reform, liberalizing interest rates, adopting a competitive exchange rate, trade liberalization, liberalization of FDI, privatization, deregulation, and property rights (see John Williamson, "Did the Washington Consensus Fail?" (Peterson Institute for International Economics, 2002). Available at: www.iie.com/publications/papers/paper.cfm?ResearchID=488.

[4] IMF Direction of Trade Statistics, 2012.

[5] In 2010, total exports of goods and services reached about $1.015 trillion; total imports of merchandise goods and services was $1.028 trillion. Based on the World Bank World Development Indicators database, 2012.

[6] Intra-regional trade in Latin America and the Caribbean excludes the United States and Canada.

[7] Richard E. Feinberg, *Summitry in the Americas: A Progress Report* (Washington, D.C.: Institute for International Economics, 1997).

[8] Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (University of Oklahoma Press, 1991).

[9] Antoni Estevadeordal, Dani Rodrik, Alan M. Taylor, and Andrés Velasco, *Integrating the Americas: FTAA and Beyond.* (Cambridge: Harvard University Press, 2004).

[10] Nicola Phillips, "Coping with China," in Andrew F. Cooper and Jorge Heine (eds.), *Which Way Latin America? Hemispheric Politics Meets Globalization* (Tokyo: United Nations University Press, 2009), pp. 100-121.

[11] Osvaldo Rosales, José E. Durán Lima, and Sebastián Sáez, "Trends in Latin American Integration," in Joseph A. McKinney and H. Stephen Gardner (eds.), *Economic Integration in the Americas* (New York: Routledge, 2008).

[12] Antoni Estevadeordal and Kati Suominen with Jeremy Harris and Matthew Shearer, *Bridging Regional Trade Agreements in the Americas* (Washington: Inter-American Development Bank, 2009).

[13] These are: Belize, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Uruguay.

[14] These are: the United States, Canada, Mexico, Chile and Peru (Estevadeordal and Suominen, 2009).

[15] In the Americas, U.S., Chile and Peru are formally members of the TPP, and Mexico and Canada have been also formally invited.

[16] These are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela.

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COMMENTARY BY CAROL GRAHAM

Senior Fellow and Charles Robinson Chair at the Brookings Institution and College Park Professor at the School of Public Policy at the University of Maryland

This is a very informative paper that reviews the state of play on the trade integration and free trade agreement agenda in the region, and is a worthwhile read. As in the case of the discussion of technology and innovation, it is important not to treat the region as a homogenous entity when it comes to trade; there are very large differences across countries.

There are big differences, for example, in what countries stand to gain and lose from the process, as well as asymmetries in power in terms of who drives the integration agenda. There are also fewer gains and more risks associated with being integrated with the United States than previously thought. Mexico is the obvious example: It performed far less well in the 2009 financial crisis than those countries—such as Chile, Peru, and Brazil—that had diversified away from the United States.

Much of the discussion in this area focuses on the benefits of trade integration and the intricacies involved in crafting the necessary diplomatic agreements. More attention to the differences in the ways various countries will (or will not) benefit from such arrangements, as well as to the potential benefits of crafting individual trade ties outside the region, is warranted.

EDUCATION IN THE AMERICAS: WHAT THE SUMMIT MISSED

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Executive Summary

- The Sixth Summit of the Americas gave little attention to the urgent need to improve education quality and equity, although both are vital to the region's development and competitiveness.

- Student learning in Latin America is lacking, despite increased spending and improved enrollments.

- Lack of effective teaching and management systems contributes to low levels of learning, as do political obstacles and weak demand for change.

- By making learning the center of education policy, focusing on systemic changes—including all aspects of teacher policy—and strengthening the demand for quality education, countries would help ensure students acquire the skills they need to succeed in today's world.

- Clear, measurable, region-wide commitments to learning (such as ensuring all children leaving the third grade can read) would be a good first step.

The Context

Few dispute the central role of education in improving economic growth and competitiveness, reinforcing democracy, and helping the poor. Highly skilled individuals earn more, are more likely to engage in civic activities, live healthier lives, and compete more successfully in a global economy that trades in knowledge and services. Moreover, in a region plagued by one of the world's highest rates of inequality, education can help reduce wage differentials and promote equality. Research also suggests that education can reduce incidence of crime. One study, for example, found that a one-year increase in average years of schooling reduced both property and violent crime by 11 to 12 percent.[1] Education is also intimately linked to efforts to reduce child labor. In short, education is a fundamental human right that contributes to many areas of development.

So we were disappointed that the Sixth Summit of the Americas in Cartagena, Colombia, in April 2012 paid so little attention to the urgent need to improve education. To be sure, a busy agenda covering contentious issues such as drug policy and Cuba's participation in the inter-American process made it difficult to discuss everything, and getting those issues on the table was important. However, education's intersection with so many summit topics, as well as a shared conviction that schools are not doing enough, should have made it relatively easy to agree on two or three concrete action items that might move the region forward. The summit could have and should have (and in the past has) produced more than President Santos's statement that countries "agreed to promote education, share educational materials, and empower each student in their education and in overcoming social and economic barriers."[2]

The State of the Debate on Education

Education has been a key agenda item since the first Summit of the Americas in Miami in 1994, and many of the priority issues have remained the same across succeeding summit declarations and action plans. Access, quality, equity, workforce skills, better teachers and stronger tertiary programs have all figured prominently, as has the commitment to more accurately measure educational progress and share knowledge about what works across borders.

At the same time, experts, governments and the international community have begun to shift their focus from getting children into school (where progress has been significant), to making sure children learn (where progress has been meager). Consensus is growing around the idea that access to school is not enough, and that what students learn in school is the critical factor behind personal success and economic growth. By way of example, studies have shown that an increase of one standard deviation in reading and math scores on international student achievement tests is associated with a two percentage-point increase in the annual growth of GDP per capita.[3] But the same studies show only a minimal relationship between years of schooling and growth (Graph 1a and 1b). Increasingly, institutions like the World Bank, USAID, and the Organization of Ibero-American States refer to student learning explicitly in their goals, often targeting specific skills like literacy, numeracy and science.

There is also a growing body of evidence that soft skills—character and personality traits that help people succeed in life—are as important to learn as reading, math and science. Traits such as openness to ideas, conscientiousness, extroversion, agreeableness, emotional stability, creative thinking, critical analysis and working with others are important in achieving children's education goals. Moreover, focusing on both hard and soft skills early on, from birth to age five, helps "reduce the achievement gap, reduce the need for special education, increase the likelihood of healthier lifestyles, lower the crime rate, and reduce overall costs."[4] Since soft skills can be and have been measured, there is no reason why schools cannot add them to their learning goals.[5]

It is equally clear that teacher quality can make or break an education system. Teachers aren't the only influence on student learning, of course, but we know that a high-quality teacher can make a tremendous difference in a child's learning, and the effects appear to be cumulative (Graph 2). Students assigned to highly effective teachers are more likely to go to college and, earn higher incomes, and are less likely to be teenage mothers. On average, having such a teacher for one year raises a child's cumulative lifetime income by $50,000.[6] Consequently, education administrators and researchers have increasingly focused on promoting effective teaching, primarily through more and better teacher training.

Graph 1a and 1b. Learning, Years of Education, and Economic Growth, 1960-2000
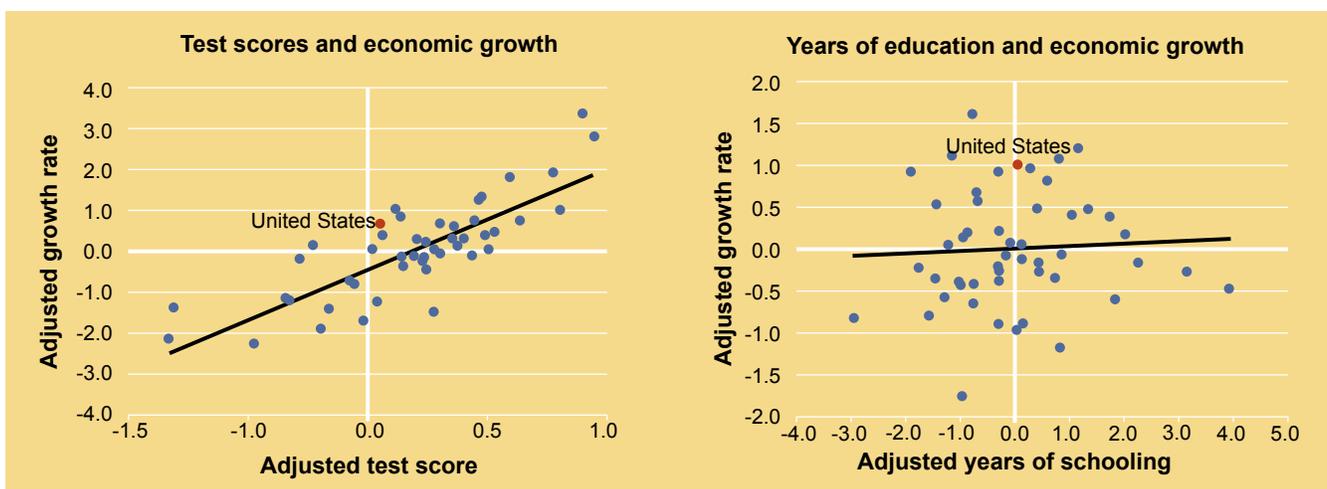
Source: Hanushek et al., Education and Economic Growth: *It's Not Just Going to School, but Learning Something While There That Matters*, 2008

Graph 2. Student Performance and Teacher Quality

Student performance
100th percentile

Two students with same performance

Students with high-performing teachers

90th percentile

53 percentile points difference

50th percentile

Students with low-performing teachers

37th percentile

8   11   Age
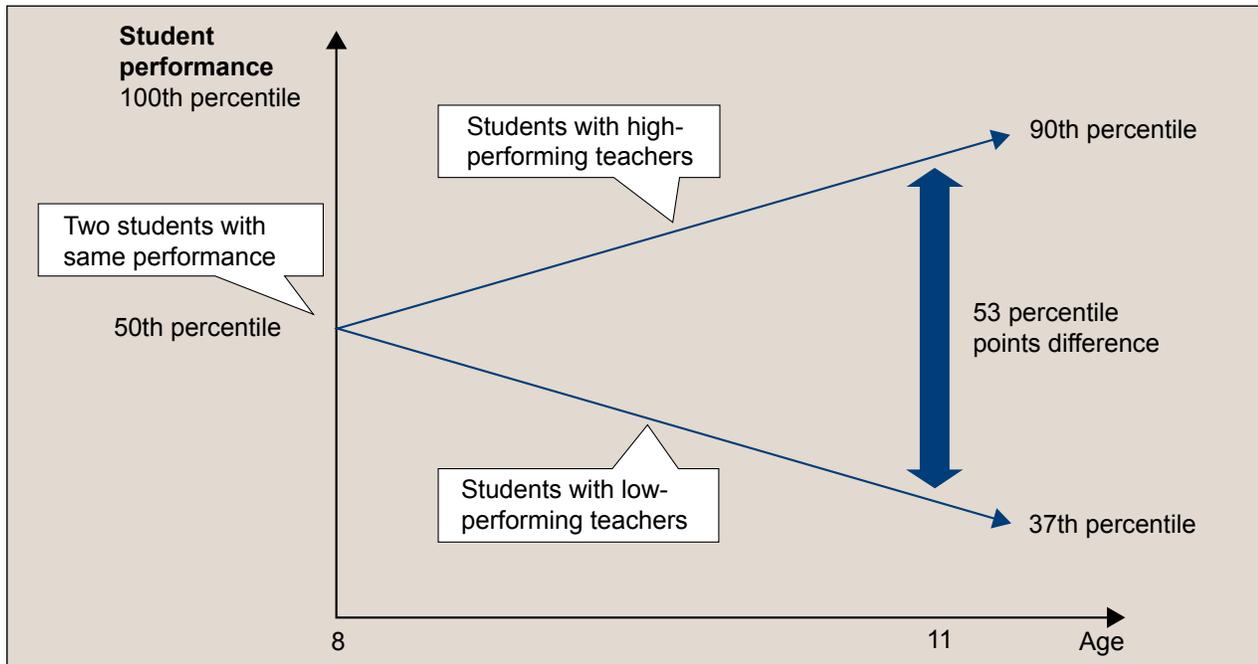
Source: Barber and Mourshed, *Good Education Systems can Become Great in the Decade Ahead*, 2009[7]

Governments, international organizations and other education stakeholders are also beginning to ask a broader question: "Education for what?" Which skills, beyond traditional subject-area knowledge, are relevant to the challenges children will face as they join the adult world, and what role do/should schools play in providing them? The answer is a growing emphasis on 21st-century skills (reading, math and science, plus "soft" skills), the ability to use technology (both as a tool for expanding knowledge and as series of skills students need to master), and a renewed focus on improving tertiary opportunities and workforce development.

Clearly intentions are in the right place. But just as clearly, not enough progress has been made.
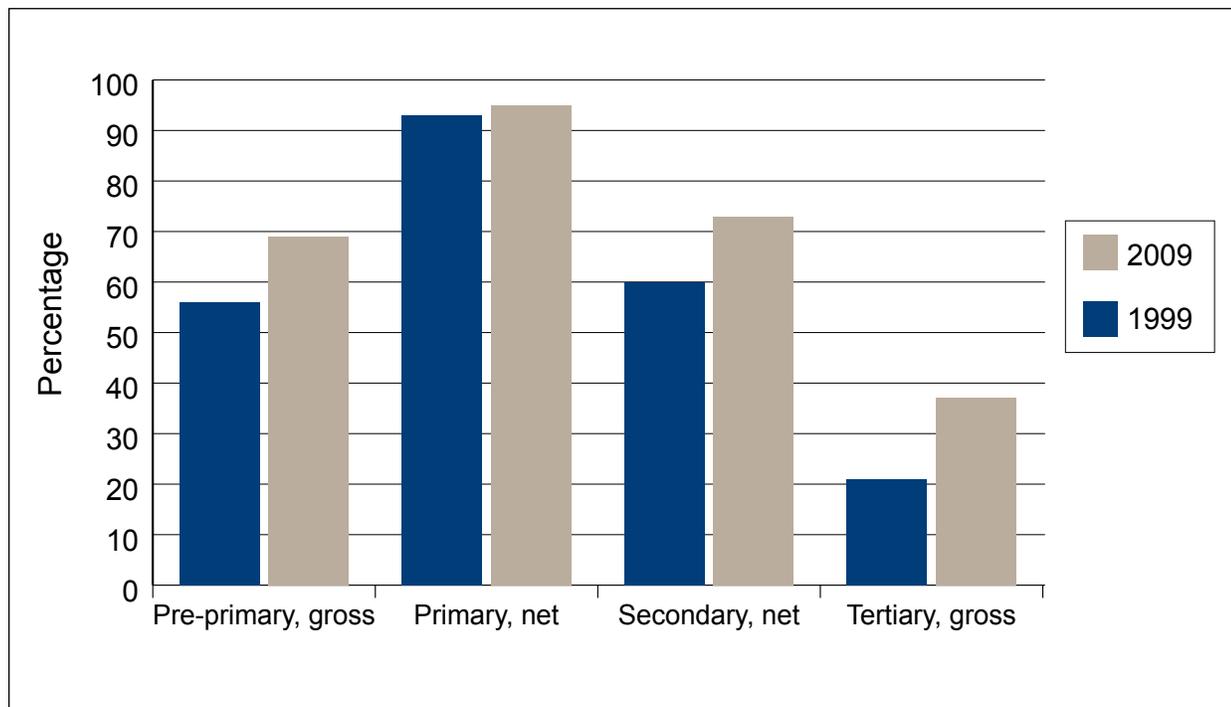
Challenges to Improving Education

Enrollments and Spending Are Up

Over the past decade, countries in the region have increased enrollment and spending. Almost every child enrolls in primary school and more than 60 percent attend pre-primary and secondary school (Graph 3). However, enrollment rates are still well below those in developed countries, at all levels besides primary.[8] High repetition and dropout rates in several countries mean that too many children, particularly from poor and indigenous families, do not complete secondary education, much less attend university.

Spending on education has also increased over the past decade. On average, the region invests 4.8 percent of its Gross National Product (GNP) in education, more than the global average and close to the 5.2 percent invested by developed countries (Graph 4). Spending per pupil has also risen, with many countries investing substantially more per student at the tertiary level than at the primary level.[9] Within Latin America, however, countries vary widely in their level of investment—Jamaica spends about 6.2 percent of its national income on education while the Dominican Republic spends around 2 percent.[10] Although there is no magic figure for the ideal level of investment, and more money does not always lead to more learning, countries that spend consistently below 4 percent of GNP on educating their children are almost certainly getting lower-quality services than those who invest consistently more. Indeed, chronic underfunding of education in the Dominican Republic has led civil society actors to demand that government invest the 4 percent of GDP in education required by law.

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Graph 3. Enrollment Rates in Latin America and the Caribbean, 1999 and 2009

Source: UNESCO, *Global Education Digest 2011*

Graph 4. Public Spending on Education as a % of GNP, 2008
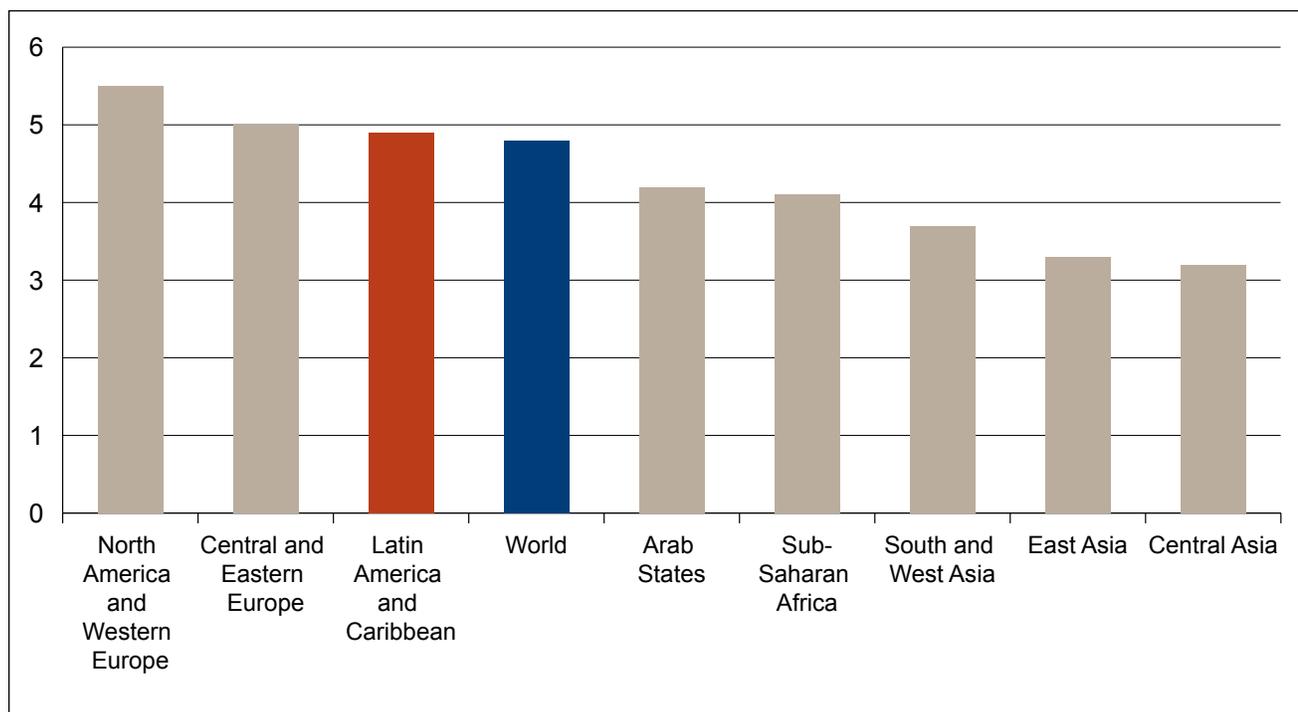
Source: UNESCO, *Education for All Global Monitoring Report 2011*

Graph 5. Percentage of Students at the Lowest Performance Levels on PISA Math Test, 2009

Students at these levels have difficulty solving problems that require them to make direct inferences from presented information. They also have problem representing key data graphically or using basic algorithms, formulae, procedures or conventions.

Source: A. J. Ganimian and A. Rocha Solano, *Measuring Up?* 2011[11]

Education Quality is Low

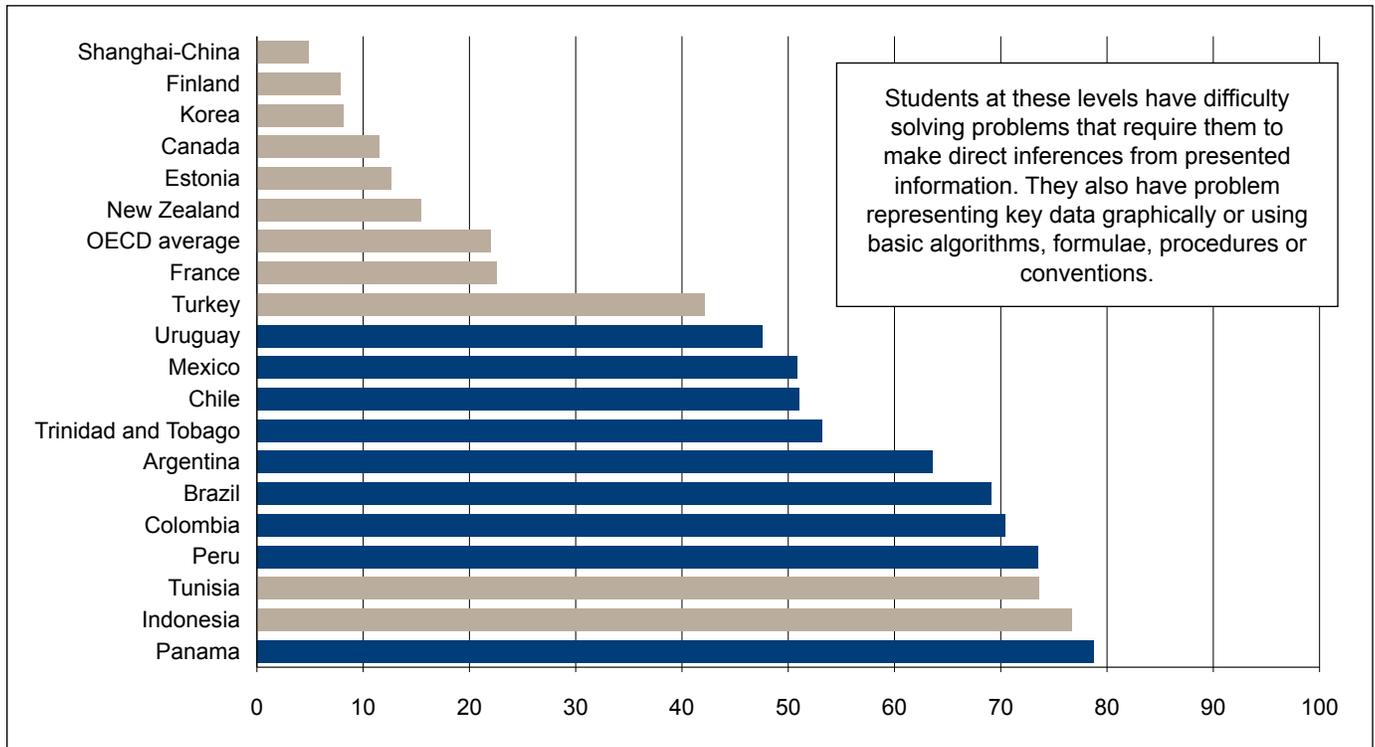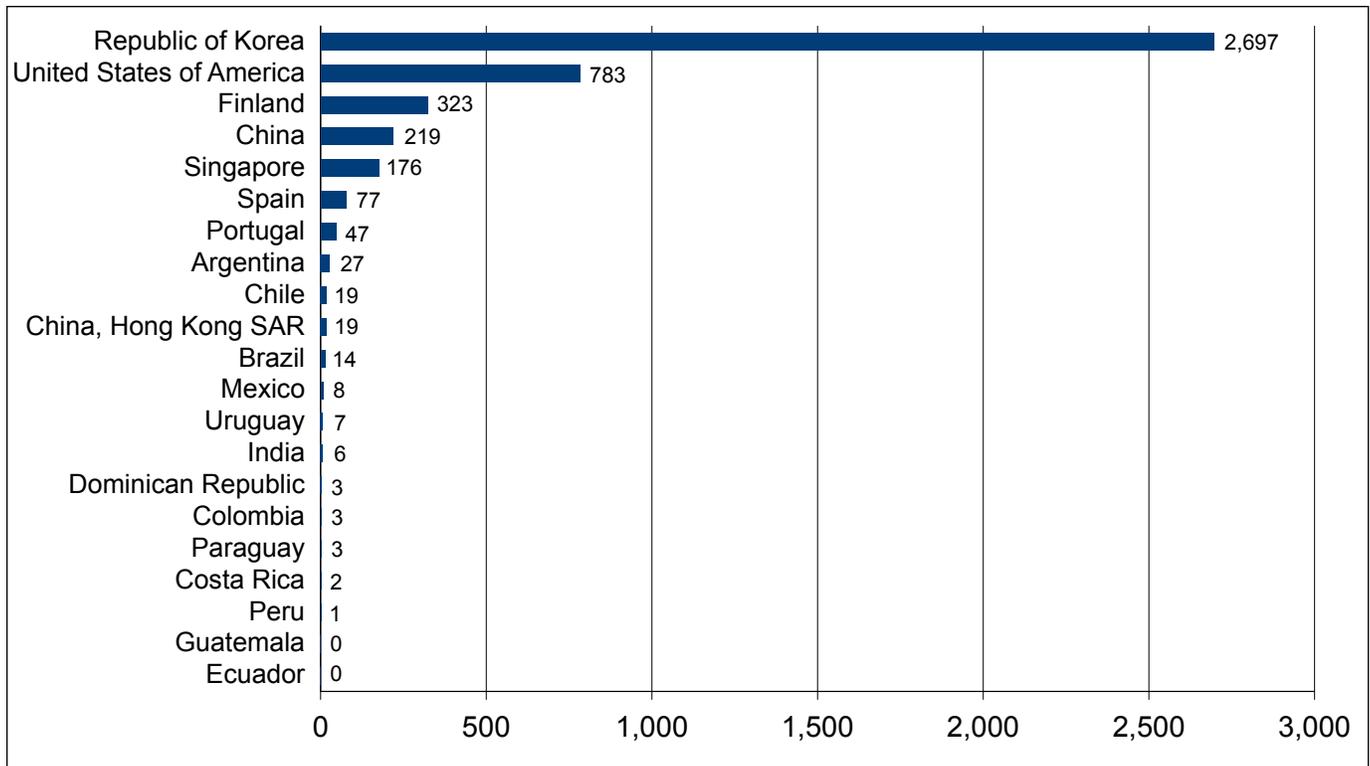Despite increases in spending and enrollments and growing awareness of the crisis in teaching and learning, the reality is that most Latin American schools—from early childhood to tertiary—provide low-quality education that does not meet countries' or students' needs. For example, roughly half or more of Latin American students participating in the OECD's most recent Programme for International Student Assessment (PISA) exam performed at the lowest levels, meaning that they had difficulty applying basic reading and math skills to real world problems. By contrast, only about 20 percent of students in OECD countries performed at this level, while less than 10 percent in top-performing countries did (Graph 5). Results from regional and national achievement tests are similarly low.

Nor are quality issues confined to K-12 schools. While hard data on the quality of tertiary education is scarce, the evidence that does exist suggests that Latin American universities are not globally competitive. In a 2011-2012 ranking of the world's 400 top universities by the *London Times*, no

Latin American University ranked in the top 100, and only three (two in Brazil and one in Chile) were included at all.[12] In a similar ranking conducted by the Shanghai Jiao Tong University, no Latin American university ranked in the top 100, and only three (Universidad de São Paulo in Brazil, Universidad de Buenos Aires in Argentina, and Universidad Nacional Autónoma in Mexico) ranked in the top 200.[13] In total, 25 Latin American universities made the top 500 (15 from Brazil, 4 from Mexico, 4 from Argentina, and 2 from Chile). By comparison, South Korea had 22 universities in the top 500 and China had 72.

Moreover, in most countries, less than one-quarter of all university graduates receive science or engineering degrees and few receive doctorates.[14] Brazil, with one of the most extensive university systems in the region, produces only one Ph.D. for every 70,000 people. Chile produces one for every 140,000. The OECD averages about one per every 5,000 people.[15] University accreditation systems are weak, few faculty members have doctorates, accountability is nearly non-existent, and funding for public universities

Graph 6. Worldwide Patents Granted by Country of Origin, per Million Population, 2010

Country	Value
Republic of Korea	2,697
United States of America	783
Finland	323
China	219
Singapore	176
Spain	77
Portugal	47
Argentina	27
Chile	19
China, Hong Kong SAR	19
Brazil	14
Mexico	8
Uruguay	7
India	6
Dominican Republic	3
Colombia	3
Paraguay	3
Costa Rica	2
Peru	1
Guatemala	0
Ecuador	0

Source: WIPO Statistics Database and World Bank (World Development Indicators), December 2011[20]

continues from year to year, regardless of how well the money is spent.[16] Sadly, most universities and governments seem content to leave things as they are.

Shortcomings Limit Competitiveness

In addition to low levels of learning in reading, math, and science, the region's competitiveness is hindered by a lack of researchers and innovators capable of driving scientific production and innovation.[17] In most Latin American countries with data, fewer than one in four people complete a tertiary degree.[18] A 2011 study by the Organization of Ibero-American States (OEI) showed that Latin American countries have fewer than five researchers per 1,000 economically active individuals, compared with 10–15 per 1,000 in Spain and Portugal.[19] Latin America's scientific output is also low compared to other regions. For example, while China received more than 200 patents per million inhabitants, Argentina—the top performer in Latin America—received only 27 (Graph 6).

Businesses also feel that the education and training provided by schools does not measure up to their needs as

employers. In a survey asking business leaders in 142 countries worldwide to rank how their country's education system met the needs of a competitive economy, Latin American leaders generally rated their education systems a 3 (on a scale of 1-7, with 7 being very well and 1 not very well). The mean for all countries was 3.8. Only Costa Rica and Trinidad and Tobago scored above the mean, while the other 20 participating Latin American and the Caribbean (LAC) countries scored in the bottom half.[21] According to a recent IDB poll in Chile, Argentina, and Brazil, employers had the most difficulty finding employees with soft skills, such as "attitude in the workplace, commitment, accountability, good customer relations, and ability to work."[22]

Most school systems in the region are also notoriously behind in providing teachers and students with access to technology and the skills to use it. Of the 15 LAC countries that responded to a 2011 CEPAL study on Information and Communication Technology (ICT) policy, seven indicated that fewer than half of their schools have a computer.[23] And many students still have difficulty using information online. For example, PISA 2009 tested students' ability to effectively

Graph 7. Difference in Mean Scores between Rich and Poor Students on the PISA Reading Test, 2009

> An advantage of **39 points** in reading is equivalent to **a grade level** in an OECD country.
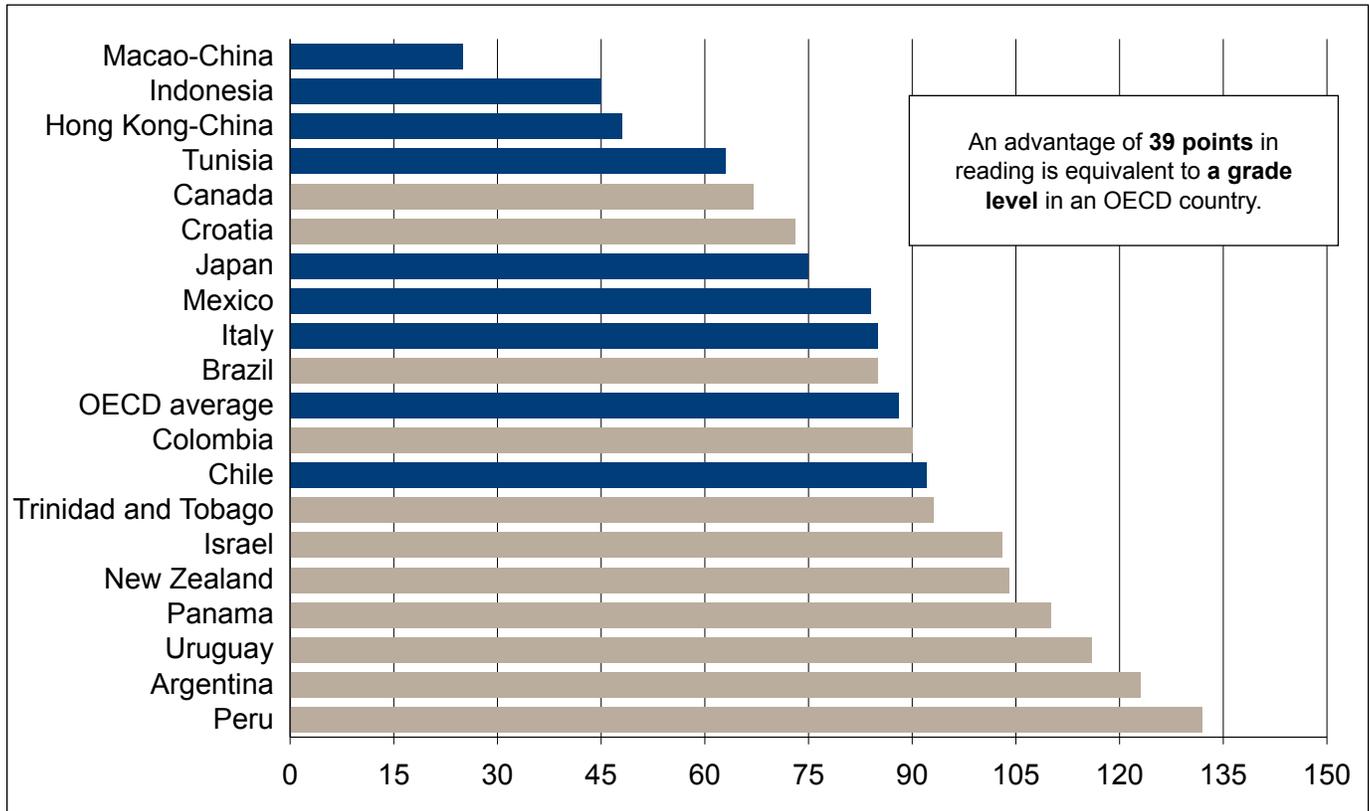
Note: All differences are statistically significant

Source: Ganimian and Solano, *Measuring Up?*, 2011

read and navigate a digital text (digital literacy)—following links, analyzing online text, or selecting options from a drop-down menu. Chile and Colombia—the only LAC countries that participated in the digital literacy exam—scored well below the other participating countries.[24]

Inequality is Rampant

Poor and minority students are particularly ill-served by existing public schools, which are usually their only choice. (Middle and upper class parents can, and usually do, opt out of the public system in favor of private schools.) Differences are evident in both access and learning—poor children tend to enroll at lower rates, leave school earlier, and score significantly lower on student achievement tests than wealthier peers (Graph 9). Limited family resources contribute to the problem—in surveys most out-of-school youth cite economic reasons for their non-attendance. However, increasing numbers also cite "lack of interest,"

suggesting that they see little value in attending low-quality schools where teachers may or may not show up, and what they learn is unlikely to improve their marketable skills.[25] Because few poor students complete secondary education, free tuition at public universities primarily benefits the upper classes (Graph 10).

Aware of the problem, countries are implementing a variety of strategies to improve educational opportunities for the poor. Nineteen LAC countries have implemented conditional cash transfer programs, designed to provide additional funds to poor families in exchange for keeping their children in school. When well targeted, the programs have been shown to reduce poverty and increase school attendance. However, increases in attendance rates have not necessarily translated into increases in learning,[27] probably due in part to the low quality of educational services.[28] Other countries are experimenting with programs that target at-risk groups or allocate

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Graph 8. Percent of Public Education Spending Going to Richest 20% and Poorest 20%, Latin America, 2006
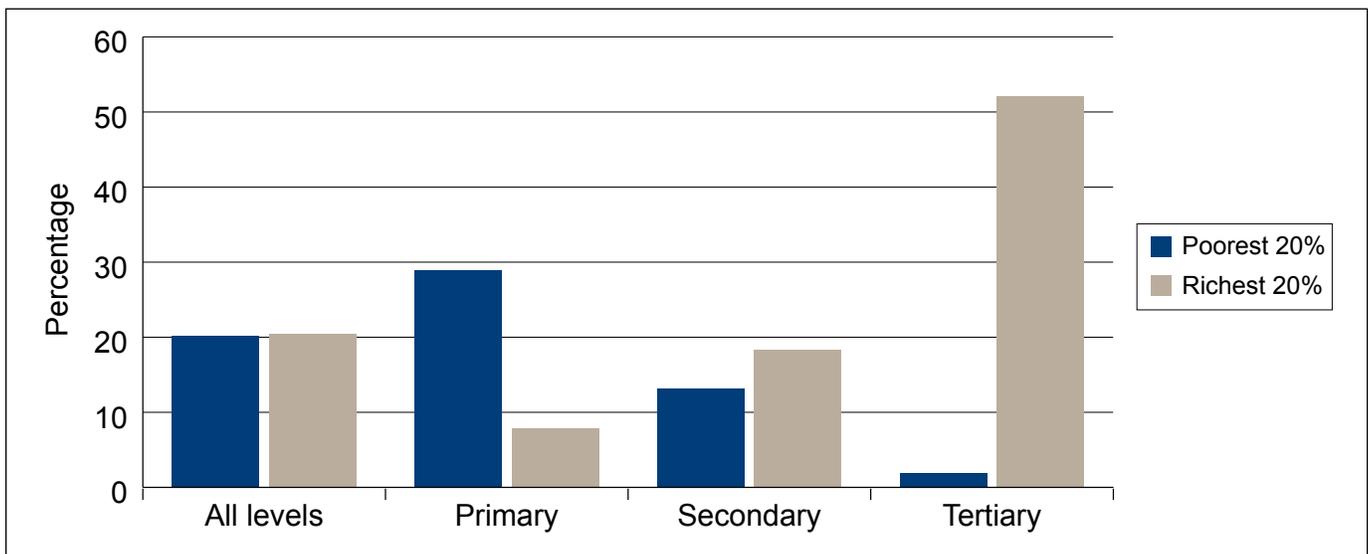
Source: Benedict Clements et al., *Public Expenditure in Latin America: Trends and Key Policy Issues*, IMF Working Paper, February 2007[26]

more resources to schools serving poor children. However, overall it is clear that the current system is not providing poor or minority children with the skills they need to succeed.

Effective Teachers are Scarce

The system for recruiting, training, placing, keeping, paying and supporting good teachers in most countries in the hemisphere is woefully inadequate. In Latin America, teaching is often a fallback for those whose grades aren't high enough to pursue other university studies. Less than 1 percent of Peruvian teachers who took the exam to qualify for permanent placement as a teacher passed it. On average, Mexican teachers who took the Carrera Magisterial exam between 1996 and 2000 got just 53 percent of the answers correct.[29] In 2011, more than half of the basic education teacher candidates at four out of five Chilean teachers' colleges showed "insufficient" content mastery on the exit exam measuring the knowledge and skills expected of all graduates.[30]

By contrast, the most successful education systems worldwide, such as Finland and Singapore, recruit teachers from the top third of their graduating class and provide them with intensive instruction and mentoring. South

Korea selects only individuals from the top 5 percent of their class and Finland from the top 10 percent. Lack of prestige, low standards, inadequate training, lack of merit-based incentives, little support for teachers on a daily basis, and unwieldy management mechanisms for evaluating, hiring and firing teachers further complicate efforts to improve teaching and make it an attractive career.

Three main factors, in addition to low entry standards, hinder the development of the teaching profession:

1. **Pre- and in-service training does not meet teachers' needs.** Training tends to be highly theoretical and largely disconnected from the practical challenges teachers face in the classroom. Few countries follow up to see whether teachers are applying what they have learned, and new teachers seldom receive regular support, assessment and feedback from master teachers on how to improve instruction.

2. **Teacher performance is not effectively monitored or evaluated.** Few countries evaluate teacher performance beyond periodic classroom observations conducted by peers, principals or supervisors. The evaluations tend to produce positive findings for almost all teachers and

generally carry no consequences. At least two countries, El Salvador and Chile, test teacher candidates prior to entry into the profession and use those tests as criteria for awarding a teaching degree or allowing a teacher to practice. However, high failure rates on both exams year after year suggest that results are not being used to improve the system. Efforts to evaluate teachers already in the classroom, such as those in Mexico, Peru, Ecuador and Chile, are growing, despite fierce resistance from teachers' unions.

3. **Few countries honor great teachers or remove poor ones.** In most of the region, teachers receive the same pay and recognition, regardless of their performance.[31] Salaries are based on seniority and training, and virtually no teacher is dismissed for poor performance. More experienced teachers have more say over where they are assigned and tend to choose schools with better working conditions—which means that poor children, who are most in need of good teachers—are least likely to get them. Few governments dare to challenge the powerful teachers' unions that defend these labor contracts. For their part, teachers complain that they have few opportunities for teamwork or professional development (PREAL-GTEE, 2009).[32] A few countries, including Brazil, Colombia, Guatemala, Mexico, Nicaragua, and Peru have begun to honor great teachers through an annual teaching prize, often working in cooperation with local business and civil society organizations, although this is still the exception rather than the rule.

Management is Weak

The challenges go beyond teaching, however. Education systems, particularly in Central America, suffer from a chronic shortage of qualified personnel, from school administrators to district or regional managers to Ministry of Education staff. Ministers of education change frequently, often along with key staff and policy priorities, interrupting or discontinuing implementation of education initiatives. Ministries of education seldom talk to the ministries of labor, planning, finance or other relevant government offices to jointly analyze problems or coordinate solutions where education overlaps with other development objectives. Relevant education data may be housed in several ministries, or various levels of the education system (schools,

districts, municipalities, region/states, national) all working in isolation. Few education systems have established consistent, transparent accountability mechanisms that set clear goals (for both outcomes and resource availability) and then hold students, parents, teachers, principals and ministries responsible for meeting those goals and performing at the highest level. Programs and school performance are not routinely evaluated, making it difficult for them to improve.

The link between strong, capable school leaders and educational excellence is clear. Analyses of PISA data suggest that giving schools a greater say in determining student-assessment policies, course content and textbooks improves reading performance.[33] This is consistent with findings by other researchers that in successful school systems, principals play a key role as instructional leaders, driving educational innovation and providing a crucial backstop for both teacher development and accountability for learning outcomes.[34] In Latin America, however, school principals and supervisors tend to arrive at their posts after careers as teachers, but with little prior management experience or training.

Political Obstacles Dominate

Governments face a dual pressure to produce short-term results and keep powerful groups—such as teachers' unions and university students—happy. Consequently, reforms have tended to focus on measures that have immediate, tangible outcomes and that few oppose, like spending, enrollments, inputs (e.g., infrastructure, books, materials, access to the Internet), and teacher training. The key problems, however, are systemic and as such require systemic solutions. But systemic change tends to threaten powerful vested interests, and so brings political problems.

At the same time, important stakeholders, including parents, students and employers, seldom press governments for reform or actively support reform initiatives. In part, this is because they have little information on how well schools are actually doing. They also have few mechanisms to influence what happens in schools. This is particularly true of poor parents, who have few options other than to send their children to low-quality public schools. Middle-income and upper-income parents, who might have the power to

influence policymakers, tend to opt out of the system, choosing to send their kids to private schools. Businesses tend to prefer smaller scale interventions, like adopting a school or providing materials or scholarships, which have high public relations value and allow them to save their political clout for issues that more immediately affect their bottom line. The result is a system that favors the status quo and does little to strengthen learning.

Paradoxically, while civil society considers better education to be a priority issue, individuals also express high levels of satisfaction with the education system. A recent region-wide survey shows that one out of three Latin Americans believes that improving education is more likely to improve civilian security than expanding the police or offering youth new opportunities. At the same time, 54 percent said they were very satisfied or more than satisfied with the public education system—a five percentage point increase since 2003.[35] Clearly, more needs to be done to increase awareness of the problems and build a broader constituency for reform.

What the Summit Missed

President Santos's summary (in the absence of a formal declaration) noted that the heads of state "agreed to promote education, share educational materials, and empower each student in their education and in overcoming social and economic barriers… [and] adopted the goal of designing and deepening public policies that would enable us to apply ICTs to education, healthcare, innovation, entrepreneurship, productivity, competitiveness, and the rise of micro, small, and medium-sized enterprises."[36] While unobjectionable, these agreements target changes that are relatively easy to implement—information exchanges and use of technology—and do little to address the quality, equity and policy issues that are vital to improving education in the region.

Below is a set of commitments that the heads of state could have adopted at the Cartagena Summit and that would have made an important contribution, at least at the symbolic level, to moving the region's education policy agenda in the right direction.

1. **Make learning the center of education policy.** Getting children into school is not enough. They must acquire

the cognitive and behavioral skills necessary to succeed. Governments need to measure success less in terms of spending and enrollments and more in terms of how much children learn. They should establish world-class learning standards, not only for fundamental academic skills like reading, math and science, but also for the equally critical foreign language, technology and soft skills. Countries should develop robust national student assessment systems to determine whether learning standards are being met, and participate in at least one global student achievement test. In addition, governments should pay close attention to whether or not certain children or groups of children are falling behind and intervene early when they are. Because so many of the deficits in learning start before school begins, governments and the region need to pay particular attention to providing quality pre-school for vulnerable populations—beginning by age two or earlier.

2. **Improve all aspects of teacher policy—not just teacher training.** The teaching profession has not been designed to produce good teaching. Governments need to establish clear expectations for what teachers are to do and accomplish, and require schools of education to organize training around them. They should set high standards for entry into the profession, and establish the incentives necessary to attract top graduates. Governments should make sure that teachers are trained intensively in classroom instruction (under the guidance of master teachers and with lots of hands-on work in the classroom). And they need to restructure teacher management to strengthen school leadership, regularly evaluate performance, help teachers become more effective instructors, and remove from the classroom those who fail to do so. Pay should be tied to performance, so that good teachers are rewarded and bad teachers are not. Teachers' unions should not be allowed to veto performance evaluations, and to keep poor teachers in the classroom.

3. **Focus on systemic change rather than single interventions**. The magnitude of institutional, managerial and political problems facing so many Latin American education systems makes it unlikely that discrete program improvements will by themselves have much effect. Benefits from better teacher training, wider

access to and use of technology, and improvements to curriculum will improve learning very little if schools and teachers are poorly managed, if resources are scarce, and if poor children are systematically underserved. School systems need to function differently, and making that happen requires fundamental changes in the policy framework that surrounds them. Countries should begin by addressing problems in the teaching profession outlined above, but should also: experiment with mechanisms to promote greater accountability by making schools more autonomous; establish meaningful consequences for good and bad performance; and give parents a greater say in the schools their children attend and how those schools are run. Universities should not be exempt from the accountability discussion. Governments should condition university funding on meeting specific performance objectives, and channel some part of public funds directly to students (principally from poor families) in the form of scholarships they can use at any accredited university, public or private. To help address the equity concerns inherent in providing free public university to all, governments should charge tuition to those students who can afford to pay.

4. **Strengthen the demand for quality education**. Making schools better requires building a broad-based coalition of political leaders, parents and employers that can support reform-oriented politicians when they make tough decisions. The first step in that process is providing parents—and citizens more generally—with reliable, timely and user-friendly information on how their schools are doing. This implies making the results of student and teacher assessments publicly available. The business community and other professional groups should develop strong positions on education policy and make their recommendations known to political and governmental leaders. Governments should work with these groups to make high-quality education the collective goal of the entire nation. A strong, well-informed network of civil society leaders is one of the surest ways to counter vested interests that oppose necessary reforms.

By jointly committing to the principles outlined above, the heads of state would send a powerful message regarding priorities in education policy and reform. Such symbolic gestures can shift debate and place important issues on the policy agenda. They exploit the comparative advantage of summits.

In addition, the heads of state could agree to several joint actions that would help move the commitments forward. They could:

- Develop a voluntary, region-wide set of learning standards in reading and math. Experience in the United States in working with state governments to develop and adopt the Common Core State Standards is likely to be helpful.

- Establish a common test that would measure progress toward achieving the reading and math standards each year. This should build on UNESCO's region-wide reading, math and science exam (SERCE) that has been administered twice during the past decade, and is scheduled again for 2013. It should be keyed in some way to a comparable global test (such as TIMSS) so as to permit comparisons with countries beyond LAC.

- Agree to guarantee that all children will be able to read by the time they complete the third grade. Making a joint and highly visible commitment to such a reasonable goal will force attention to learning outcomes and their determinants.

- Expand the concept of student exchanges to encompass professional exchanges and virtual communities of practice that allow administrators, principals, teachers, opinion leaders (business, journalists, legislators), and technical experts from across the region to visit promising interventions elsewhere (charter schools, business-education partnerships, large-scale school reform), exchange ideas, and bring those lessons back to their own countries.

Some of these activities might be implemented by international organizations like UNESCO, the Organization of American States (OAS), or the development banks. Others might be entrusted to non-governmental or civil society organizations. Together, they might take an important step toward "connecting the Americas" and addressing some of the region's most pressing educational challenges.

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COMMENTARY BY DIANA V. NEGROPONTE

Nonresident Senior Fellow at the Brookings Institution

This comprehensive and excellent survey of education in Latin America stresses the importance of systemic problems that result in growing inequity, rising levels of youth violence, and persistently low levels of citizen education. The failure of the Cartagena Summit to adequately address the challenge of education does not dilute the national challenges that each leader faces back home. Poor-quality education from teachers who are inadequately paid, trained and supervised has resulted in students from the hemisphere registering the lowest performance levels on the Programme for International Student Assessment (PISA) reading and math scores. Beyond the testing of students in third and eighth grades, the authors extend their analysis to the performance of the region's universities. In the 2011-2012 ranking of the world's 400 top universities, no Latin American university ranked in the top 100. Less than one-quarter of all university graduates receive science or engineering degrees and even fewer receive doctorates. Brazil produces only one doctoral graduate for every 70,000 people. Chile produces one for every 140,000. This compares to an OECD average of one per every 5,000 people.

Hemispheric expenditures on education as a proportion of GDP is relatively high, with an average of 4.8 percent, compared to 5.2 percent invested in developed countries. However, the effectiveness of this investment in Latin America is stunted. Despite the comparative weakness of education in the hemisphere, 54 percent of those surveyed are satisfied, or very satisfied, with the level of education. This suggests a high degree of complacency and insufficient citizen demand to improve quality. Those with means seek private schools, leaving the majority of students with parents at the lower ends of the income scale to inherit the poor educational system that their parents suffered. The consequence is structural persistence of the education and income gap.

Beyond the in-depth assessment of the problems, the authors propose over two dozen specific recommendations for improving the quality of education. These include establishing world-class national learning standards and robust national student assessment systems; restructuring teacher management to strengthen school leadership; and making schools more autonomous and giving parents a greater say

in the schools their children attend and how those schools are run. Rightfully, the authors propose that teacher training meet a clear set of expectations regarding what teachers should know and do. Sadly, this does not exist in the hemisphere. As a result, virtually all countries have spent significant sums of money on teacher training and produced only meager results. The focus, therefore, has to change. The recruitment should be more selective, poor teachers should be removed from the classroom, and in-school leadership must be strengthened. To implement these recommendations, both ideas and monies are needed from civil society and the private sector. Parents also have an important role to play. Their contribution both to identifying needs, as well as to rewarding good teachers, can help meet the challenge of poor performance.

Communities that are increasingly linked through cell phones can raise awareness of relatively well-performing schools. This can stimulate demand for quality education. Parents must have choice on where they wish their children to study. This is possible within urban or semi-urban communities, but more difficult in rural areas. However, even there, children are encouraged to stay with relatives in the towns where better schools exist. Expanded choice is related to changing cultural norms in which quality education becomes prized and opting out is viewed as unacceptable. Changing the culture through personal example, inspirational media and the value of discipline can help restore the focus on education as the principal path to success.

PROMOTING ENERGY SECURITY AND TACKLING CLIMATE CHANGE: MISSED OPPORTUNITIES AT THE CARTAGENA SUMMIT

Thomas Andrew O'Keefe | *President of Mercosur Consulting Group, Ltd.*

Executive Summary

- Even though the greenhouse gas emissions of Latin America and the Caribbean represent a small share of the global level, the region will be severely impacted by climate change.

- Some areas of Latin America are expected to experience severe water stress, which will affect the water supply and hydroelectric power generation. These challenges could lead to much greater reliance on fossil fuels than is currently the case. At the same time, with over one-quarter of the world's fresh water supplies, South America can comfortably expand its already high electrical generating capacity through hydropower.

- The establishment of the Energy and Climate Partnership of the Americas (ECPA) was a positive step forward in getting the region to act in concert on the issue of energy and climate change, but deserves greater attention and resources from the United States.

- The inability to establish a consensus on the role played by private investors in the energy sector was evident at the Sixth Summit of the Americas in Cartagena and continues to be a challenge for the region. The nationalization of energy companies, the latest case being YPF in Argentina, damages initiatives promoting private-sector participation in the integration of regional energy markets.

- When it comes to climate change issues, the United States lacks credibility, as it never ratified the Kyoto Protocol and thereby chose not to legally bind itself to reduce greenhouse gas emissions. In addition, a highly polarized political climate in the United States has led to a paralysis that prevents passage of federal climate change legislation which would, among other things, establish a carbon emissions trading scheme at the national level.

- In the absence of federal climate change legislation, the U.S. State Department should encourage states such as California and those in the Regional Greenhouse Gas Initiative to enter into carbon offset agreements. This move would replicate the current U.N.- administered Clean Development Mechanism on a bilateral basis with interested foreign countries and subdivisions throughout the Western Hemisphere.

The Context

One of the most pressing issues affecting the future of countries in the Western Hemisphere is securing reliable and affordable energy resources that do not contribute to climate change or further degrade the environment. A report issued by the United Nations Commission for Latin America and the Caribbean (ECLAC) in December 2009 noted that while the greenhouse gas emissions of Latin America and the Caribbean represent a small share of the global level, the region will be severely impacted by climate change.[1] Furthermore, some areas of Latin America are expected to experience severe water stress, which will affect the water supply and hydroelectric power generation. This could lead to much greater reliance on fossil fuels than is currently the case. In general, the anticipated rise in sea levels due to melting polar ice will increase the number of people displaced and the land lost due to permanent flooding. Small Caribbean island states will be especially impacted. Climate change will also translate into significant and often irreversible losses in biodiversity, which is particularly serious in a region that encompasses several of the most bio-diverse countries in the world.

Energy has been on the agenda of almost every Summit of the Americas going back to Miami in 1994. Participants at the first summit proposed a Partnership for Sustainable Energy Use that sought to promote sustainable economic growth by means of the following projects:

- Facilitate financing by the multilateral lending agencies in energy projects—particularly those related to enhancing efficiency and developing non-conventional renewable energy resources

- Enhance the use of efficient and non-polluting energy technologies, both conventional and renewable

- Encourage market-oriented pricing to discourage wasteful energy use

- Promote, in cooperation with the private sector and isolated communities, rural electrification projects (including ones that, where appropriate, utilize renewable energy resources)

Although the Partnership for Sustainable Energy Use soon fell by the wayside, energy was a major topic of discussion at the Special Summit of the Americas on Sustainable Development held in Santa Cruz, Bolivia in 1996. There, a Hemispheric Energy Steering Committee was created to coordinate efforts in the following areas:

- Increasing investment in the energy sector

- Promoting cleaner energy technologies in electrical power markets

- Advancing regulatory cooperation and training

- Increasing the economic and environmental sustainability of the petroleum sector

- Creating new opportunities for natural gas

- Promoting energy efficiency

These same goals were also objectives of the Hemispheric Energy Initiative launched at the Second Summit of the Americas in Santiago, Chile in 1998. The initiative was mentioned at the Third Summit of the Americas in Quebec City in 2001, in the context of promoting policies and practices to advance the regional integration of energy markets. But by the time of the Fourth Summit of the Americas in

Mar de Plata, Argentina in 2005, the Hemispheric Energy Initiative had faded into oblivion, following the pattern of its predecessor, the Partnership for Sustainable Energy Use.

Given the importance of the hydrocarbons sector to the Trinidadian economy, and Trinidad and Tobago's role at the time as the most important source of imported liquid natural gas (LNG) in the Caribbean, it is not surprising that energy security was a central theme of the Fifth Summit of the Americas held in Port of Spain in 2009. The by-now-familiar pledges to promote cleaner, more affordable and sustainable energy systems and to foster energy efficiency and conservation were reiterated. Also apparent at the Trinidad Summit was the resurgence of resource nationalism in many Latin American countries, as well as a collapse of the market-oriented economic consensus that had previously marked meetings of Western Hemisphere heads of state during the 1990s.

The declaration issued at the close of the Trinidad Summit, for example, "reaffirm[ed] the sovereign right of each country to the conservation, development and sustainable use of its energy resources." Another pledge—to encourage the sustainable development, production, and use of both current and next generation biofuels—elicited a lengthy footnote from the government of Bolivia that proposed "an alternative vision based on living well and in harmony with nature, developing public policies aimed to promote safe, alternative energies that guarantee the preservation of our planet, our "Mother Earth."[2] Interestingly, the leaders gathered in Port of Spain broached the usually controversial subject of expanding use of nuclear energy and proposed interconnecting regional energy networks. Commitments were also made:

> "to improve and enhance the collection and reporting of market data on oil and other energy sources in all countries to ensure smooth functioning of energy markets at the regional and global levels" as well as "to support the development and implementation of voluntary corporate social responsibility best practices in the energy sector."[3]

While not as prominent on the hemispheric agenda as energy, past Summits of the Americas had raised the climate change issue, albeit under the broader environmental umbrella. For example, at the first summit in Miami in 1994,

the governments of the Western Hemisphere pledged to ratify and begin implementing the provisions of the U.N. Framework Convention on Climate Change, which had entered into force earlier that same year. A similar pledge was repeated in Santiago in 1998, as was another pledge urging ratification of the Kyoto Protocol (something which the United States, alone among all the countries in the Americas, never did). At the Third Summit of the Americas held in Quebec City in 2001, the 34 heads of state agreed on the following:

> "to address the issue of climate change as a priority of action, working constructively through international processes in order to make necessary progress to ensure a sound and effective response to climate change; recognize the vulnerabilities in all our countries, in particular of Small Developing States and low lying coastal states, and the need to support the conduct of vulnerability assessments, the development and implementation of adaptation strategies, capacity building and technology transfer."[4]

Eight years later in Port of Spain, all the assembled heads of state acknowledged the need to make deep cuts in greenhouse gas emissions "on the basis of equity, and in accordance with our common but differentiated responsibilities and respective capabilities."[5]

The Energy and Climate Partnership of the Americas

Based on the prominent focus given to energy and sustainability issues at the Fifth Summit of the Americas in Port of Spain in 2009, it is not surprising that the United States proposed establishing an Energy and Climate Partnership of the Americas (ECPA).[6] Unlike hemispheric projects of the past, where the U.S. delegation often dictated the agenda and expected other governments to follow, the Obama administration emphasized that ECPA was "voluntary, allowing governments, inter-American organizations, private industry, and civil society to lead or participate in initiatives that reflect their priorities."[7] Governments would be encouraged to work jointly or on their own to lead initiatives, finance activities, and create welcoming policy environments that encourage low carbon development. Countries would also be free to identify areas where they can contribute, need assistance, or might collaborate.

Interestingly, then-Senator Barack Hussein Obama, in the sole policy address he gave on Latin America and the Caribbean in May 2008 while campaigning for the presidency, proposed something similar to ECPA. Although that speech, given in Miami, focused heavily on U.S. relations with Cuba, Obama included a proposal to create an "Energy Partnership *for* the Americas." Obama stated that, if elected, his administration would allow industrial emitters of greenhouse gases in the United States to offset a portion of their emissions by investing in low carbon energy projects in Latin America and the Caribbean. He also pledged to increase research and development of clean coal technology as well as the next generation of sustainable bio-fuels not taken from food crops, and to expand the use of wind, solar and nuclear energy throughout the Western Hemisphere. By the time of the Trinidad Summit, the word "for" had been substituted with "of," to downplay any suggestion of the United States having a dominant leadership role. The change in terminology was consistent with the message that the Obama administration wished to project at the 2009 summit, namely that the United States was meeting with partners on an equal level and that "[t]here is no senior partner and junior partner in our relations; there is simply engagement based on mutual respect and common interests and shared values."[8]

The proposal for an ECPA made at the Fifth Summit of the Americas in Port of Spain was followed by a meeting of some of the Latin American energy ministers in Lima in June of 2009, where a bilateral Peru-U.S. agreement was signed to establish a Regional Energy Efficiency Center. At the same time, the Mexican representatives agreed to fund a Regional Wind Center based in Oaxaca. Also, the U.S. delegation proposed a "Low Carbon Communities Program" through which the U.S. Department of Energy would "partner with countries in the region to provide technical assistance and limited funding to develop building standards and adopt modern urban planning strategies including transit-oriented development to achieve low carbon communities."[9]

In the months following the June 2009 Lima meeting, additional proposals were added to ECPA, including the establishment of three important new institutions:

- an Energy Efficiency Training Center in Costa Rica (in conjunction with the Natural Resources Defense Council),

- a Biomass Center in Brazil, and

- a Geothermal Center in El Salvador that would receive financial support from the Inter-American Development Bank (IDB) and the U.S. Department of Energy.[10]

The first Energy and Climate Ministerial of the Americas, held in Washington, D.C. on April 15-16, 2010, was attended by representatives from 32 of the 35 governments in the Western Hemisphere. At this ministerial, the U.S. delegation announced that ECPA is premised on at least seven pillars (Secretary of State Clinton proposed adding the last two at the ministerial itself):

1. **Energy Efficiency** to promote best policy practices through assistance in developing building codes and other standards in the industrial and residential sectors, as well as training for energy audits.

2. **Renewable Energy** to accelerate clean energy deployment via project support, policy dialogues, scientific collaboration, and the clean energy technology network.

3. **Cleaner and More Efficient Use of Fossil Fuels** to promote clean energy technologies to reduce both conventional pollution and the carbon footprint of fossil fuels, as well as best practices on land use management.

4. **Energy Infrastructure** to foster modernized, integrated, and more resilient energy infrastructure, particularly electrical grids and gas pipelines.

5. **Energy Poverty** to target urban and rural energy poverty with strategies to promote sustainable urban development and improve access to modern clean energy services and appropriate technologies in rural areas that can improve public health and reduce fuel wood use that benefits forest management.

6. **Sustainable Forestry and Land Use** to reduce emissions from deforestation and forest degradation, and enhance carbon sequestration in the land use sector, including through the conservation and sustainable management of forests.

7. **Adaptation Assistance** to developing countries impacted by climate change.

At the 2010 Ministerial, the U.S. Department of Energy announced that it would be providing technical support, including hosting a workshop, to explore the potential for building a Caribbean-wide system using submarine sea cables to transmit electricity generated from renewable energy sources. The Energy Department also signed an agreement with the IDB to create an Energy Innovation Center to allow both entities to coordinate resources to facilitate regional projects and activities. The Center was expected to serve as a focal point for accessing the Bank's annual energy financing pipeline with an initial $1.5 billion in capital for lending purposes.[11] In addition, the Energy Department announced a partnership between the National Renewable Energy Laboratory (NREL) in Golden, Colorado with scientists and technology experts in Colombia to help identify, evaluate, and promote technologies for sustainable biomass use in that country.

At the same meeting, the State Department released the names of three U.S. scientists who would serve as senior ECPA fellows and travel to countries throughout the Western Hemisphere providing advice, sharing experiences, and consulting with regional counterparts on clean energy, sustainable landscapes, and adaptation to climate change.[12] It was also announced that the U.S. Department of Agriculture would serve as the lead agency to coordinate U.S. government technical assistance to countries interested in sharing information to expand production and usage of sustainable biomass energy.

Since the April 2010 ECPA Ministerial, Canada has led a working group on heavy oil, but with representation from Brazil, Colombia, Mexico, the United States, and Venezuela. This group was formed to facilitate the exchange of information on best practices and technological innovation so as to reduce the environmental footprint of heavy crude extraction and development.

Among ECPA projects, Mexico leads a working group on energy efficiency that includes all of the countries of the Western Hemisphere and shares best practices and experiences to develop regional partnerships that promote efficiency and conservation.

Brazil, in turn, leads an initiative focused on building environmentally sustainable low-income housing across Latin America and the Caribbean and reducing greenhouse gas emissions from solid waste. The American Planning Association provides technical assistance for the Brazilian housing initiative, with limited funding from the State Department.

Chile has aggressively used ECPA to address energy-related matters affecting the country and its neighbors. For example, Chile hosts a regional Renewable Energy Center that receives technical assistance from the U.S. Department of Energy and has an open-access web site portal called "Open Energy Info" to facilitate the regional exchange of information on renewable energy resources. Chile also participates, along with Argentina, Colombia, Peru, the United States, and Uruguay, in an ECPA shale gas initiative that exchanges information on how to safely exploit shale gas reserves and minimize negative environmental impacts. In addition, Chile has joined Colombia, Ecuador, Panama, Peru, and the United States in exploring ways to interconnect all the national electric grids from Panama to Chile, beginning with harmonizing their respective regulatory frameworks. The Union of South American Nations (UNASUR) is also pursuing a similar project, although Bolivia substitutes for Panama in that continental initiative.

Other ECPA projects include U.S.-based electric generator Southern Company working with a Colombian non-governmental organization to train disadvantaged secondary students for future careers in the energy sector. The U.S. Department of Energy is working with the Ecuadorean Ministry of Coordination of Production, Employment and Competitiveness in turning residues generated by industrial processes into valuable commodities or inputs.

For its part, the Organization of American States (OAS) oversees implementation of the Caribbean Sustainable Energy Program (CSEP) funded primarily by the European Union, with some contributions from the U.S. Department of Energy, to enable the tiny island nations of the Eastern Caribbean and the Bahamas to increase the sustainability of their energy supplies while reducing carbon emissions through the development and use of renewable energy and energy efficiency systems. The OAS also oversees implementation of a Caribbean-wide program funded by the Energy Department to facilitate regional dialogue on long-term sustainable energy solutions, and to help national governments promote and implement sustainable energy policies and programs through short-term legal counseling and technical assistance. Overall, the OAS has emerged as a central clearinghouse for disseminating information on ECPA initiatives and bringing together potential public and private sector partners.

Finally, the U.S. Peace Corps has an ECPA initiative that supports energy-efficient practices and the use of alternative energy technologies, including small-scale home or school solar solutions, cook stoves, small wind turbines, and other energy efficiency solutions in Costa Rica, the Dominican Republic, Guyana, Honduras, Nicaragua, Panama, Peru, and Suriname. In Paraguay, the Peace Corps has also trained a group of small farmers to use a device called a bio-digester to properly treat organic waste and provide renewable energy and organic fertilizer.

The Hemispheric Opportunity

The Western Hemisphere has an abundant and diverse supply of both conventional and renewable energy resources. Roughly a third of the world's proven reserves of oil are found in the Western Hemisphere.[13] Latin America alone accounts for just under 14 percent of world oil output but only consumes about half that.[14] Overall, Latin America and the Caribbean utilize about one-quarter of its total energy potential.[15] The extensive exploitation of natural gas from shale rock in the United States is expected to sharply reduce U.S. dependence on foreign energy imports and even make it an exporter of liquefied natural gas (LNG). Large shale rock formations—and presumably vast reserves of natural gas that can now be unlocked through hydraulic fracturing or "fracking"—are found throughout Argentina, Brazil, Canada, and Mexico.

The discovery of major off-shore reserves of light oil and natural gas under miles of rock and salt formations in Brazil have the potential to make that country not only self-sufficient, but a major exporter of petroleum. Since 2006, Brazil has been self-sufficient in crude oil. Among the top ten energy-consuming countries in the world, Brazil is also the largest world economy whose energy matrix is the cleanest, with 85 percent of its electricity generated by hydropower and a whopping 60 percent of its total energy consumption coming from renewable sources.[16]

Furthermore, with over one-quarter of the world's fresh water supplies, South America can comfortably expand its already high electrical generating capacity through hydropower, although this may eventually run up against climate change-induced shortages.

Of course not all the Western Hemisphere's abundant and diverse energy resources are evenly distributed. Most of the Caribbean, with the exception of Trinidad and Tobago, relies on imported fossil fuels to generate electricity and meet transportation needs. A similar situation exists in Central America. Chile, Paraguay, and Uruguay are net energy importers on a continent that is otherwise a net exporter. What all these countries have in abundance is the potential to greatly utilize energy generated from the sun, wind and sea, as well as geothermal sources. Integrating the hemisphere's energy markets primarily through the interconnection of physical infrastructure such as electricity grids has the potential to fully utilize this panoply of energy resources and direct it to countries where the need is greatest. It can also help reduce greenhouse gas emissions. Interestingly, increasing reliance on natural gas, obtained from vast shale reserves, can play a useful role as a transitional fuel to renewable energy sources if it reduces current reliance on oil and coal. Natural gas emits slightly more than half as much carbon dioxide as coal and 70 percent as much as oil, per unit of energy output, while emissions of carbon monoxide are one-fifth as much as coal, and emissions of sulphur dioxide and particulates are negligible.[17]

In addition to being blessed with an abundance of diverse energy resources, the Americas are also home to a vast expanse of tropical rain forests that serve as a natural carbon sink for sequestering greenhouse gas emissions. In particular, the Amazon Basin stores an estimated 20 times the carbon content of the world's annual greenhouse gas emissions—some 49 billion metric tons of carbon—in the biomass of its tropical forest.[18] At the same time, some of the world's largest contributors to global greenhouse gas emissions are found in the Western Hemisphere, including the United States, which now is ranked number two after recently losing its first-place position to China. Canada's emissions, while only one-tenth of its southern neighbor's, are expected to increase further as it develops its oil sand reserves in Alberta and Saskatchewan. Accordingly, the Western Hemisphere offers an opportunity to establish the

type of "cap-and-trade" initiative proposed by then-Senator Obama in 2008, whereby industrial emitters of greenhouse gases in North America can offset a portion of their emissions by investing in low carbon energy projects in Latin America and the Caribbean. By limiting such a program to the Americas, many of the shortcomings of the present U.N.-administered Clean Development Mechanism (CDM) established by the Kyoto Protocol are avoided, as described in greater detail below.

A CDM for the Western Hemisphere

Under the current multilateral CDM, credits are issued to a developed country and its companies in return for financing projects in the developing world. These may include building a more expensive thermal plant fueled by natural gas, or a hydro dam to generate electricity instead of a cheaper coal powered generator. Both reduce global greenhouse gas emissions and would not have been built but for the funding from the rich country donor. The credits received through the CDM are then used to offset mandated emission reduction targets at home. The CDM was set to expire at the end of 2012, but received a reprieve until 2015, when the Kyoto Protocol is expected to be replaced by a legally binding agreement that requires all countries to reduce their greenhouse gas emissions.[19] Given that the United States never ratified the Kyoto Protocol and Canada did not agree to the CDM's extension beyond 2012, a new CDM limited to the Western Hemisphere would serve as the perfect bridge program until such time as a new global initiative comes into force. Alternatively, it could act as a regional initiative if a global accord proves unattainable.

One significant advantage of a new CDM limited to the Western Hemisphere is that it would be less susceptible to the type of fraud that plagues the current U.N.-administered system.[20] This is not only because of the smaller number of countries involved, but also because of the plethora of potential institutions in the Western Hemisphere that can administer more effectively a hemispheric carbon offset program. For example, the Andean Development Corporation (CAF) already oversees a Latin American carbon market through the registration and issuance of certified reductions in the transportation sector. The CAF has also signed contracts for carbon emission sales with public and private

agencies, including Spain's Ibero-American Carbon Initiative, and a number of investment funds resulting in new energy generation facilities that use renewable resources, forestry related activities, and an expanded biofuel production. While the CAF, on its own, might not have the resources and personnel to administer a CDM for the entire Western Hemisphere, this task could be divided among different sub-regional entities with a proven track record of reliability. Whereas the CAF might be assigned the Andean region of South America (including Chile), similar roles could be entrusted to the Central American Bank for Economic Integration, the North American Development Bank, and the Caribbean Development Bank, respectively, in those three sub-regions. Furthermore, a CDM for the Mercosur countries could be assigned to the Financial Fund for the Development of the Rio de la Plata Basin (FONPLATA).

A CDM limited to the Western Hemisphere might also neutralize Brazil's refusal—premised on historical sovereignty concerns about "internationalizing" the Amazon—to permit use of the current multilateral CDM to fund any type of forest conservation or reforestation projects in the Amazon. This is a serious bottleneck because Brazil is home to 65 percent of the Amazonian rain forest.[21] Brazil might be less resistant to an effort to utilize projects in the Amazon to gain carbon offsets under a CDM limited to the Western Hemisphere. Evidence of this can be garnered from the Memorandum of Understanding (MOU) on Cooperation Regarding Climate Change that Brazil and the United States signed in March 2010. Under this MOU, both countries have agreed to cooperate in reducing emissions from deforestation and forest degradation pursuant to the U.N.'s Reducing Emissions from Deforestation and Forest Degradation (REDD)-plus program.[22] The goals sought through REDD-plus are compatible with ECPA's sixth pillar of Promoting Sustainable Forestry and Land Use, described above, which seeks to reduce emissions from deforestation and forest degradation, as well as to enhance carbon sequestration in the land use sector.

A hemispheric CDM could free Caribbean island states from their heavy dependence on imported crude oil and refined petroleum for transport and electricity generation which has made them among the most heavily indebted nations in the world on a debt-to-GDP basis.[23] Although there is a wide mix of renewable energy resources such as hydro (including exploiting strong ocean currents), solar, wind and geothermal available on different islands, exploiting them to generate energy is complicated by miniscule markets. This makes it difficult for private investors to recoup a return on their initial investment within a reasonable time frame. Accordingly, without the existence of some type of external incentive, the money to develop such projects is unlikely to appear. That scenario changes in the context of a hemispheric cap-and-trade program where, for example, a Canadian or U.S. utility company seeking a carbon offset might be willing to invest in an electric generation facility in Dominica that makes use of the country's extensive geothermal potential.

The Challenges

Promoting reliable access to energy resources, particularly fossil fuels, throughout the Western Hemisphere is hampered by the fact that countries such as Mexico constitutionally prohibit foreign ownership rights in the hydrocarbons sector. In addition, the region has been plagued by a resurgence of resource nationalism in recent years that has curtailed foreign investment and technology transfer and has reduced output. This inability to establish a consensus on the role played by private investors in the energy sector was even evident at the Sixth Summit of the Americas in Cartagena. There, Argentine President Cristina Fernández de Kirchner rushed home early and promptly nationalized 51 percent of Repsol-YPF, thus reducing Repsol's ownership stake from approximately 57 percent to just over 6 percent.[24] This nationalization damages any initiative promoting private sector participation in the integration of regional energy markets at the regional or hemispheric level.

Complications also exist with respect to connecting the different electrical grid systems. Existing cross-border infrastructure for gas and electricity in South America is the result of an *ad hoc* approach to energy trade between neighboring countries and not a result of policies and rules designed to facilitate long-term cooperation and network development.[25] That may explain why Colombia—considered the electricity powerhouse for the Andean region—exported approximately 1000 gigawatt hours of electricity to Ecuador and about 300 gigawatt hours to Venezuela in 2009, out of a total production of 57,618 gigawatt hours.

This amount is considerably less than Argentina's exports to Chile and Uruguay that same year, despite its notorious self-inflicted energy problems, and even less than Brazilian exports to Argentina and Uruguay.[26] In contrast, Central America provides an example of longer-term strategic thinking that is regional in scope.

During the 1990s the IDB financed the interconnection of the national energy grids of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, thereby improving the reliability of service and reducing consumer rates. As a result, a Regional Electricity Market or *Mercado Eléctrico Regional* (MER) was established following entry into force of the Framework Treaty on the Electricity Market of Central America in January 1999. This Framework Treaty, and two subsequent protocols, opened the domestic market of the six Central American countries to regional operators with respect to the generation, transmission, and sale and purchase of electricity. Two institutions—with supranational authority to make binding decisions that are binding on national governments and may supersede conflicting domestic legislation—were established to oversee the regional electricity market. These two institutions are the Regional Commission on Electricity Interconnection or *Comisión Regional de Interconexión Eléctrica* (CRIE) and the Regional Operating Authority or *Ente Operador Regional* (EOR). The CRIE is tasked with ensuring that the national governments fulfill the commitments made in the 1999 Framework Treaty and subsequent regulations, while the EOR oversees actual operations of electrical interconnections and directs surplus energy flows to where they are needed most.

One important aspect of the 1999 Framework Treaty was that it authorized the establishment of a new company that could either be a wholly state-owned, or a public-private partnership, to build and operate a single 1800-km transmission line from the Guatemalan-Mexican border (so as to interconnect with the Mexican electricity grid) to Panama. This is known as the Electrical Interconnection System for the Countries of Central America or *Sistema de Interconexión Eléctrica para los Países de América Central* (SIEPAC). Construction on SIEPAC finally began in 2007 and is expected to enter into full operation, after a number of delays, sometime in 2012.

Despite the existence of an elaborate institutional framework that is empowered with supranational authority, the actual amount of electricity traded among the Central American countries to date has been minimal. National governments appear reluctant to permit long-term contracts for the international sale of electricity that might put access to domestic electricity supplies at risk. This apprehension may change with SIEPAC. Another troubling aspect about the Central American electricity market is its high dependency on fossil fuels to generate power and the negative impact this has on global efforts to reduce greenhouse gas emissions. Ironically, this phenomenon responds to the widespread privatization of electricity in individual Central American countries in the 1990s. The private sector prefers to invest in electric generation projects that utilize fossil fuels because of shorter gestation periods that ensure a quicker return, and because the initial capital investment cost is anywhere from one-half to two-thirds less than it is for most hydropower equivalents.[27]

With respect to climate change issues, the United States lacks credibility, as it never ratified the Kyoto Protocol, and thereby chose not to legally bind itself to reduce greenhouse gas emissions. In addition, a highly polarized political climate in the United States has led to a paralysis that prevents passage of federal climate change legislation which would, among other things, establish a carbon emissions trading scheme at the national level. This U.S. national scheme could form the basis of the proposed CDM limited to the Western Hemisphere.

The dearth of political leadership has resulted in the lack of hemispheric consensus on how to achieve energy security, effectively interconnect energy infrastructure, and enact legislation, at the national level, to support a regional cap-and-trade mechanism that would significantly reduce global greenhouse gas emissions. No government or group of major economies in the Western Hemisphere has stepped forward to assume a leadership role and adequately fund initiatives designed to implement any of these goals.

In this regard, the absence of the United States is particularly conspicuous. In the two years since ECPA's official launch, Washington has committed less than $150 million to fund ECPA projects throughout the Western Hemisphere. If climate change poses as serious a threat to the planet

as many scientists believe, this paltry sum will do little to stave off impending global catastrophe. Although the U.S. economic recovery remains tenuous and its fiscal situation is precarious, the monies appropriated to ECPA to date by the U.S. government are embarrassingly meager. By way of comparison, the United States in recent years has spent approximately $4.4 trillion dollars on two wars in Afghanistan and Iraq.[28] If the richest country in the Americas has failed to make any serious investment to fund initiatives under ECPA, it is highly unrealistic to expect other governments to make up the difference. It speaks volumes that neither President Obama, in his speech to the heads of state gathered at the Sixth Summit of the Americas, nor a senior member of the U.S. delegation, raised ECPA.

Meager Results from the Sixth Summit of the Americas on Energy and Climate Change

The Sixth Summit of the Americas meeting in Cartagena in April 2012 focused on interconnecting the physical infrastructure of the Western Hemisphere at the national, regional, and sub-regional levels. In his opening address, Colombian President Juan Manuel Santos set forth the goal in this way:

> "working, with the support of multilateral institutions, to develop programs and projects for physical infrastructure and electrical interconnection to integrate the Americas" and "establishing appropriate coordination to prevent and respond to natural disasters…, including those caused by climate change."[29]

One of the specific mandates coming out of the Cartagena Summit was to "promote and/or optimize electrical interconnection and foster the development of renewable energy generation in the Americas."[30] Given the disappointing results produced by previous efforts in Latin America to connect national electricity grids across borders, it is perplexing that this topic received such prominence in Cartagena, other than the fact that, if it came to pass, it would be economically beneficial for Colombia. Not only will the type of interconnection that is proposed from Panama to Chile require a herculean effort to complete and absorb huge amounts of capital, it will also require major changes to domestic laws in order to ensure some level of harmonization that can facilitate cross-border sales of electricity.[31] Furthermore, it is

unclear from where the electricity will be generated. It is presumed to come from Colombian hydroelectric dams, but the future viability of this resource is threatened by climate-induced melting of Andean glaciers. More realistic is the mandate "to encourage the transfer of available technologies in energy under voluntary and mutually agreed terms, as well as the exchange of best practices."

Surprisingly, given its inclusion as a mandate from previous Summits of the Americas, the Cartagena Summit was silent on the issue of conservation and energy efficiency. Energy efficiency is the cheapest and easiest way to reduce greenhouse gas emissions. Efficiency and conservation will lead to more significant reductions in greenhouse gas emissions over a shorter period of time than the gains from enhanced reliance on renewable energy alternatives, such a solar and wind power combined, due to current technological constraints. The International Energy Agency estimates that greater efficiency could reduce current green house gas emissions by two-thirds, while the McKinsey Global Institute thinks energy efficiency could get the world halfway toward the goal, espoused by many scientists, of keeping the concentration of greenhouse gases in the atmosphere below 550 parts per million.[32] The only reference to climate change arising from the Cartagena Summit is a toothless, boilerplate mandate under the heading of "Disaster Reduction and Management" that calls on the governments of the Western Hemisphere to "work with regional, sub-regional, and international financial institutions with the aim to strengthen financing mechanisms for adaptation to climate change."[33]

Recommendations

The Sixth Summit of the Americas in Cartagena was most notable for the failure of the United States to exert any leadership role on the crucial issues of energy security and climate change. In his official address, President Obama made only passing reference to forging clean energy and climate partnerships in the Western Hemisphere, and never mentioned the ECPA. This was a remarkable omission as the ECPA has been the U.S. government's official submission for fulfilling the energy and climate change related mandates arising from the Trinidad Summit in 2009.[34] By downplaying energy and climate change, Washington risks ceding the initiative—at least in South America—to

UNASUR. Although UNASUR has been active on the issue of energy security, including the need to expand the use of renewable and alternative energy resources, as well as enhance energy efficiency and conservation, it has been conspicuously silent with respect to specific projects to address climate change. Even on the energy security front, issues of ideology and political alignment have hampered UNASUR's progress. Accordingly, there is still a need for Washington to focus on hemispheric energy security and climate change issues.

1. Propose Carbon Offset Agreements at the State and Provincial Levels

In the absence of federal climate change legislation, the U.S. State Department should promote and assist states such as California and those in the Regional Greenhouse Gas Initiative, such as Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island and Vermont, that have cap-and-trade programs to enter into carbon offset agreements. These would replicate the current U.N.-administered CDM on a bilateral basis with interested foreign countries and subdivisions throughout the Western Hemisphere. Sacramento has already taken the lead on this front when the state's Air Resources Board released proposed regulations in May 2012 to link California's cap-and-trade program to the Province of Quebec to form a joint carbon market to reduce greenhouse gas emissions. California has also been working with a number of other Canadian provinces—including British Columbia, Manitoba and Ontario—within the Western Climate Initiative on approaches to linking their emissions trading. Furthermore, California has been at the forefront in signing bilateral agreements under REDD-plus with the states of Acre in Brazil and Chiapas in Mexico for pilot projects to protect their rainforests in return for carbon credits. California has also approached a number of other Brazilian and Mexican states, as well as several provinces in Indonesia and Nigeria, to devise programs through which international forestry credits can be eligible for trading under California's cap-and-trade system.

2. Reshape the ECPA Portfolio

The Obama administration should renew its commitment to the ECPA by giving the ECPA portfolio to the new Bureau of Energy Resources at the State Department and requiring that the Special Envoy and Coordinator for International Affairs (who heads that Bureau) work closely with the Secretary of Energy. Equally as important is the need to adequately fund projects that fall under ECPA's umbrella. In order to obtain the best return on its investment in a relatively short period of time, it is imperative that the federal government work in partnership with the private sector firms throughout the Western Hemisphere to develop energy efficiency mechanisms, including cleaner and more efficient use of fossil fuels. As President Obama himself often mentions, energy efficiency initiatives are the low-hanging fruit in the push to reduce greenhouse gas emissions. Meanwhile, efforts to enhance energy efficiency and promote conservation are the least likely to engender political pushback from other nations in the Western Hemisphere, unlike more ambitious efforts to integrate energy markets.

3. Leadership in Galvanizing Science and New Technologies

The Energy Department should encourage and coordinate the efforts of universities and scientific think tanks throughout the Americas to develop new sources of renewable energy and to enhance the efficiency of existing energy resources through the development of new technologies. The focus needs to be on joint technology development and licensing rights so as to facilitate the subsequent rapid diffusion of new technologies.[35]

Conclusion

The planet cannot wait for the White House to seek the most propitious political moment to make significant reductions in greenhouse gases. The Obama administration should not wait for a multilateral agreement to replace the Kyoto Protocol, or hope to convert short-sighted members of the U.S. Congress who prefer to ignore the looming catastrophe that the vast majority of the international scientific community indicates will happen if we do not seriously tackle climate change now. Accordingly, the Obama administration should go beyond acknowledging the abundance of opportunities our neighbors in the Americas offer and embark upon a serious initiative to engage them in a hemispheric effort to enhance energy security and reduce greenhouse gas emissions that can serve as a global prototype.

Footnotes

[1] A full copy of the report entitled "Economics of Climate Change in Latin America and the Caribbean: Summary 2009" is available at: http://www.eclac.cl/publicaciones/xml/3/38133/2009-851-Summary-Economics_climate_change-WEB.pdf. The report emphasizes solid evidence showing that climate change will have a significant economic impact on the agricultural sector in Latin America and the Caribbean. However, these impacts are heterogeneous by country and demonstrate nonlinear behavior. Some countries, or parts thereof, will thus enjoy temporary windfalls as a result of moderate increases in temperature and changes in precipitation, although the negative impacts will prevail in the long term for everyone. The same report also notes that while Latin America's carbon dioxide emissions from the energy sector are increasing as per capita income rises, current emissions are primarily attributable to changes in land use patterns, such as increased deforestation, and not from energy consumption. However, this could dramatically change if future water shortages due to climate change lead to a decreased reliance on hydropower. The lower levels of carbon dioxide indicate less reliance on fossil fuels than in other parts of the world. In the case of the Caribbean, while 97 percent of carbon emissions are the result of energy consumption, emission levels are insignificant on a global scale.

[2] Organization of American States (OAS), *Declaration of Commitment of Port of Spain: Securing Our Citizens' Future by Promoting Human Prosperity, Energy Security and Environmental Sustainability*, April 19, 2009, p. 11, fn. 1. Available at: http://www.summit-americas.org/GA09_CD/v_summit_decl_comm_en.pdf. Bolivia's concerns were premised on "the view that the development of cooperative policies and arrangements intended to expand biofuels in the Western Hemisphere can adversely affect and impact on the availability of food and raise food prices, increase deforestation, displace populations due to the demand of land, and ultimately aggravate the food crisis." In addition, biofuel expansion "would directly affect low-income persons, especially the poorest economies of the developing countries."

[3] Ibid, pp. 12-13. In terms of developing and implementing a voluntary code of corporate responsibility, particular emphasis is to be given to "initiatives that enhance dialogue among government, industry, local communities, indigenous groups, and non-governmental organizations, to enable all stakeholders to better understand, participate in and benefit from energy sector activities."

[4] OAS, *Plan of Action of the III Summit of the Americas*, April 2001, p. 21. Available at http://www.summit-americas.org/iii_summit/iii_summit-poa.eng.pdf.

[5] OAS, *Declaration of Commitment of Port of Spain* (April 2009).

[6] A press release put out by the White House on April 19, 2009 noted only that: "President Obama invited countries of the region to participate in an Energy and Climate Partnership of the Americas; a voluntary and flexible framework for advancing energy security and combating climate change. Countries will be encouraged to suggest tangible ideas for cooperation, including on energy efficiency, renewable energy, cleaner fossil fuels, and energy infrastructure." The White House, Press Release, *"The United States and the 2009 Summit of the Americas: Securing Our Citizens' Future."* Available at: http://www.whitehouse.gov/the-press-office/united-states-and=2009-summit-americas-securing-our-citizens-future.

[7] United States Department of Energy, *ECPA-Open Invitation and Flexible Framework.* Available at: http://energy.gov/node/1939/office-policy-and-international-affairs/initiatives/energy-climate-partnership.

[8] OAS, "Official Remarks of United States President Barack Obama at the Opening Ceremony of the Fifth Summit of the Americas," April 17, 2009, p. 2. Available at http://www.summit-americas.org/V_Summit/remarks-usa-en.pdf. More cynical observers have pointed out that this emphasis on an "equal partnership" was intended to mask the fact that the recently inaugurated Obama appeared in Port of Spain empty handed. Given the collapsing economy he inherited from outgoing President George W. Bush, two major foreign wars, and a financial services sector teetering on bankruptcy, the United States was in no condition to propose any type of initiative that would involve significant contributions of time and capital. Regardless of the pragmatic reasons for this change in approach, for a region long plagued by the hegemonic power wielded by the United States, Obama's new tone was wildly popular and even elicited an effusive embrace of Obama by Venezuelan President Hugo Chávez.

[9] U.S. Department of Energy, Press Release: "Americas' Energy Leaders Take Action to Realize Energy and Climate Partnership of the Americas," June 16, 2009. Available at http://www.energy.gov/articles/americas-energy-leaders-take-action-realize-energy-climate-partnership-americas. The emphasis on "limited funding" practically ensures that this proposal will meet the same fate as the Clean Cities partnership proposed by the Clinton administration back in 1999. That initiative with similar objectives but limited to Chile collapsed from a lack of funding at a time when the federal government enjoyed a healthy fiscal surplus.

[10] A full list of the initiatives falling under the ECPA umbrella is available at: http://www.ecpamericas.org.

[11] The IDB originally hoped to increase this credit line to $3 billion by 2012. That never happened. Ironically, the bulk of the money within this credit line has been supplied by countries from outside the Americas, including Japan, South Korea and Spain.

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[12] Sadly this program soon collapsed, as the U.S. government failed to adequately fund it, and the three American scientists lost interest and began pursuing other opportunities.

[13] British Petroleum, *BP Statistical Review of World Energy*, June 2012, p. 6. Available at http://bp.com/statisticalreview.

[14] José Miguel Insulza, "Energy and Development in South America," in C. Arnson et al. (eds.), *Energy and Development in South America: Conflict and Cooperation* (Washington, D.C.: Woodrow Wilson International Center for Scholars, 2008), p. 9.

[15] Lila Barrera-Hernández, "South American Energy Network Integration: Mission Possible?" in M. M. Roogenkamp, et al. (eds.), *Energy Networks and the Law: Innovative Solutions in Changing Markets* (Oxford: Oxford University Press, 2012), p. 61. Natural gas's reserves-to-production ratio exceeds 130 years in Bolivia, Ecuador, Peru, and Venezuela.

[16] United States Energy Information Agency, *Brazil Country Analysis Brief,* February 28, 2012. Available at http://www.eia.gov/emeu/cabs/Brazil/pdf.pdf. By way of comparison, renewable energy sources, including solar, wind, geothermal and biomass, as well as hydropower, generated only 13 percent of the electricity in the United States in 2011, while renewable sources contribute to approximately 8 percent of total energy consumption. One reason for Brazil's high reliance on renewable energy resources is that almost the entire passenger vehicle fleet is now equipped with flex fuel engines that allow Brazilian drivers to run their cars exclusively on ethanol.

[17] M. Wolf, "Prepare for the Golden Age of Gas," *Financial Times*, p. 9, February 22, 2012.

[18] Centre for International Governance Innovation (CIGI), *Blueprint for a Sustainable Energy Partnership for the Americas* (Waterloo, Ontario: CIGI, 2009), p. 9. Available at http://www.cigionline.org.

[19] At the U.N. Conference on Climate Change (COP 17) in Durban, South Africa in December 2011, some 35 industrialized countries agreed to extend their Kyoto Protocol mandates (and, as a consequence, their participation in the CDM) until such time as a new climate change agreement is concluded by all U.N. member states. The deadline for achieving such an agreement, which will include the United States and all major developing countries committing to legally binding reductions in greenhouse gas emissions, is 2015.

[20] Research conducted by two Stanford University law professors in 2008 found that a large fraction of the credits generated under the CDM did not represent genuine reductions in greenhouse gas emissions, as many projects that "reduce" emissions would have been built anyway and at a far lower cost. Even worse, the CDM creates perverse incentives for developing countries to increase carbon emissions as a way of generating CDM credits that can then be offered to developed nations desperate to find offsets for their own pollution-inducing activities. See Michael Wara and David Victor, *A Realistic Policy on International Carbon Offsets,* Program on Energy and Sustainable Development Working Paper # 74, Freeman Spogli Institute for International Studies (Stanford University: April 2008). Available at http://fsi.stanford.edu/publications/a_realistic_policy_on_international_carbon_offsets/.

[21] CIGI, *Blueprint for a Sustainable Energy Partnership for the Americas*. Interestingly, because Brazil's emissions primarily come from the burning of tropical rain forests, this practice does **not** contribute to new global greenhouse emissions *per se*, as live trees naturally remove carbon from the air and, when burned, are simply releasing back into the atmosphere what they initially took out. So there is no net gain or loss. See Burton Richter, *Beyond Smoke and Mirrors: Climate Change and Energy in the 21st Century* (New York: Cambridge University Press, 2010), pp. 68-9. "Since plants get the carbon for their growth from the carbon dioxide in the atmosphere and release it on burning, they do not give any net increase in greenhouse gas as long as they are grown without fertilizers and other modern agriculture technology." The real problem, of course, is the soot released by the mass burning of trees, which creates havoc in the atmosphere in terms of trapping or keeping out solar rays as well as the previously mentioned loss of a natural means for sequestering new carbon dioxide emissions from the heavy global use of fossil fuels.

[22] REDD is an effort to create a financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. REDD-plus includes the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks as a way to potentially generate financial flows from the developed world to developing countries under any new multilateral climate agreement to replace the Kyoto Protocol with a new multilateral agreement no later than 2015. At the December 2011 U.N. Climate Change conference in Durban, South Africa, standards were issued for financing REDD-plus projects (including the use of market and non-market sources).

[23] Anthony T. Bryan, "Trinidad and Tobago," in Sidney Weintraub (ed.), *Energy Cooperation in the Western Hemisphere: Benefits and Impediments* (Washington, D.C.: Center for Strategic and International Studies, 2007), p. 381. Approximately 93 percent of the Caribbean's energy consumption is fossil fuel based, while only 4 percent comes from renewable energy.

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24 Repsol is a privately held Spanish energy company with assets worldwide.

25 Barrera-Hernández, "South American Energy Network Integration: Mission Possible?" 2012. For the most part, the development of existing interconnected facilities has been a state-sponsored undertaking backed by individual agreements over the sale of electricity or gas.

26 Comisión de Integración Energética Regional, *Síntesis Informativa Energética de los Países de la CIER: Información del Sector Energético en Países de América del Sur, América Central y El Caribe, Datos del Año 2009*, 2010, p. 15. Available at http://www.cier.org.uy.

27 CIGI, *Blueprint for a Sustainable Energy Partnership for the Americas*, p. 10. One criticism leveled at SIEPAC is that with a transmission capacity of 300 megawatts, it will not have a major impact on a system with 10,000 megawatts of capacity.

28 A recent comprehensive academic study put the actual costs of both the Iraq and Afghan wars through the end of 2011 at $4.4 trillion, counting expenses such as veterans' medical benefits. By contrast, the Congressional Budget Office's most recent estimation was just $1.5 trillion. See J. Brinkley, "Iraq Outlook Looks Dim After U.S. Troop Pullout: Some Predict Another Brutal Dictatorship," *Politico,* February 27, 2012.

29 OAS, "Remarks by President Jose Manuel Santos at the Opening of the Sixth Summit of the Americas," April 23, 2012. Available at http://www.summit-americas.org/SIRG/2012/041412/statement_santos_inaugural_en.pdf. In a not-too-veiled admonition to U.S. climate skeptics who have, so far, managed to scuttle efforts to enact federal climate change legislation, Santos noted that "[n]o one can deny the reality of climate change and the urgent need to prepare to face it and mitigate its effects."

30 OAS, *Mandates Arising from the Sixth Summit of the Americas*, p. 1, May 23, 2012. Available at: http://www.summit-americas.org/SIRG/2012/041412/mandates_sc_en.pdf.

31 Chile's electricity grid is not interconnected but divided in three parts.

32 *The Economist,* "The Elusive Megawatt," May 10, 2008. The U.S. Environmental Protection Agency (EPA) allocated 33 percent and 38 percent of greenhouse gas emissions from energy use in the United States to the transportation and building sectors respectively. See Richter, *Beyond Mirrors and Smoke: Climate Change and Energy in the 21st Century.*

33 OAS, *Mandates Arising from the Sixth Summit of the Americas*, p. 4.

34 OAS Summit Implementation Review Group, *Report of the United States Government on Implementation of Mandates from the Fifth Summit of the Americas,* May 27, 2010. Available at http://www.summit-americas.org/nat_rep/2010/USA_en.pdf.

35 CIGI's *Blueprint for a Sustainable Energy Partnership for the Americas* proposed an energy and environment hemispheric research initiative that looked at three specific models: (1) the Alberta Oil Sands Technology and Research Authority (AOSTRA); (2) a project funded by the Bill and Melinda Gates Foundation that included Amyris Biotechnologies (a University of California at Berkeley startup) to develop a synthetic malaria drug distributed in the developing world on a not-for-profit basis, but whose bio-fuel applications were sold commercially; and (3) the International Energy Agency's so-called implementing agreements. The rationale for doing so was to avoid the dilemma whereby governments invest heavily in both basic and applied research, as well as provide generous loan guarantees during the commercialization phase, but often have no intellectual property rights to the successfully developed technologies. This phenomenon inhibits the technology's subsequent dissemination. See CIGI, *Blueprint for a Sustainable Energy Partnership for the Americas*.

COMMENTARY BY DIANA VILLIERS NEGROPONTE

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The author's history of hemispheric initiatives on energy and climate change leaves readers with the question of why sustained pronouncements at the summit meetings since 1994 had continually failed. Examination of the causes of failure might focus on the following: the absence of hemispheric homogeneity, growing resource nationalism, and lack of sufficient hemisphere-wide financial resources. OAS will not solve the key challenges of advancing energy security and combating climate change, because it has neither the juridical competence nor the funds to oblige the member states to carry out the repeated recommendations. Summits of the Americas are useful as a gathering of hemispheric leaders, during which time several bilateral meetings can take place—but they should not raise hopes for realistically solving serious problems. We should view the summits as rhetorical opportunities for advocacy, not vehicles for advancing pragmatic action.

Solutions lie within the competency of the Inter-American Development Bank (IDB), which has the means both to gather interested parties together and to fund identifiable projects. Conscious of the importance of these issues, the IDB currently finances Energy Innovation Centers to facilitate regional projects. Among them are the Regional Energy Efficiency Training Center in Costa Rica, the Geothermal Center in El Salvador, and a Biomass Center in Brazil. If hemispheric solutions cannot be achieved to confront the challenges of energy and climate change, then pursuit of specific bilateral programs is a realistic and achievable way forward.

The U.S. Department of Energy, the Natural Resources Defense Council and other private U.S. entities are more likely to participate in discrete, bilateral projects than in grand hemispheric ideas. Clearly defined bilateral tasks would stimulate the talent and resources of peoples to use their scientific knowledge and investments effectively to advance energy and environmental projects.

The author's recommendation to pursue carbon offset agreements at the state level may provoke a constitutional challenge on the grounds that only the federal government has the authority to negotiate international agreements. However, the author is proposing joint carbon markets, not binding treaties. The proposal is more akin to commercial and transportation agreements between states than international laws. California leads the way with its proposed linkage of a cap-and-trade program with the Province of Quebec. If this goes forward, then we can expect numerous other joint carbon markets. These state-to-state agreements have the advantage of recognizing and assuming global responsibilities, but enacting them at the local level. This may lay the groundwork for resolving other strategic global problems.

PUBLIC SECURITY CHALLENGES IN THE AMERICAS

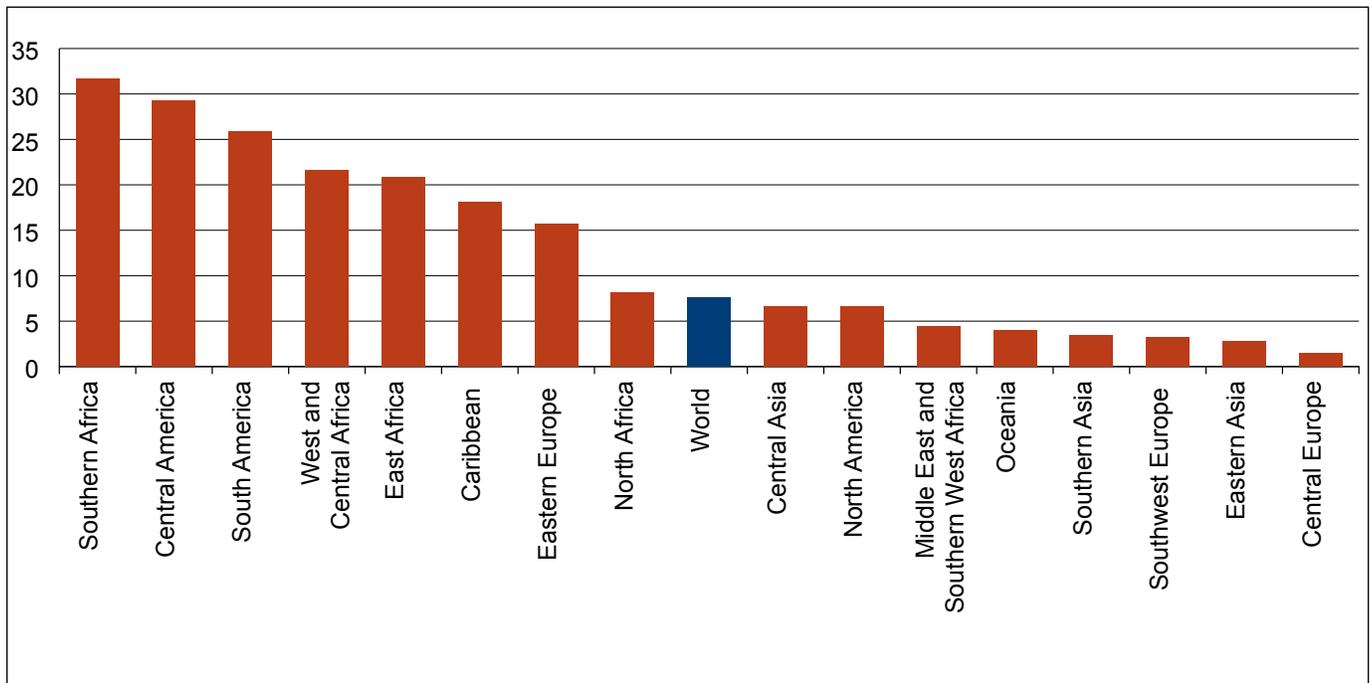Kevin Casas-Zamora* | *Secretary for Political Affairs at the Organization of American States*

Lucía Dammert * | *Professor at the Universidad de Santiago de Chile and Fellow at the Woodrow Wilson International Center for Scholars*

Executive Summary

- Latin America remains one of the most violent regions in the world—by some measures the most violent one. During the past decade alone, 1.4 million people in Latin America and the Caribbean (LAC) lost their lives as a result of violent crime.

- If murderous violence affects Latin American countries in different ways, its impact is also diverse across the various socio-demographic groups. Particularly worthy of mention is the high concentration of regional homicide victims among men between 15 and 29 years of age, whose homicide rate in LAC (89.7 per 100,000) is nearly five times higher than the global figure (19.4 per 100,000).

- The perception that state authorities are unable to protect the citizens' most fundamental rights is visibly damaging the support for democratic institutions in LAC and creating a breeding ground for authoritarian attitudes.

- Fear of crime has become a unique social problem that directly impacts quality of life of most Latin Americans by limiting their activities and increasing expenditures on private security.

- The state is not responding effectively. In fact, the acute problems of effectiveness and integrity of the police and the courts in Latin America are well known.

- In general LAC countries do not have criminal justice systems but a complex network of institutions with few collaborative practices. Furthermore, there is a clear lack of informational systems that would allow for a better policy design process.

- In order to understand the magnitude of the broad criminal violence phenomenon in LAC, one must take into account at least the following factors: highly unequal income distribution, youth marginalization, widespread urbanization, proliferation of guns, pervasive presence of organized crime, and weakness of law enforcement institutions.

- Confronting public insecurity in the hemisphere demands efforts at the local, national, regional and hemispheric levels. These efforts should include the fight against transnational drug trafficking as an important element, though not the centerpiece of the strategy. An international cooperation agenda that focuses on tackling structural factors that generate and reproduce criminal violence, rather than simply on controlling crime, is essential for progress.

- A number of areas are particularly ripe for policy intervention and cooperation at the hemispheric level:

  - **Reframing the discussion.** This means resisting appeals to fighting crime through iron-fisted methods that almost always fail to reduce crime rates but never fail to undermine basic civil rights.

  - **Developing robust indicators**. There is an urgent need to develop better public safety indicators that would allow for more informed diagnoses and policy decisions.


Figure 1.1 World Homicide Rate

Source: Geneva Project Secretariat, *World Report on Violence and Health*, 2008[2]

○ **Improving law enforcement institution building.** International cooperation efforts that focus on training programs for the region's police and judicial authorities are one way to fight widespread impunity, one of the most important incentives for crime activity in LAC countries.

○ **Fighting corruption.** Increasing accountability and transparency at all levels of government should be at the core of any integral initiative toward increasing security in the Americas.

○ **Thinking seriously about the military's role.** It is crucial that countries in the hemisphere engage in a meaningful conversation on the military's proper role—if any—in the fight against crime, particularly organized crime, in a functional democracy.

○ **Increasing the state's coordinated presence in violent areas.** One of the most serious hindrances to

security in the region is the presence of "failed spaces," which are territorial spaces in which the state's writ has ceased to rule or never existed. The most violence-ridden places require massive and coordinated state presence, organized under the leadership of task forces that work in conjunction with the community.

○ **Limiting gun trafficking.** The region needs to make significant strides to regulate transfers of small weapons across borders, and even more efforts to revamp national laws regarding gun possession that are generally permissive and/or poorly enforced.

○ **Combating money laundering.** While the drug business is extremely profitable, anti-money laundering efforts have not been at the top of the regional agenda. It is critical to jointly look for the "money trail" and fight all types of informal economic activities that are financed by drug trafficking organizations.

Figure 1.2 Homicide rates in Latin America, 2011
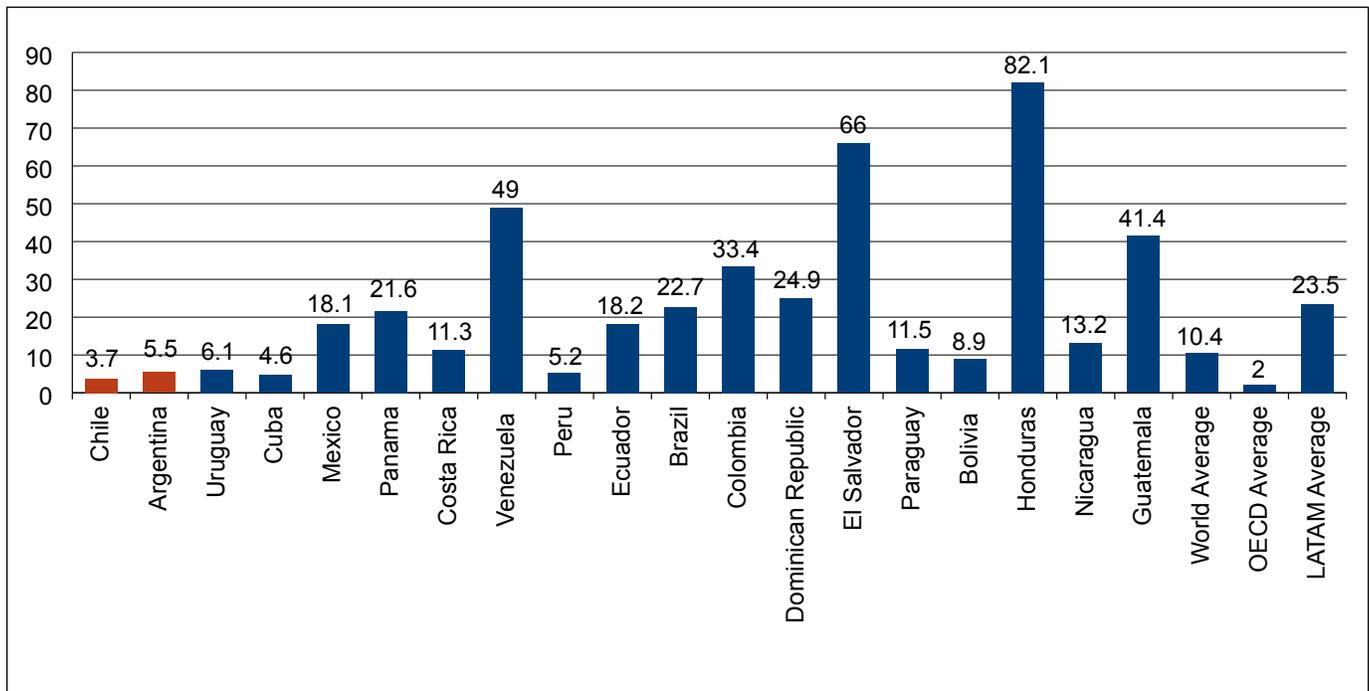
Source: UNODC, 2011

○ **Rethinking the "war on drugs."** It is high time to re-evaluate the cost efficiency of the traditional approach of the so-called "war on drugs," which is heavily slanted toward interdiction and destruction of illicit crops. Instead, there should be a meaningful evidence-based hemispheric debate on the most effective and efficient options to mitigate the harm that drugs and drug trafficking inflict on societies.

○ **Enhancing social inclusion.** A hemispheric agenda against crime ought to include more focus on social, economic, cultural and political inclusion.

The Context

Latin America's democratization process and increasingly robust economic development are threatened by pervasive criminal violence and some of the factors that lie beneath it. Latin America remains one of the most violent regions in the world—by some measures the most violent

one. During the past decade alone, 1.4 million people in Latin America and the Caribbean (LAC) lost their lives as a result of violent crime.

For two decades all available figures put the rate of intentional homicide in the region above 20 per 100,000 inhabitants, practically tripling the figure for the world as a whole. According to the latest global estimate, in the year 2004 only sub-Saharan Africa showed comparable figures to those of LAC (see Figure 1.1).[1]

Regional murder figures hide, however, a surprisingly heterogeneous reality. In Latin America, some of the world's highest murder rates, such as those in Venezuela, Colombia and especially the northern region of Central America, coexist today with relatively low rates in the Southern Cone's countries. While in 2011 Honduras recorded the world's highest murder rate (82 per 100,000 people), 16 times higher than that of the United States and 45 times above that of Canada,[3] Chile's rate was, in fact, similar to

Figure 1.3 Victimization Rate in Latin America, 2011
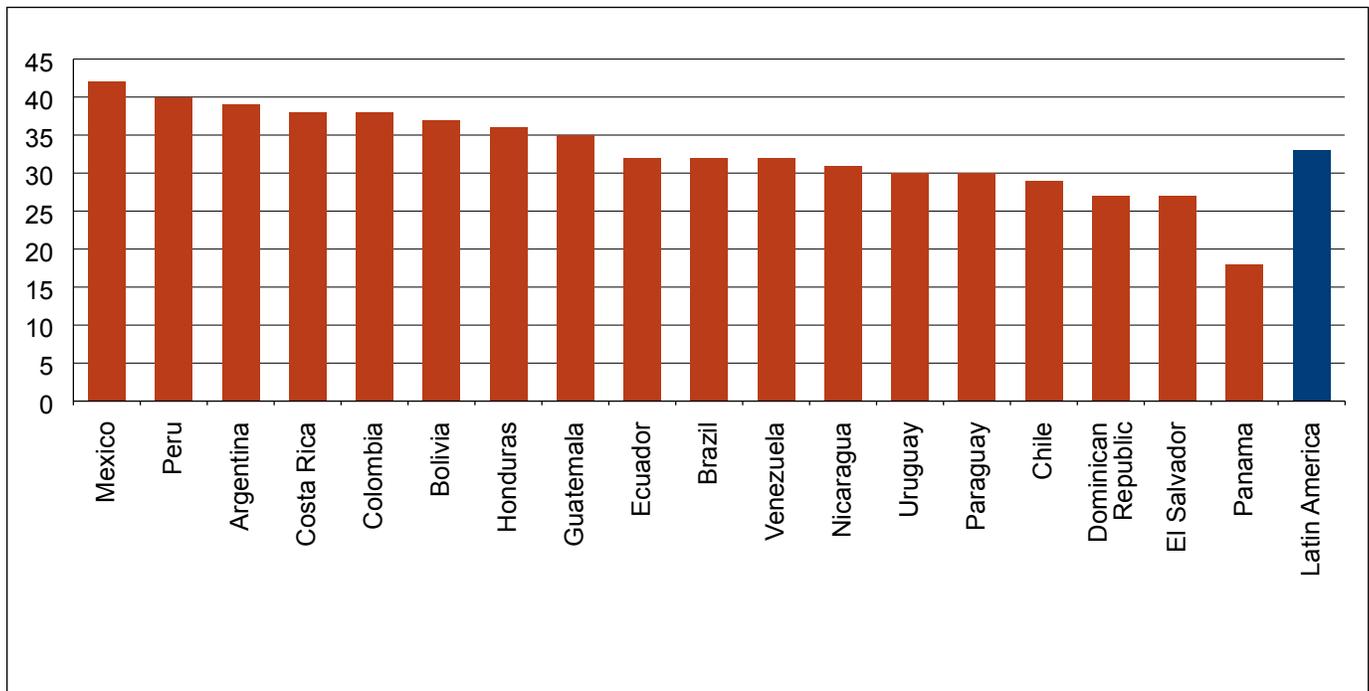
Source: Jan van Dijk et al., *The Burden of Crime in the EU – Research Report: A Comparative Analysis of the European Survey of Crime and Safety*, 2005 [8]

that of the countries of Western and Central Europe, which have the lowest indicators of criminal violence in the world. The remaining countries had intermediate rates, which are high nonetheless within the international context. Today, only 3 of the 18 Latin American countries (Chile, Argentina and Uruguay) exhibit homicide rates below the global rate (7.6 per 100,000 inhabitants in 2004). The latest United Nations report on homicides shows that among the 20 countries with the highest homicide rates in the world, 10 are located in LAC.[4]

If murderous violence affects Latin American countries in different ways, its impact is also diverse across the various socio–demographic groups. Particularly worthy of mention is the high concentration of regional homicide victims among men between 15 and 29 years of age, whose homicide rate in LAC (89.7 per 100,000) is nearly five times higher than the global figure (19.4 per 100,000).[5] Although femicide is a serious and possibly growing problem in the

region, the most notable feature of homicidal violence in LAC is the extreme disparity between homicide rates for men and women, unparalleled in the world. If globally the ratio of murders of males to murders of females is 3.4 to 1, in Latin America the ratio stands at almost 11 to 1.[6]

Homicides are just the most visible part of the security challenge and the less problematic to quantify. When the inquiry includes other dimensions of the violence, the regional picture is, if anything, bleaker. In 2010, the proportion of households where someone was the victim of a criminal offense in the previous year was over 25 percent in nearly all Latin American countries. Unlike the rates of homicide, the regional data of victimization is quite homogeneous, with 13 out of the 18 countries ranging between 30 percent and 40 percent of households victimized per year. In any given year, over one-third of Latin Americans—200 million people—are victims of a criminal offense either directly or in their immediate household. Today, the highest victimization

rates are found in Mexico, Peru, Argentina and Costa Rica (see Figure 1.2). The Latin American average dwarfs the average victimization figure recorded by the 2005 International Crime Victimization Survey, covering over 30 industrialized countries—16 percent.[7]

Even more serious are the acute and rapidly escalating levels of fear of crime detected throughout the region. According to Latinobarómetro, a regional opinion poll, in 2011 in almost all countries the majority of the population claimed to live in an increasingly unsafe country. Negative expectations on public safety have risen dramatically throughout the region.[9]

The deleterious consequences of crime—and the accompanying fear of it—are multifold. They start with the staggering human cost, but go on to encompass economic and political implications. Nearly one-half of the fatal victims of crime in LAC are young men between 15 and 29 years old, at the peak of their productive and reproductive lives.[10] Rigorous estimates place the direct and indirect costs of violence in LAC at 12 percent of the region's GDP—a number greater than the economic output of Argentina and Chile combined.[11] Unsurprisingly, the issue of crime has become the region's dominant preoccupation. Latinobarómetro 2011 reports that 27 percent of Latin Americans rank crime as their countries' most pressing concern, a three-fold increase since 2001 and a much larger figure than for any other collective challenge.[12]

The perception that state authorities are unable to protect the citizens' most fundamental rights is visibly damaging the support for democratic institutions in LAC and creating a breeding ground for authoritarian attitudes. According to the 2010 Americas Barometer, another regional survey, 42 percent of the population in LAC believed a *coup d'etat* was justified in a critical situation due to high crime rates.[13] Population in the region—as frightened as it is eager for public order—is paying close attention to, and often rewarding at the ballot box, populist rhetoric that offers the "iron fist" and a cavalier attitude toward the rule of law to solve the security problems. A growing reliance on the military to take over public security missions, as seen in countries like Mexico and El Salvador, is another indication of both the seriousness of the threat and the risks of undermining democratization and the rule of law in the hemisphere.

In sum, although the magnitude of the public security problem and concern about it vary from country to country, there is no doubt that crime and fear of crime have become defining traits of the reality in LAC, with far-reaching implications.

Some Roots

The levels of violence described in the previous pages do not occur at random. Identifying the list of causes that lie behind violent crime, and the relative importance of each of them, is a task that far exceeds the scope of this paper. The very notion of "cause" is problematic in the context of crime. Therefore, we prefer the use of the term "risk factor" common in the epidemiological literature.[14] It is possible, at most, to identify social and individual factors whose relationship with crime rates displays statistical regularity. Even that, however, could lead to the wrongheaded belief that it is possible to clearly isolate the factors fueling the growth of criminal violence.

The reality is much more complex. Criminal behavior is a most difficult phenomenon to explain, one that is less dependent on the presence of certain social features taken in isolation than on the convergence of many factors and their complex interaction.

At the global level, rates of homicide and robbery have shown significant statistical correlation with socio-economic inequality, economic stagnation (low growth rates), low education levels, high levels of urbanization, and the presence of drugs in communities (either drug trafficking and drug use), among other variables.[15] In the Latin American context, Londoño and Guerrero found strong associations between homicidal violence and income distribution, educational attainment and, to a lesser extent, poverty.[16] Similarly, in the case of Costa Rica's 81 cantons, the United Nations Development Program detected significant correlations between rates of homicide and robbery, on one hand, and the percentage of urban population, population density, the proportion of households with overcrowding, and the rate of arrests for drug possession and illegal weapons on the other hand.[17] Other qualitative studies tend to confirm these findings.[18] Thus, a report by USAID on youth gangs in Mexico and Central America notes that "gang members come from poor and marginalized urban areas, and are the product of an environment characterized by ineffective

services, social exclusion, weak social capital, disintegrated families and overcrowding."[19]

At the risk of giving an oversimplified image of a very complex phenomenon, we will posit that in order to understand the magnitude of the broad criminal violence phenomenon in LAC one must take into account at least the following factors: income distribution, youth marginalization, widespread urbanization, proliferation of guns, pervasive presence of organized crime and weakness of law enforcement institutions.

- *Income distribution*. The empirical relationship between socioeconomic inequality and citizens' insecurity is well established. After analyzing the effect of various socioeconomic variables on rates of homicide and theft in 39 countries, Fajnzylber, Lederman & Loayza concluded that "income inequality, measured by the Gini index, has a significant and positive effect in the incidence of crime."[20] This relationship is stronger than the one observed between insecurity and income levels, poverty, education or economic growth. Given this evidence, it is not a coincidence that LAC has levels of criminal violence unparalleled in the world. Despite some recent improvements, the region has long exhibited the highest levels of income concentration.[21]

- *Youth marginalization*. Criminal violence in LAC cannot be understood without reference to the social marginalization of a significant portion of young people in the region.[22] According to ILO data, one-fifth of young Latin Americans do not study or work, a fact that eloquently summarizes the severity of the social exclusion of this demographic sector, critical for security purposes.[23] The situation is even more serious in the highly violent Central American countries. There, the proportion of young people excluded from education and any kind of employment reaches a quarter of the population. Young people between 15 and 24 years of age constitute 20 percent of Central Americans.[24] They are, however, 45 percent of the unemployed.[25] Not coincidentally, the Central American countries face a problem of youth violence unparalleled in LAC countries. Approximately 70,000 young people belong to gangs—known as *maras*—in Central America.[26] These gangs have a significant impact on levels of uncontrolled violence and increasing participation in activities supporting organized crime.[27]

- *High urbanization levels*. The empirical connection between urbanization and crime—especially the one that affects personal possessions such as houses and cars—is clear, even though explanations behind it are not clear.[28] One possibility is simply that city dwellers are more affluent and have more assets to steal. Another one is that cities tend to attract the migration of young men or other high-risk groups. Still another is that the possibility of arrest is lower in the urban environment. Regardless of the explanation, this connection matters decisively in Latin America, since in 2010 the proportion of population in the region that lived in urban areas was around 80 percent—a figure exceeding that of any region in the world, except North America.[29] Despite the persistence of serious outbreaks of violence in rural areas in countries like Colombia and Peru, criminal violence in LAC is largely an urban problem. In nearly all cases homicide rates in major urban areas of LAC exceed the national figure. Similarly, victimization rates are higher in urban than in rural areas of the region, and the probability of being a victim of a criminal deed increases with the size of the town or city where the person lives.[30]

- *Gun proliferation*. Between 45 million and 80 million light firearms are circulating legally and illegally in LAC, according to a recent estimate.[31] The proportion of homicides committed with a firearm is 19 percent in Western and Central Europe; it reaches nearly 70 percent in South America and 77 percent in Central America—the highest figures in the world.[32] In Venezuela, the most recent estimates situate this ratio between 80 percent and an incredible 98 percent.[33] Thus, for example, the severe increase of intentional homicide in Central America in recent years is due entirely to the increase in deaths by firearms.[34] Many reasons explain such a disparity between regions, including permissive and/or inappropriately applied laws regulating the acquisition and possession of weapons in much of LAC, the legacy of internal armed conflicts in places like Colombia and Central America, and the uncontrolled proliferation of private security companies, often with little government regulation. The presence of gang violence is a factor that should be considered in the increasing levels of gun violence since most problems are resolved by murdering the rival.

- *Organized crime.* The data presented in the first section of this chapter shows that the most acute problems of homicidal violence are concentrated in northern Latin America (Colombia, Venezuela, the Caribbean, Central America and, increasingly, Mexico). This is precisely the geographic area most affected by the international drug trafficking. Approximately 90 percent of the cocaine entering the U.S. market moves through the corridor of Central America and Mexico.[35] About 45 percent of intentional homicides that occurred in Mexico in 2008-2010 were directly related to drug trafficking, a similar proportion to that detected in Guatemala in 2009.[36] The widespread presence of drug trafficking and organized crime sets the backdrop of violence that is plaguing much, but not all, of the hemisphere. Clearly, organized crime goes beyond the operation of large transnational drug trafficking syndicates, which routinely attracts headlines. On the one hand, there are other forms of organized crime in the region, notably human trafficking, that rival drug trafficking in terms of profitability and whose activities, in many cases, make use of networks and structures generated by it.[37] On the other hand, violence levels are affected by the presence of *local* illicit markets fueled by the growth in consumption of narcotics in drug producing or transshipment countries.[38]

These five factors are compounded by another structural flaw, which deserves a more detailed treatment: the weakness of law enforcement institutions in much of LAC.

The Law Enforcement Conundrum

The acute problems of effectiveness and integrity of the police and the courts in Latin America are well known. As shown in Table 3.1, the indicator measuring the rule of law by the Global Governance Indicators by the World Bank yields very poor results for Latin America, separated by a gulf from the countries of the European Union as well as the United States and Canada.[39]

If the gap between Latin America and developed countries is considerable in this area, even more remarkable is that in terms of confidence in the police and the courts, the region lags behind other regions of the developing world, such as Asia and Africa.

Table 3.1 Effectiveness of the Rule of Law in Latin America 2009

Country	Index(*)
Argentina	-0.66
Bolivia	-1.22
Brazil	-0.18
Chile	1.25
Colombia	-0.44
Costa Rica	0.56
El Salvador	-0.78
Ecuador	-1.28
Guatemala	-1.12
Honduras	-0.87
Mexico	-0.57
Nicaragua	-0.83
Panama	-0.09
Paraguay	-0.98
Peru	-0.66
Dominican Republic	-0.72
Uruguay	0.72
Venezuela	-1.59
Latin America	-0.53
Europe	1.05
United States of America	1.53
Canada	1.78

(*) Index oscillates between -2.50 and 2.50.

Daniel Kaufmann et al., World Governance Indicators, 2010. Available at: http://info.worldbank.org/governance/wgi/index. asp.[40]

Adding together all the different intensities of confidence in institutions, the data in Figures 3.1 and 3.2 underestimate the levels of public trust in the region: only 7.5 percent and 5.9 percent of Latin Americans, on average, declare that they have much confidence in the police and the courts, respectively. The comparable figures for sub-Saharan Africa are 29 percent and 33 percent.

One of the predictable results of such a level of mistrust is the reluctance to report crimes, which, in turn, contributes to widespread impunity. In the case of Costa Rica, where levels of confidence in the police and courts are comparatively high in the region, only 23 percent of crimes are reported to authorities, a figure that drops to 22 percent in Mexico.[41] Impunity is also rooted in the minimal results of the judicial system region-wide. Not coincidentally, in Mexico, below 2 percent of offenses result in a sentence—a proportion similar to that detected in Colombia (2.6 percent) some years

Figure 3.1 Lack of Trust in Police in Latin America
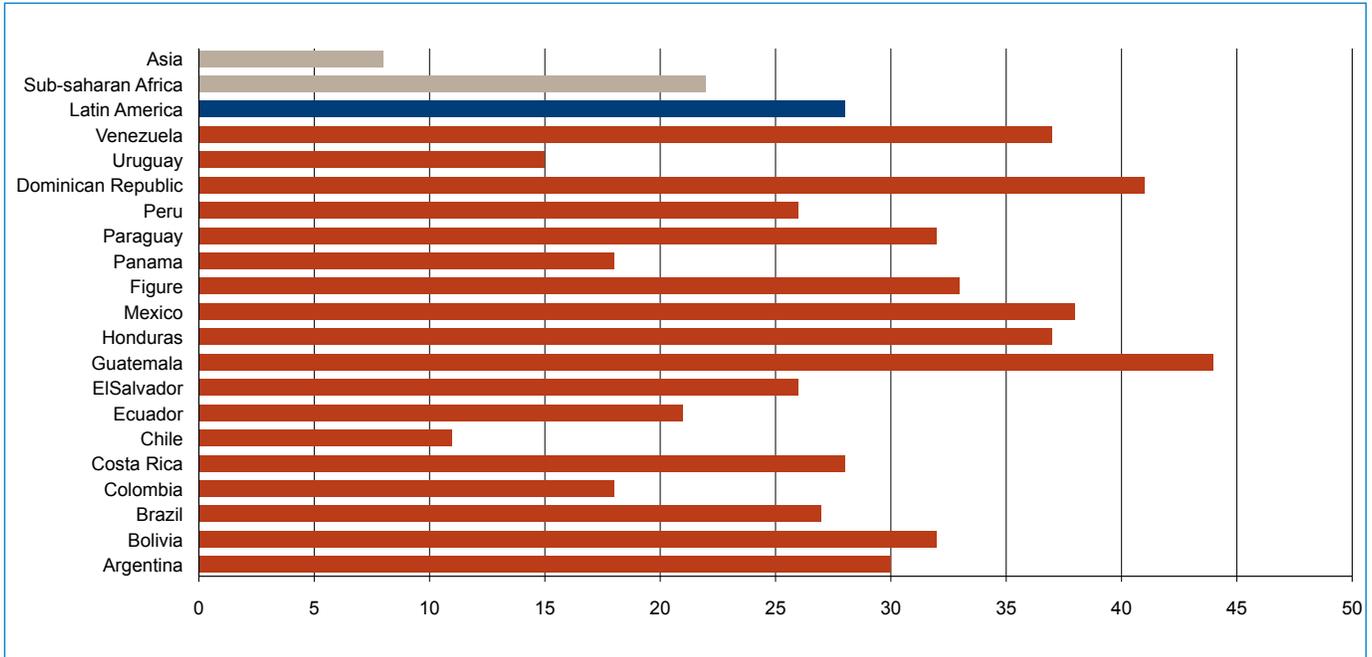
Sources: Latin America: Latinobarómetro 2009; Middle East/Africa: Gallup; sub-Saharan Africa: AfroBarometer 2008, 2009; Asia: Asian Barometer 2008, 2009; United States: Gallup

Figure 3.2 Lack of Trust in the Justice in Latin America
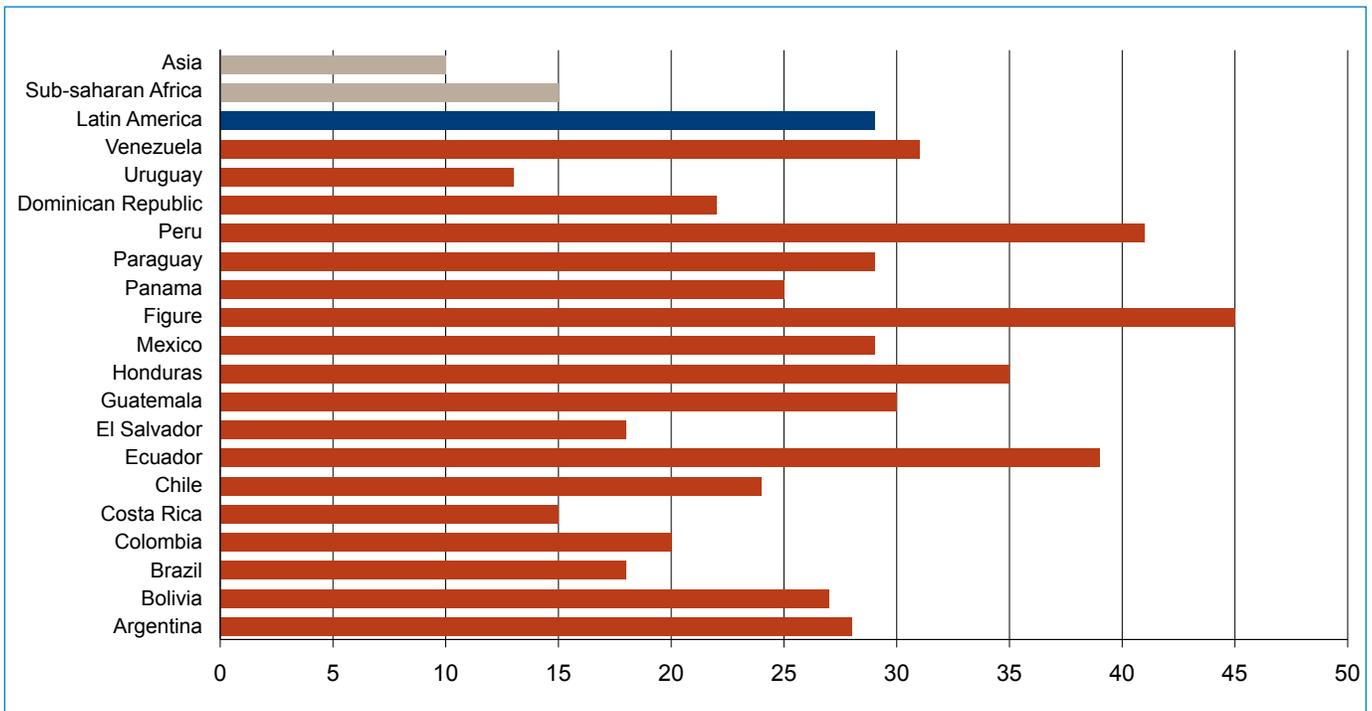
Sources: Latin America: Latinobarómetro 2009; Middle East/Africa: Gallup; sub-Saharan Africa: AfroBarometer 2008, 2009; Asia: Asian Barometer 2008, 2009; United States: Gallup

ago.[42] In Venezuela the problem is even worse: only 2 out of 100 intentional homicides—the most serious manifestation of criminal behavior—are solved by the authorities.[43]

The historical roots of these problems are complex. The advent of democracy in much of Latin America over the past generation found most countries deeply unprepared to deal with a surge in crime. For a long time, the priority bestowed to internal and political conflicts—which consumed the lion's share of the efforts by police forces—crowded out any serious consideration of crime prevention or control in the political agenda. Later, the economic challenges that beset the region's democratization wave left crime issues and the reform of criminal systems once more lingering on the margins of political debates. Lack of reform translated itself into little investment in police, justice and prison system infrastructure, abandonment of the modernization of education and training capacities, and scant technological improvements. Security policies had little interest in or capacity for a multi-pronged approach to criminal phenomena, one that gave due attention to the deep social roots of the problem. Crime was largely conceived as a police problem that in most cases would be ultimately resolved by the justice system and through the incarceration of offenders. In Latin America, the expansion of crime over the past three decades proceeded apace, with acute deterioration of those institutions in charge of its control.

Generally speaking, Latin American countries do not have criminal justice systems but a complex network of institutions with few collaborative practices. In many countries, the institutional response to expanding criminal activity is defined by lack of coordination, absence of compatible and related shared records, and even pernicious interagency competition.[44] There are no information systems adequately connecting the work of the police and that of the law and prison systems. Neither is there a common strategy for the prioritization of action on whatever threats need more attention. Institutions directly concerned with public security are riddled with barriers that restrict their levels of efficiency and effectiveness in controlling and, just as important, preventing crime. Unsurprisingly, they have serious problems in shoring up their legitimacy with the public. Although the panorama is not positive, there are many reforms that were implemented in Latin America that have had important results. Police forces, for instance, have developed programs

to limit human rights abuses and make police accountable to the public. Countries such as Colombia, Chile and Brazil have interesting initiatives on those areas.

Problems are particularly severe in police forces. While there are many types of police in the region, depending on the work they do (prevention, investigation) or their territorial deployment (national, state or local), most of them share an important lack of social prestige associated with inefficiency and corruption.[45]

Simply put, in most countries, police forces do not appear to have the necessary capabilities to deal with crime. In many cases, there is a glaring gap between the technological capability exhibited by criminal organizations and police forces. Thus, in Mexico and the northern triangle of Central America, organized crime has shown a remarkable capacity to deploy highly trained personnel and integrate several criminal operations. The police limitations are compounded by endemic police corruption, a problem linked to the pervasive low salaries and limited social security coverage that afflict the institution, as well as to the increasing economic power of criminal groups. Developing social security coverage for the members of the police is a pending task in most countries. In Mexico, for instance, pensions of police officers amount to less than one-third of the salary they received while in active service.[46] In many cases, police officers do not have insurance to provide some kind of financial stability to their families in case of death or injuries. Hence, it is hardly surprising that members of the police who live in crime-ridden territories are susceptible to corruption. Even when they do not, in many countries police officers may do private work when they go off duty and are often allowed to wear their police uniform and carry a gun while doing so. These practices clearly debilitate the structural capacities of the institution.

There have been many attempts in most Latin American countries to address these and other problems through reform. For the most part, those reforms have focused on institutional changes to improve the quality of police pre- and in-service training, as well as the creation and strengthening of internal and external control mechanisms. In most countries, these efforts have met with little or no success.[47] The political power held by the police, its significant autono-

my and, most of all, the government's need to preserve the internal order, make it very difficult to carry out the necessary and long-overdue reforms.

Latin America's democratic consolidation sorely requires the modernization of police forces and an increase in the state's capacity to enforce the rule of law. Given the sensitivity of the issues and interests involved, these efforts can only succeed with strong and sustained support at the highest political level. The failure of police reform processes will very likely enhance the trend toward the militarization of public security already visible in several Latin American countries.

Indeed, decisions made in the wake of Latin America's democratic transitions to keep the armed forces away from domestic pursuits are being revisited at the moment. The call for military participation in internal security in several countries implies that police forces are unable to deal with crime, but that the military may be capable of doing so. The latter may prove a dangerous mirage. Untrained to control crime, the military's involvement in domestic security may well bring a myriad of troubling consequences, including widespread human right abuses and the corruption of the armed forces.

The state of judicial institutions in Latin America is only slightly better. As mentioned above, most Latin Americans perceive the justice system as slow, corrupt, inefficient, and biased against the poor. Courts are seen as "revolving doors" with limited capacity to prosecute and convict those who commit crimes.

Over the past decade, most Latin American countries have introduced changes to their criminal justice systems, mostly geared toward the total or partial replacement of the traditional inquisitorial procedures with an adversarial or mixed system. The goal has been to strengthen due process and rights of the accused and also to better guarantee citizen security by strengthening criminal investigation processes and obtaining effective, timely and legitimate evidence for convictions. It is too early to know whether these reform processes—which imply new and different roles for judges, prosecutors and police officers—have significantly improved public security. Significant problems have arisen in the implementation of reforms, usually con-

nected to police unwillingness to submit themselves to oversight by the Public Prosecutor's Office in the investigation process.

Moreover, in many countries, public opinion is yet to warm to the changes. In the view of many experts and the public—notably in countries heavily affected by organized crime—the reforms tend to increase the protection of the rights enjoyed by presumed offenders and thus multiply the opportunities for criminals to avoid punishment.[48] It is important to note, however, that in countries where these reforms have been fully implemented the efficiency of the justice system has substantially increased and the duration of criminal proceedings has been reduced.[49]

The weakness of police forces and courts—which are made worse by a near-breakdown in correctional systems throughout the region—is one of the key factors that underlie LAC's violence epidemic.[50] When these deep institutional flaws are placed alongside a set of social conditions and transformations that are inimical to social peace, the picture that emerges is a daunting one. Enhancing public security levels in LAC calls for a comprehensive policy approach that is nonetheless attuned to the nuances of local contexts. Above all, policymakers ought to resist the temptation to seek single causes and remedies to the region's violence. The pending task is far more complicated than simply looking for a silver bullet.

The Challenges

The public security agenda in the Americas is broad and multidimensional. Crucially, effective reforms require a nuanced approach that recognizes the substantial differences in the nature of public safety problems within the region.

Hence, for instance, in Mexico, the so-called northern triangle of Central America (Guatemala, Honduras and El Salvador), and some countries in the Caribbean, such an agenda can hardly be decoupled from the challenges posed by drug trafficking and proximity to the highly profitable U.S. narcotics market. A different kind of organized crime-related challenge afflicts Brazil, particularly its main cities. There, violence problems are also connected to the presence of heavily armed criminal organizations with territorial control, and widespread gun ownership. Yet in the Brazilian case, problems go beyond drug trafficking

operations by transnational syndicates to encompass the presence of local illicit markets involving myriad criminal activities. Colombia and Mexico's security situation, while still heavily determined by the intensity of organized crime, presents unique traits. After many years of combating drug trafficking and crime, the overall results are mixed. Good security-enhancing strategies at the national and some local levels, and lower homicide rates overall, coexist with the visible presence of organized crime and armed groups, which are linked to cocaine production and trafficking. In Venezuela, the politicization and subsequent collapse of law enforcement institutions, the systematic weakening of local authorities, and the country's increased transshipment role in the narcotics trade have created a lethal cocktail that is pushing crime rates upward.

Meanwhile, in most Andean countries (Peru, Bolivia and Ecuador) the main problem is increasingly violent street crime. There is no clear evidence to link this problem to drug trafficking (internal or external) and that may help to explain why murder rates remain moderate. The public safety problems faced by Argentina, Chile and Uruguay, in turn, are related to highly localized spaces where levels of violence are high, as well as the growing incidence of property and personal crime linked to small, local organizations rather than transnational crime syndicates.

The point to emphasize here is that, while an important concern, transnational drug trafficking is merely one factor in explaining the levels of violence in the region. Fighting international drug trafficking ought not to be turned into the articulating principle of a hemispheric public safety agenda. Even in countries where it is a major determinant of crime rates, the pervasive presence of the narcotics trade compounds and indeed builds upon a plethora of deeper structural factors that enhance the vulnerability of these countries to organized crime. Among others, these factors include: weak state institutions unable to command a strong presence in the territory and offer adequate access to public services; vastly inadequate law enforcement capabilities; high levels of political and institutional corruption; marginalization of a significant proportion of the young population, thereby creating a reserve army for illegal activities; growing levels of internal drug consumption; and limited and ineffective gun control policies. The construction of safer societies in the hemisphere requires paying attention to

all these factors, most of which are not amenable to quick fixes. In particular, it is worth insisting that public insecurity cannot be separated from social exclusion.

The main challenge, therefore, is to put in place comprehensive approaches to deal with public safety issues in several complementary ways. They range from institution-building initiatives particularly focused on police, justice reform and prison systems, to social policies aimed at changing the conditions under which crime activities have flourished. Try as hard as it may, the world's most inequitable region will not be able to defeat criminal violence by relying on law-and-order policies alone. Improving human development and social inclusion are a key part of the solution.

The Hemispheric Opportunity

Public security challenges are a cloud hovering over the consolidation of democracy in the Western Hemisphere. Confronting public insecurity in the hemisphere demands efforts at the local, national, regional and hemispheric levels. These efforts should include the fight against transnational drug trafficking as an important element, but not the backbone of the strategy. An international cooperation agenda that focuses on tackling structural factors that generate and reproduce criminal violence, rather than simply on controlling crime, is essential.

The following areas are particularly ripe for policy intervention and cooperation at the hemispheric level:

- **Reframing the discussion.** This means resisting appeals to fighting crime through iron-fisted methods that almost always fail to reduce crime rates but never fail to undermine basic civil rights. The only sustainable way to succeed in the struggle against crime involves implementing effective strategies for social prevention and deepening our countries' commitment to furthering human development, reducing inequality, and expanding the opportunities available to young people. However, social prevention must be calibrated with the strong sense of urgency that the situation demands and by the recognition that state coercion, within the boundaries of the rule of law, is unavoidable in the fight against crime. This is particularly true in responding to organized crime, which demands less social prevention and greater use of intelligence efforts and coercion. Moreover, effective

though social prevention may be in the long term, it is insufficient to placate the political perils that public insecurity poses for countries in the short term. Discourse and expectations must be similarly tamed. There is no easy solution to this surge in violence and we would be the wiser if we all acknowledged it. Societies should be prepared for a prolonged effort.

- **Developing robust indicators**. There is an urgent need to develop better public safety indicators that would allow for more informed diagnoses and policy decisions. In most LAC countries, information on crime behavior and trends are weak or non-existent, and for that reason policies are routinely crafted based on intuition rather than knowledge. Transferring to LAC the expertise of developed countries in this regard is a potentially rewarding pursuit.

- **Improving law enforcement institutional building.** International cooperation efforts that focus on training programs for the region's police and judicial authorities are one way to fight widespread impunity, one of the most important incentives for crime activity in LAC countries. Although criminal justice statutes have been modernized in the region, other critical aspects—such as the training of police officers and prosecutors, intelligence and investigation capacities, internal control procedures, and the use of modern information systems—continue to be inadequate in most countries, further compounding impunity. Equally weak is the formation of civilian capacities in security policies, notably in legislatures but also among the region's civil society.

- **Fighting corruption.** Increasing accountability and transparency at all levels of government should be at the core of any integral initiative toward increasing security in the Americas. This helps to improve society's willingness to abide by the law, as well as enhance the legitimacy of law enforcement efforts.

- **Improving design and implementation of anti-crime policies**. Paying attention to the institutional architecture and the coordination of the actors involved in the implementation of the citizen security policies critical. A successful strategy to reduce crime levels requires:

  ○ Coordination within the executive branch, specifically in attempting to coordinate the implementation of security measures proper with anti-crime policies. Such coordination is essential for long-term crime prevention, yet remains a rarity in LAC countries.

  ○ Horizontal coordination among the different branches of the state, particularly between the police force and the judicial branch.

  ○ Vertical coordination among the different layers of government, which implies clarity in the division of security functions between national and sub-national authorities.

  ○ Coordination between the state and other actors such as NGOs, external donors and others. This is particularly true with respect to private security firms, which have mushroomed throughout LAC countries. Let us not forget that in the adequate regulation of private security firms lies a central problem of sovereignty for states in the region.

- **Thinking seriously about the military's role.** It is crucial that countries in the hemisphere engage in a meaningful conversation on the military's proper role—if any—in the fight against crime, particularly organized crime, in a functional democracy. Ideally, this conversation ought to yield a set of doctrinal principles to guide decision making in this very sensitive area. Institutions such as the Inter-American Defense Board, the Center for Hemispheric Defense Studies, the South American Defense Council, and the Central American Defense Council should take a leading role in convening this discussion.

- **Increasing the state's coordinated presence in violent areas.** One of the most serious hindrances to security in the region is the presence of "failed spaces," which are territorial spaces in which the state's writ has ceased to rule or never existed. The most violence-ridden places require massive and coordinated state presence, organized under the leadership of task forces that work in conjunction with the community. These territories must be literally occupied by the police, but robust social investment should come in its wake, in the shape of school infrastructure, day care centers, labor training facilities, sports installations, and so on. There is nothing novel in all of this.

This is, in essence, what enabled the dramatic decline in Bogotá's crime rate over the past two decades.[51] The recovery of each and every "failed micro-state" must be a project to be handled by the ministries of security alone, but one that involves the whole of the public sector, with first-rate public managers, clear and action plans, and resources—lots of resources.

- **Limiting gun trafficking.** As seen above, an overwhelming proportion of homicides in LAC are committed with guns.[52] The widespread availability of firearms throughout the region lowers their prices in the informal market. The region needs to make significant strides to regulate transfers of small weapons across borders, and even more to revamp national laws regarding gun possession that are generally permissive and/or poorly enforced.

- **Combating money laundering.** While the drug business is extremely profitable, anti-money laundering efforts have not been at the top of the regional agenda. It is critical to jointly look for the "money trail" and fight all types of informal economic activities that are financed by drug trafficking organizations. Signing international treaties is not enough. It is the will to implement their provisions that counts.

- **Rethinking the "war on drugs."** It is high time to re-evaluate the cost efficiency of the traditional approach of the so-called "war on drugs," which is heavily slanted toward interdiction and destruction of illicit crops. Instead, there should be a meaningful evidence-based hemispheric debate on the most effective and efficient options to mitigate the harm that drugs and drug trafficking inflict on societies. In a way, the first requirement for substantial progress in the fight against drugs in the Americas consists in abolishing the prohibition to consider alternative public policy approaches.[53] Fortunately, just recently we have witnessed the initial salvo of this long awaited debate. Perhaps the most remarkable achievement of the Sixth Summit of the Americas, recently held in Cartagena, Colombia, was to have allowed, for the first time, an honest discussion on this issue. This discussion was led not by academics, civil society organizations or retired politicians, but by the region's current political leaders, who in many cases are finally daring to speak in public what they have long said in private.

- **Enhancing social inclusion**. A hemispheric agenda against crime ought to include more focus on social, economic, cultural and political inclusion. This implies, in particular, developing multipronged programs for youth at risk in the Americas, aimed at decreasing school nonattendance rates, improving the quality of public education, preventing teen pregnancies and addictions, and improving access to decent jobs. In making this recommendation, we return to a central component of our analysis. Investment in human development offers the most certain route towards less violent, less insecure societies. The first 30 countries at the top of the UNDP's 2011 Human Development Index—none of which is a Latin American country—have an average homicide rate of 1.3 murders per 100,000 people. Of these 30, only one, the United States, has a homicide rate over 3 per 100,000.[54] When it comes to battling crime, human development is the real story. Everything else is mere detail.

Yet such an approach will not come cheaply. Nearly every form of public policy intervention in LAC is complex and expensive. Thus, in order for public policy to guarantee universal access to social rights—an essential step to reducing violence—countries in the region will have to profoundly reform their taxation systems. Taxes must be paid; in some cases rates should be increased and in almost all tax collection should be improved. The average tax burden in Latin America (18.7 percent of GDP, including social charges) is now a little more than half of taxes the collected by the industrialized countries of the OECD (34.8 percent).[55] Who can thus be surprised that the state in Guatemala has tenuous control over its territory, when its tax collection barely surpasses 10 percent of GDP? Successfully battling insecurity in LAC requires tackling the region's underdevelopment. Criminal violence is the place in which all the shortcomings of our development model are rendered evident. Crime is not just a security issue—it is a development issue.

In no way does this lighten the task at hand, but at the very least it should vaccinate policy against the miracle potions that have proliferated in Latin American countries and which offer societies a sudden mirage of law-and-order power even as societies become more and more resigned. The

"iron fist" law-enforcement approach is akin to a drug fix, which provides an intense, ephemeral, and ultimately false satisfaction. The option to consume this political narcotic is not to let our arms drop, nor is it to internalize violence as a fate predetermined by inscrutable gods. On the contrary, this problem does have a solution. But it is a longer, more complex, more expensive and more demanding solution than we would like to admit.

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The Road to Hemispheric Cooperation: Beyond the Cartagena Summit of the Americas
The Brookings Institution I Latin America Initiative

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COMMENTARY BY VANDA FELBAB-BROWN

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Kevin Casas-Zamora and Lucía Dammert are right to call for a comprehensive approach to fighting crime in Latin America. The need to incorporate well-designed socio-economic approaches into anti-crime strategies applies not only to policies toward social phenomena such as Latin American youth gangs, but also to fighting organized crime. This is because large populations in Latin America in areas with inadequate or problematic state presence, great poverty, and social and political marginalization continue to be dependent on illicit economies, including the drug trade, for economic survival and the satisfaction of other socio-economic needs. For many, participation in informal economies, if not outright illegal ones, is the only way to assure their human security and provide any chance of their social advancement.

By sponsoring especially labor-intensive illicit economies, criminal (as well as militant) groups provide public goods to the marginalized population, suboptimal as they may be, such as employment and an opportunity for social advancement. Criminal and belligerent groups also often provide security. While these groups are themselves sources of insecurity and crime, they often regulate the level of violence and suppress certain forms of crime, such as robberies, thefts, kidnapping, and even homicides. They may also provide dispute resolution mechanisms, including informal courts, in areas where formal justice processes are inaccessible to local populations. Functioning as order and rule providers brings criminal entities important support from the community.

In short, organized crime groups can build far stronger ties to local populations than an absent state, the only manifestation of which frequently is repressive actions. Organized crime groups can thus obtain extensive political capital. To change crime dynamics, the state needs to outcompete criminal groups in providing public goods, including citizen safety, through more effective and accountable law enforcement.

Although frequently portrayed as an effective solution to the problem of organized crime, mere legalization of illicit economies, particularly of drugs, is no panacea.

Proponents of legalization as a mechanism to reduce organized crime make at least two arguments: Legalization will severely deprive organized crime groups of resources. Legalization would also free Latin American law enforcement agencies to concentrate on murders, kidnappings, and extortion.

A country may have good reasons to want to legalize the use and even production of some addictive substances (many, such as nicotine and alcohol, are legal) and ride out the consequences of greater use. Such reasons could include providing better health care to users, reducing the number of users in prison, and perhaps even generating greater revenues and giving jobs to the poor. But without robust state presence and effective law enforcement, both elusive and the reason for the strength of organized crime in Latin America, there is no guarantee that organized crime groups would be excluded from the legal drug trade. In fact, they may have numerous advantages over the legal companies and manage to hold onto the trade, including through violent means. Nor does mere legalization mean that with a switch the state will be robustly and effectively present. Deep state deficiencies, not simply legalization or prohibition, explain why there is so much illegal logging alongside legal logging, for example, or why smuggling in legal goods take place.

Organized crime groups who may be displaced by legalization of the drug trade can hardly be expected to take the change lying down. Rather, they may intensify their violent power struggles over remaining illegal economies in Latin America, such as the smuggling of migrants and other illegal commodities, prostitution, extortion, and kidnapping. To mitigate their financial losses, they may also seek to take over the informal economy in Latin America—trying to control who sells tortillas, jewelry and clothes on the *Zócalo*. If they succeed in franchising the informal economy and organizing public spaces and street life in the informal sector, their political power over society will be greater than ever.

Nor does legalization imply that law enforcement would be liberated to focus on other issues or turn less corrupt: The state would have to devote some (potentially substantial) resources to regulating the legal economy. In the absence of effective law enforcement, legal economies can still be pervaded by violence and corruption and be as abusive to local communities as illegal ones (for instance, the logging sector in Latin America).

Additionally, a gray market in drugs would likely emerge. If drugs became legal, the state would want to tax them in order to generate revenues and to discourage greater use. The higher the tax, the greater the opportunity for organized crime to undercut the state by charging less. Organized crime groups could set up their own fields with smaller taxation, snatch the market and the profits, and the state would be back to combating them and eradicating their fields. Such gray markets exist alongside a host of legal economies, from cigarettes to stolen cars.

There are no shortcuts to reducing crime in Latin America and improving law enforcement forces there. Without capable and accountable police that are responsive to the needs of the people and backed up by an efficient, accessible and transparent justice system, neither legal nor illegal economies will be well managed by the state.

An appropriate anti-crime response is a multifaceted state-building effort that seeks to strengthen the bonds between the state and marginalized communities dependent on or vulnerable to participation in illicit economies for reasons of economic survival and physical insecurity. The goal of anti-crime policies should not only be narrowly to suppress the symptoms of illegality and state-weakness, such as illicit crops or smuggling. Instead, their goal should be to reduce the threat that illicit economies pose from a national security concern to one of a public safety problem that does not threaten the state or the society at large, including by building bonds between marginalized local communities and the state.

Such a multifaceted approach in turn requires that the state address all the complex reasons why populations turn to illegality, including law enforcement deficiencies and physical insecurity, economic poverty, and social marginalization. Efforts need to focus on ensuring that peoples and communities will obey laws—not just by increasing the likelihood that illegal behavior and corruption will be punished, but also by creating a social, economic, and political environment in which the laws are consistent with the needs of the people and seen as legitimate.

THE INTER-AMERICAN DEMOCRATIC CHARTER: AN ASSESSMENT AND WAYS TO STRENGTHEN IT

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Executive Summary

- As the consensus on representative democracy and the commitment to exercise and protect it appear to be declining in many Latin American states, it is important to consider how best to strengthen the Inter-American Democratic Charter (IADC or "Charter"), the principal multilateral diplomatic instrument for the collective promotion and defense of democracy in the Western Hemisphere.

- The IADC incorporates several democracy promotion instruments developed since the early 1990s, as part of a historical effort to return to democratic governance after a long period of military rule.

- This paper identifies some of the strengths and shortcomings of the IADC, assesses its effectiveness, and proposes a series of measures to strengthen it. These include specifying some of the terminology that remains unclear; allowing other branches of government (e.g., the legislature or the judiciary) to express before the Organization of American States (OAS) their views on violations of the Charter in their respective countries; setting up automatic invitation to electoral observation; enabling the secretary general to engage more proactively in member countries; installing an inter-American commission to observe compliance with the Charter; and finally, making the Charter legally binding and a part of the constitutional framework of member nations.

- It concludes with the caveat that implementation of reforms, which requires consensus amongst the member states—and the leadership to build that consensus—is improbable in the short run because of existing political and ideological divisions in the hemisphere.

The Context

Strengthening democracy and respect for human rights throughout the Americas have become cardinal principles of the inter-American system. After decades of authoritarian rule in the hemisphere, at times aided and abetted by the United States, the region's governments have adopted and continue to embrace a democracy and human rights vocation. This commitment has been translated into legal and political instruments that, in principle and in practice, have helped create an environment conducive to building and sustaining democratic institutions and the rule of law.[1] The IADC and the American Convention on Human Rights, with its Inter-American Court of Human Rights and the Inter-American Commission on Human Rights (IACHR), are the most visible manifestations of this commitment.

And yet, there is mounting evidence that the 10th anniversary of the IADC in September 2011 marked not only a celebration of progress but also a recognition that these commitments are increasingly threatened by steady erosion and even attack by several Latin American countries. Political will for collective action in the promotion and defense of democracy in all but the most obvious cases of democratic rupture is waning. A number of developments demonstrate this trend and the resulting tension in the hemisphere:

- The flagrant disruption of democratic governance in Honduras in 2009 revealed both the disregard for and violation of the rule of law and fundamental democratic values and practices, as well as the strong rejection of such actions by all governments in the region. But it also unveiled their persistent inability to construct a useful mechanism to prevent such disruptions.

- The unwillingness of the secretary general or member states to invoke Article 20 of the IADC to convene the

Permanent Council to undertake a collective assessment of a situation that involves an unconstitutional alteration of the democratic order. One example is Nicaragua's decision to allow the incumbent president to run for a third term in violation of the constitution.

- The demand of some states to permit the unconditional return of Cuba as a member of the OAS, despite it not meeting the democratic criteria of the OAS Charter and the IADC.

- The hostile actions by Brazil, Bolivia, Venezuela and Ecuador, among others, to reject decisions of the Inter-American Court and the IACHR and to restrict its autonomy and independence. Venezuela and Ecuador are even considering withdrawing from the IACHR.

- The unwillingness of countries such as Venezuela and Nicaragua to invite OAS observers to monitor elections (though Nicaragua reluctantly—and belatedly—invited the OAS and the European Union to observe the latest presidential and legislative election).

It is true that much progress has been made toward free and fair elections in most of the region, thanks in part to OAS efforts to monitor elections and provide technical assistance to electoral authorities. However, some incumbents twist electoral processes in their favor through manipulation of electoral laws and the constitution, use and abuse of state resources, and patronage, intimidation, media bias and interference in judicial processes. Although democratic consolidation continues in most countries in the region, some Latin American states are moving slowly away from bedrock principles of the IADC—such as the separation of powers, freedom of the press and respect for political pluralism.

With regard to human rights, the growing demands of traditionally marginalized indigenous peoples to be consulted before governments take decisions that affect their well-being are proving highly contentious. Political persecution and attacks on the freedom of expression are on the rise in several countries. And the challenges of transnational organized crime and trafficking-related violence are generating pressure for hard-line approaches to public security, including an increasing reliance on the military in internal policing with an attendant spike in human rights violations. Taken together, these trends suggest that the democracy

and human rights agenda remains as relevant as ever to inter-American stability and cooperation.

The political context for addressing these challenges, however, has turned particularly hostile in the recent past. A group of states, mostly under the banner of the Alianza Bolivariana para los Pueblos de Nuestra América (ALBA), is challenging the authority and legitimacy of the OAS as an institution, while promoting the creation of competing sub-regional organizations such as the Unión de Naciones Suramericanas (UNASUR) and Comunidad de Estados Latinoamericanos y del Caribe (CELAC), with scant attention paid to questions of democracy and human rights. Several Latin American and Caribbean countries are prepared to go their own way without the United States and Canada when it is convenient to do so, particularly on sensitive issues such as political reform or electoral observation.[2]

Within this framework, efforts to defend or strengthen the inter-American system's capacities to respond to erosions of democracy and the observance of human rights can fall victim to a propaganda battle between countries opposed to any external interference in internal affairs and those seeking to uphold the core values of the inter-American system. This was most recently seen in the working group created "to strengthen the Inter-American Commission on Human Rights"—and the subsequent battle at the OAS General Assembly in June 2012—which has become bogged down in efforts by some states to actually weaken the independence of the body.

Origin and Evolution of the Democratic Charter

As the consensus on representative democracy and the commitment to exercise and protect it appear to be declining in many Latin American states, it is time to consider how best to strengthen the IADC as the principal multilateral diplomatic instrument for the collective promotion and defense of democracy in the Western Hemisphere. The IADC was adopted at the OAS General Assembly held in Lima, Peru, on September 11, 2001.[3]

The IADC is actually the culmination of a historical effort that gained traction in the early eighties, as the great majority of member states returned to democratic governance after long years of military rule, and was determined to consolidate and protect it collectively.

The process began with modifications of the Founding Charter in 1985, establishing that one of the main purposes of the organization from then on was "to promote and consolidate representative democracy….with due respect for the principle of non-intervention…" The 1989 OAS General Assembly followed with a resolution that instructed the secretary general to organize electoral observations for members that request them. Then, in 1991, the Santiago General Assembly approved Resolution 1080, "Representative Democracy," which reaffirmed the members' commitment to protect democracy collectively when it is threatened in one of them. Significantly, it also gave the secretary general the power to convoke a meeting of the OAS Permanent Council to analyze the situation in case of an irregular or abrupt interruption of the democratic order in a member state.

True to their commitment, members applied the resolution successfully to restore democracy in several instances: in Haiti in 1991, after the military overthrew President Aristide; in Peru in 1992, following President Fujimori's auto-coup; in Guatemala in 1993, in the aftermath of President Serrano's auto-coup; and to prevent a military coup against President Wasmosy of Paraguay in 1996.[4]

In 1992, members also approved the Washington Protocol, which provides for the possibility of suspending from the organization a member "whose democratically constituted government has been overthrown by force."[5]

For the next few years, ministers of foreign affairs at the OAS General Assemblies, diplomats at the OAS Permanent Council and heads of state at the Miami (1994), Santiago (1998) and Quebec (April 2001) summits sought to consolidate these achievements and strengthen the organization's capacity to respond to threats to the democratic order in Latin America and the Caribbean.

To that effect, the Quebec Summit instructed foreign ministries to prepare a charter that would reinforce the existing instruments to promote and defend democracy. Arduous, tense and complex debate and negotiations followed, centering around fundamental inter-American principles such as sovereignty and intervention in internal affairs, and the very definition of democracy (i.e., representative vs. participatory). Nevertheless, under the leadership of Javier Perez de Cuellar, head of Peru's transitional government,

and Humberto de la Calle, Colombian Ambassador to the OAS, member states finally reached a consensus with the *Declaration of San José,* at the OAS General Assembly held in Costa Rica (June 2001). This was then adopted as the Charter at an extraordinary OAS General Assembly in September of that year in Lima, Peru.

The IADC incorporates all of the diplomatic instruments mentioned above, both as preventive mechanisms (red light) against auto-coups or military *coup d'etats,* and as reactive or restorative ones, which get activated when the first measures fail to stop transgressors. But it also adds provisions that expand the reach of those mechanisms in significant ways, as shown below.

The Added Value of the Democratic Charter

The IADC breaks new ground in promoting democracy by proclaiming that the "peoples of the Americas have a right to democracy, and their governments have the obligation to promote and defend it."[6] Similarly, member states chose representative democracy as the preferred form of government, and reached consensus on what constitutes its essential elements. These include: respect for the rule of law; human rights and fundamental freedoms; periodic, free and fair elections; a pluralistic system of political parties; the separation and independence of powers; fundamental democratic core values and practices, such as probity and transparency in government activities; respect for diversity; citizen participation; and others.[7]

Another new feature of the IADC is its trigger function for collective action, as stipulated in Article 20. "In the event of an unconstitutional alteration of the constitutional regime that seriously impairs the democratic order in a member state," the IADC makes it now possible for any member—not just the state affected—or the secretary general to request a meeting of the Permanent Council, in order to collectively assess the situation and, if necessary and accepted by the government involved, to "undertake diplomatic initiatives" to restore democracy. This is an important improvement that allows a process of institutional engagement and decision making to restore democracy. Before this, a quick reaction from OAS was impossible to activate without the consent of the government affected.

The response to a coup usually consists of the Permanent Council's condemnation, a call for a return to the *status quo ante* and the sending of a diplomatic mission to convince the coup makers to restore the democratic order. If this fails, members may decide to proceed with "new diplomatic initiatives and eventually the suspension of the member from the OAS."[8] The latter is the ultimate and strongest diplomatic sanction allowed by the IADC against a transgressor. Members applied it against the coup makers in Honduras in 2009, and suspended its subsequent governments from the organization until former President Zelaya was allowed to return without being politically persecuted.

Furthermore, Articles 19 and 20 of the IADC now allow OAS "intervention" not just in cases of unconstitutional "interruption" but also in cases of unconstitutional "alterations." Note here, however, a subtle and fundamental distinction in what constitutes a break in the democratic order: While the term "unconstitutional interruption" clearly refers to a traditional military coup and/or auto-coup (easily detectable and condemnable events), the concept of "unconstitutional alteration" seems to connote a different type of interruption of the democratic order. Undoubtedly, this includes, amongst others: (a) rigged elections; or (b) an illegal challenge by the legislative or judicial branch, or the military against the legitimate government in place. These two "alterations" are relatively easy to detect, to agree upon and to condemn collectively, particularly when the government (the executive branch) requests OAS solidarity and support.

However, a more controversial "alteration" is a process that involves increasing autocracy and monopoly of power by the executive branch, which slowly undermines the democratic process—all in the name of participatory democracy, socialism or anti-imperialism, and while using democratic means such as elections or referenda. This process of alteration by erosion commonly eviscerates and suppresses essential democratic institutions, values, and practices such as checks and balances, limits on power, respect for political opposition, the rule of law and fundamental freedoms, amongst others. More specifically, it could involve removing judges who are not politically aligned with the government, disobeying courts' rulings or legislation passed by a legislature controlled by the opposition, ignoring or manipulating the other branches of government, closing or attacking the independent media, or persecuting political opponents—as

occurs today in various and differentiated ways in Bolivia, Ecuador, Nicaragua and Venezuela. The nature of this political phenomenon, however, is not so easy to agree on and condemn—a fact that hinders a collective defense of democracy.

The IADC also reinforces the OAS role in preventing the interruption of a democratic order. Article 17 allows the government of a member state to request OAS assistance for the "strengthening and preservation of its democratic system," when it considers that its democratic process or its "legitimate exercise of power is at risk." In such cases, "the Secretary General or the Permanent Council, *may*, with the prior approval of the government concerned, arrange for visits or other actions to analyze the situation."[9] Notice here, however, that the assistance can be provided *only* at the request of the executive branch, and that without its consent, no direct Permanent Council action can take place to strengthen the democratic order or prevent its collapse.

Under this provision, at the request of the governments of Nicaragua (2005), Ecuador (2005 and 2010), Bolivia (2008), Guatemala (2009), Honduras (2009) and Haiti (2010–11), the Permanent Council and the secretary general acted diligently and effectively, by approving the corresponding resolutions and sending political missions that successfully prevented a political crisis from rupturing the democratic order.[10]

It is also worth noting that when the executive branch requests OAS assistance during a political crisis, no one thinks of it as foreign intervention, even though other branches involved in it might consider it so—as in the case of Ecuador in 1997 and in Honduras in 2009. In both cases, OAS "intervention" did not prevent a coup.

In the case of Ecuador, in February 1997, President Abadalá Bucaram requested OAS support in view of mounting socio-political unrest and calls for his resignation. However, as Secretary General César Gaviria arrived in Quito, congressional leaders and the mainstream media rejected his visit in support of Bucaram, denouncing it as undue interference in the internal affairs of the country. Upon Gaviria's departure, Congress removed Bucaram from office and appointed its leader as head of the country on February 6.[11]

A little over 12 years later in Honduras, at the request of President Zelaya, Secretary General José Miguel Insulza sent an emissary to discuss plans for "observing" a referendum on a constituent assembly that would change the constitution to allow presidential reelection. Its implementation had already been rejected as unconstitutional by the National Congress, the Supreme Court and by the president's own political party. In view of the opposition to the referendum, the emissary publicly suggested that it was just a non-binding poll with no significant legal consequences. Those opposed to the referendum interpreted the OAS presence as legitimizing a process that the president would later use to engineer his reelection. Congress asked the observer to leave the country. Shortly thereafter, as the president insisted on proceeding with the poll, he was ousted by military force.[12]

The Challenge of Full Application and Reform

Despite the significant progress made by the IADC as a collective mechanism for the promotion and defense of democracy, it nevertheless faces certain challenges that need to be addressed creatively and forcefully. There are at least two ways for the IADC to become an even more useful and effective multilateral diplomatic and juridical instrument for preventing military coups and the erosion of democracy. One way is for member states and/or the secretary general to apply its provisions to the fullest extent possible; the other, more complex and difficult way, is for members states to proceed with reforms to its text.

The Challenge of Applying It to the Fullest

In terms of the IADC's preventive function, there are five existing provisions that can and should be applied to their maximum extent. They do not require modification of the Charter.

1. **Invoke Article 20**

   The first has to do with invoking, in a timely manner, Article 20 of the Charter. This could prove to be a mechanism to prevent an institutional breakdown.

   Article 20 establishes that in "the event that an unconstitutional alteration of the constitutional regime….*any* Member State or the Secretary General may request the immediate convocation of the Permanent Council to undertake a *collective assessment* of the situation…"

This provision unequivocally empowers the secretary general and/or any member state to act when events in another member state indicate that an unconstitutional alteration is taking place. The move would certainly be controversial, given the ambivalence of the term and the probable lack of consensus among members about the real nature of the political situation. Still, it is a mandate and it would be reasonable for the secretary general or any member state to call for a collective assessment of the situation in the Permanent Council, without necessarily having the consent of the government affected.

Such a proactive initiative may be crucial when it is the executive branch that may be "altering" the democratic order. The presidency may be assuming that just because it won an election and holds a legislative majority, it can more readily violate the rule of law and the separation and independence of powers, limit freedom of the press and association, manipulate electoral processes, or persecute the opposition. President Correa has recently said that since he is the head of state, he presides over all the branches of government. President Chávez acts as if he were the State itself. In cases like these, a collective analysis would clarify the situation for all, and would provide the starting point for a process of dialogue, negotiation and consensus building amongst the institutional contenders—which could prevent an eventual institutional rupture, as happened in Honduras.[13]

Would a multilateral assessment of a situation that threatens democracy in a member state be considered interference in its internal affairs? Not really, since *all* members committed themselves to promote and defend democracy and all agreed voluntarily to respect the Charter's provisions. On the other hand, a collective assessment would be imperative in cases in which the threat to democracy in one member is likely to become a threat to its neighbors' democracy.[14]

2. **Use IACHR Reports to Provoke a Collective Assessment**

   A related, but more controversial way to improve the effectiveness of the Charter, without reforming it, would be to use the reports of the IACHR to provoke a collective assessment of violations of core democratic principles,

institutions, values and practices consecrated in the Charter, wherever they might occur.

This means that the secretary general or a member state, in the framework of Article 20 of the Charter, in coordination with the IACHR and without contravening its independence, would utilize the Commission or its Freedom of the Press Rapporteur's reports to express their concern publicly in cases where violations of political rights or fundamental freedoms constitute or result from "an alteration of the constitutional regime." Throughout the years, the Commission's reports have observed such violations in various member states, making explicit the connection between democracy and the observance of human rights.[15]

According to Article 91(f) of the Founding OAS Charter, it is the Permanent Council's responsibility "to consider the Commission's reports and present to the General Assembly whatever observations and recommendations it may have." Unfortunately, the council has not always exercised this responsibility fully, as it frequently fails to examine the reports thoroughly in public sessions.

Because of their independence, the IAHRC and the Rapporteur's reports can be useful instruments to promote a public debate about presumed or proven violations of political rights and democratic institutions, values and practices—a debate that may prevent further violations and possible interruption of the democratic order.

Furthermore, appropriate utilization of the Commission's reports would strengthen its role in protecting human and political rights in the hemisphere. In fact, bolstering the role of the IAHCR system has become imperative in view of the recent politically motivated attacks it has received from the governments of Bolivia, Brazil, Ecuador and Venezuela.[16]

3. Strengthen the Secretary General's Missions
A third possible action to fully apply the IADC and improve its effectiveness, without reforming it, would be to institutionalize and strengthen the secretary general's missions of political observations and good offices.

When a government requests the assistance of the organization because it considers that its institutional order is being threatened by an emerging political crisis, as allowed in Article 18, the collective bodies normally would instruct the secretary general to send a political/diplomatic mission to analyze the situation and to offer its good offices to help preserve the democratic order and report to back to them (Bolivia, 2005 and 2008; Ecuador, 2005; Nicaragua, 2005 and 2008; Guatemala, 2009; Honduras, 2009).

The role of these political missions is twofold. First, to promote and facilitate political dialogue, negotiation and consensus building amongst the contending forces. Second, to observe, with appropriate follow-up, their compliance with the accords they reached to preserve or restore the democratic order.

Because of their critical function, these missions should be prepared to remain in the country long enough to generate confidence amongst the political forces, should be led by an OAS secretary general's representative who is politically savvy and well-versed on the nature and history of the inter-American system and the IADC, and should be well staffed with experts in negotiation and mediation. Recent missions of this type have not met all of these requirements, as exemplified by the secretary general's failed mission to support President Zelaya's effort to hold a referendum.

4. Support Technical Cooperation, Political Institutions and Democratic Governance
A fourth way to improve the effectiveness of the IADC would be to adequately support, politically and financially, the implementation of technical cooperation programs designed to promote democratic values and practices, and also support the strengthening of political institutions and democratic governance, as stated in Articles 26 and 27 of the Charter. Thus, member states and the secretary general *should reinstate* the medium and long-term democracy programs eliminated in 2005, which the now-defunct Unit for the Promotion of Democracy (UPD) had successfully implemented since 1992. Those programs, mandated by the governing bodies, included support for modernization and strengthening of legislatures, electoral bodies, and political parties and local governments. They also supported the promotion of democratic values and practices through the education system and training programs for young leaders.

5. Respect and Apply the IADC Regarding Cuba

Finally, member states and the secretary general should indeed respect and apply fully the IADC (as well as the 2001 and 2009 summits' commitments to democracy and human rights, and the 2009 Honduras General Assembly Resolution on Cuba), to prevent the present government of Cuba from participating in the activities of the organization and in the presidential summits—*unless* the Cuban authorities are willing to comply with the provisions of the Charter. In other words, Cuba should be welcome to attend the inter-American gatherings, but only as a democratic state. The fact that the exercise of democracy and protection of human rights are a precondition for participation in the inter-American system is in no small way the result of Latin American countries' proposals and historical aspirations for a democratic hemisphere—as many of them had suffered through long, harsh dictatorships in the 1970s and 1980s. Democracy and human rights are not impositions from the United States. Their predominance today as supreme political values of the inter-American system is a Latin American as much as a hemispheric achievement, one that must not be relinquished because of anachronistic (and currently unwarranted) anti-U.S. prejudices. If the IADC is ignored in the case of Cuba, it would be irremediably devalued and consigned to irrelevance.[17]

The Challenge of Reforming the Charter

If applying the IADC to the fullest is a daunting challenge for the secretary general and the member states, an even more challenging and complicated task is to *reform* it. Nevertheless, there are a few reforms that appear necessary to make the Charter a stronger, more effective instrument, particularly in terms of their impact on its preventive functions.

1. Clarify the Meaning of an "Unconstitutional Interruption"

One reform would be to clarify and define what exactly member states consider "an unconstitutional alteration" of the democratic order to be, as differentiated from an "unconstitutional interruption" by a coup, for example. This would facilitate the secretary general or member states' ability to call attention to events that fit the definition. Just as important, it would make it easier for

them, based on Article 20, to convoke the Permanent Council for a collective assessment of the situation. This in turn may serve as the basis for early preventive actions against the actual interruption of democratic governance.

Up to now, the secretary general and member states have not been able to agree on a definition of an "unconstitutional alteration." Thus, they have been reluctant to condemn or even to call attention to a regime which, despite having emerged from democratic elections, nevertheless shows clear signs of increasing authoritarianism and intolerance, not to mention violating democratic institutions, values and practices enshrined in the Charter. Such alteration by erosion is by nature more ambiguous and does not provoke automatic agreement or collective condemnation by the member states. For some, it constitutes a process that uses democratic means to establish an authoritarian regime, which violates democratic institutions, values and practices. For others (such as those who support governments that make those "alterations"), it is a process that represents democratic, constitutional and legitimate political changes in favor of a previously excluded majority.

2. Allow Other Branches of Government to Speak to the Permanent Council

Another reform to consider is to allow the possibility that other branches of government (e.g., the legislature or the judiciary) be permitted to express before the Permanent Council their views on violations of the Charter and threats to the democratic order in their respective countries.

The IADC does not permit the legislative or the judicial branches to ask the Permanent Council to convoke a meeting to discuss, for example, threats to their independence or their very existence. In theory, in an international organization such as the OAS, presidential democracies—which supposedly embrace the principles of independence and separation of powers—should allow other branches of government the opportunity to bring attention to alleged breaches of democratic order.

In contemporary practice of international relations, the executive branch, through its ministry of foreign affairs,

monopolizes the representation of the state at inter-governmental organizations. Thus, no other branch of government at the OAS is permitted to invite the secretary general to observe the political situation in its country. Nor can the secretary general or a member state invite a branch of government from another member state to speak at the Permanent Council, without the consent of the executive branch. If this were to happen, it would be denounced as intervention in its internal affairs.

The problem, however, is that many times it is the executive branch itself that undermines democracy by abusing power, persecuting political opponents or rigging elections. The OAS mission, sent by the secretary general to support President Zelaya's ill-advised attempt to change the constitution so that he might be reelected, essentially ignored the other branches' opposition to the *consulta*. Moreover, it had neither the capacity nor the time to promote dialogue, negotiation and consensus building amongst the protagonists. Similarly, member states in the Permanent Council could not—or were not willing to—invite the other branches of government to hear their grievances. Their participation in the Permanent Council meetings to analyze the Honduras crisis might have prevented the military coup that removed President Zelaya.

Thus, to contribute to democratic governance and prevent its erosion, other branches of government should be permitted to request a visit by the secretary general to observe *in situ* the political situation in their country, without necessarily having the prior consent of the executive. Or they should be allowed to express their perspectives on a political crisis in the Permanent Council, particularly when they feel their independence is at risk. Their voices would enrich the member states' understanding and discussion of critical political situations and would provide the basis for a well-substantiated collective decision to protect democracy. Moreover, their inclusion would strengthen the OAS capacity as a forum for political dialogue and conflict management to prevent the collapse of the democratic order in a member state. And one might argue also that a greater involvement of the legislative branch, for example, would even help democratize and strengthen the inter-American system.[18]

3. Automatic Invitations for Electoral Observation Missions

Yet another related reform would be to establish the principle of an automatic invitation for electoral observation missions. That is, the secretary general, in consultation with the Permanent Council, should have the faculty to decide where and when to send an electoral observation mission, without the required previous invitation by the government, when he considers it pertinent to do so within the framework of the Charter.

An alternative or complementary reform could be to establish the possibility that a mission be sent at the request of any branch of government, or a significant opposition political party or media institution. This would reinforce the role of electoral observation missions and the IADC in promoting and defending democracy.[19]

4. Allow Interventions Beyond the Permanent Council Assessment

Another reform would allow the possibility of proactive engagement or "interventions" by the secretary general or a member state, beyond the mere convocation of the Permanent Council to assess a situation threatening a democracy (theoretically allowed in Article 20).[20] As it is now, the IADC does not allow even a visit by the secretary general to analyze the situation without a request or prior consent from the executive branch. Nor can the secretary general send an electoral observation mission without the request from the executive branch.[21]

5. Create an Inter-American Commission to Observe IADC Compliance

A more complex reform would involve creating an inter-American Commission to observe member states' compliance with the Charter. This Commission would be similar to the IAHRC. It would be independent and composed of five to seven experts elected by the member states. Its function would be to observe, with appropriate and rigorous methodology, the members' compliance with the Charter. This could be done by establishing a *mutual* evaluation mechanism similar to the one utilized to assess implementation of the Inter-American Convention against Corruption.[22] The Commission would present periodic reports to the Permanent Council on the state of democracy in the hemisphere, and could advise or pro-

vide political or technical assistance, in collaboration with the General Secretariat, to any branch of government that requests help to strengthen democratic institutions.

6. Convert the IADC into a Treaty

There is one last reform that appears necessary: To convert the IADC, with its reforms, into a treaty or an inter-American convention. As such, the IADC would become a legally binding instrument, which would commit and compel member states to comply with its provisions. This would imply, however, opening a wide and much-needed debate, at all levels, about the Charter's relevance and effectiveness. As the discussion would have to involve the legislative branch in the approval and ratification process, the IADC would become a better known and valued instrument throughout the hemisphere.

Furthermore, as a treaty that promotes and defends democratic rights and guarantees, the IADC could become a part of the legal constitutional framework of member states, as the Argentine Constitution of 1994 permits with some international human rights conventions.[23] As such, the Charter would constitute one more legal domestic safeguard against the breakdown of the democratic constitutional order, as well as reinforcement of the national commitment to promote, exercise and defend democratic institutions at the inter-American level.[24]

A Final Caveat

The implementation of the above suggestions will require consensus amongst the member states—and the political will and leadership needed to build consensus—something improbable at this time.

Consider, for example, the suggestion that the secretary general or a member state invoke Article 20 to collectively "assess the situation" of a country that may be undergoing a politica or institutional crisis that threatens the democratic order. Assuming that a Permanent Council session is held for such a purpose, it would be a considerable challenge just to reach a consensus on a resolution. This would be particularly relevant if the affected state and its allies are opposed to it—even if it would, minimally, call on the contenders in the crisis to start a process of dialogue to resolve their political differences, and/or permit a secretary general's mission of good offices.[25]

More substantially, the lack of consensus to collectively analyze a situation in which an "unconstitutional alteration of the democratic order" occurs is based on a profound disagreement as to what exactly constitutes an "unconstitutional alteration," as discussed earlier.

Additionally, if a member decides to convoke a Permanent Council session to assess the situation in a fellow member state, without its consent, the affected government and its allies may consider such an action not only interventionist but even an act of aggression. This could then result in a breaking of diplomatic and commercial relations, and in polarizing the region and the organization—a possibility that makes members very reluctant to proceed.[26]

Similar difficulties would arise if a group of member states were to propose opening a process to reform the IADC based on the suggestions made above. A consensus to start such a process would be hard to reach, as several countries would consider such reforms tantamount to violating the principle of non-intervention and giving the organization supranational competencies, which most members oppose.

This absence of consensus in the organization reflects the various political and ideological divisions existing in the hemisphere today. This reality is in marked contrast to the regime congruence of the 1980's and 1990's, when the first inter-American instruments for the promotion and defense of democracy were designed and applied, and also to 2001, when the Charter was adopted. This fragmentation became clear in the recent Summit of the Americas held in Cartagena, Colombia, when the heads of state could not agree on a final declaration because of differences concerning Cuba's future participation, among others.[27] Consensus—and the leadership needed to build it—were absent. These differences and divisions are the principal obstacles to a renewed commitment to collectively protect and defend representative democracy in the hemisphere.

Nevertheless, the suggestions advanced here to improve the IADC's effectiveness can serve as a starting point to generate a debate that could help revitalize and strengthen the role of the OAS and the Charter in promoting and protecting democracy in the hemisphere. Otherwise, as *The Economist* has put it, "the danger is that not just the charter but the OAS itself will sink into irrelevance."[28]

As a final note, Cuba's apparent interest in attending the summits is a potentially important opportunity to begin a process for bringing the hemisphere's only non-democratically elected government back to full participation. However, that desired end result should *not* come at the expense of undermining or weakening the fundamental conditions of democracy and human rights that are the hallmarks of the region's institutions.

Endnotes

[1] Figures for Latin America taken from ECLAC, *Time for Equality: Closing Gaps, Opening Trails* (Santiago, Chile: ECLAC, 2010), p. 229. Available at: http://www.eclac.org/publicaciones/xml/1/39711/100604_2010-115-SES-33-3-Time_for_equality_doc_completo.pdf. OECD figures taken from OECD Tax Database. Available at: www.oecd.org/document/60/0,3746,en_2649_34897_1942460_1_1_1_1,00.html#A_RevenueStatistics.

[2] At the Summit of the Americas meeting in Port of Spain in 2009, the heads of state and government agreed, *inter alia*, that "[o]ur aspirations and goals for the Americas depend on strong democracies, good governance, the rule of law and respect for human rights and fundamental freedoms. We believe that democracy is essential for the social, political and economic development of the peoples of the Americas… [W]e will uphold the principles of and fully implement the Inter-American Democratic Charter." They also re-stated their "commitment to protect and promote human rights in our Hemisphere, and to the strengthening of the inter-American human rights system, with due respect for its autonomy and independence. We express our support to continue furthering the constructive dialogue with the participation of all actors, including the Inter-American Commission on Human Rights and the Inter-American Court of Human Rights, in the framework of the reflection process which contributes to enhancing its effectiveness, universalisation, and the adequate financing of the bodies of the system."

[3] On May 8, 2012, the III Meeting of UNASUR Electoral authorities approved the statutes for an Electoral Council, which would provide technical assistance and electoral observations or "accompaniment" to member states that so request. http://www.unasursg.org/index.php?option=com_content&view=article&id=637:venezuela-solicita-acompanamiento-electoral-de-unasur-en-elecciones-generales-en-octubre&catid=66:noticias-unasur.

[4] In this vein, see inaugural address by President Mauricio Funes of El Salvador, at the XXXXI OAS General Assembly in San Salvador on June 6, 2011. Similarly, at a conference on democracy in Central America, OAS Secretary General José Miguel Insulza recently expressed that "an update of the Charter is necessary in view of the challenges and risks facing the consolidation and the very essence of democracy." *El Universal* (Caracas, Venezuela), May 12, 2011. In February 2012, Insulza also presented to the Permanent Council his *New Strategic Vision* of the OAS, proposing that it focus on the fundamentals: "protection and expansion of democracy...and human rights, partnership for development and regional security."

[5] See detailed descriptions of these applications in Rubén M. Perina, "The Role of the Organization of American States," and in M. H. Halperin and M. Galic (eds.), *Protecting Democracy: International Responses* (New York: Lexington Books, 2002).

[6] Article 9 of the OAS Charter.

[7] Article 1 of the OAS Charter.

[8] Articles 3-6 of the OAS Charter.

[9] Article 21 of the OAS Charter.

[10] Article 18 of the OAS Charter.

[11] See Report of the Secretary General Concerning Compliance with Operative Paragraph 3 of Resolution AG/RES. 2480 (XXX-IX-O/09), entitled "Promotion and Strengthening of Democracy: Follow-up to the Inter-American Democratic Charter," OEA/Ser.G; CP/doc 4487/10, (Washington, D.C.: May 4, 2010); D. Boniface, "The OAS's Mixed Record," in T. Legler et al. (eds.), *Promoting Democracy in the Americas* (Baltimore: The Johns Hopkins University Press, 2007). In 1996, pursuant to Resolution 1080, a swift reaction by the Permanent Council and Secretary General Gaviria prevented a coup in Paraguay. See also a somewhat self-serving and uncritical report by the Secretariat for Political Affairs of the OAS entitled *The Tenth Anniversary of the Inter-American Democratic Charter: A Hemispheric Commitment to Democracy* (Washington, D.C., OEA/Ser.D/XX. SG/SAP/III.21, 2011).

[12] Gaviria carried out this mission in the framework of Resolution 1080, although, strangely enough, it was not invoked after Bucaram was basically overthrown, mainly because the removal took place under a constitutional façade. One wonders, however, if today, under the Charter, this would not be a cause for suspension.

[13] *La Tribuna*, "Congreso pide a la OEA retirar misión," June 24, 2009.

[14] In Honduras, those opposed to the referendum viewed President Zelaya's manipulation of the state media, his disrespect for the rule of law, and his disregard and contempt for the opposition as suffocating and eroding the fundamental principles of democracy, *and* as the causes for his removal.

[15] If a guerrilla group is about to overthrow a democratic government in a member state, would its neighbors stand by idly because of the non-intervention principle? Or would they see it as a threat to their own democracy and to the democratic community, and react collectively in ways that may even include a military response to prevent the collapse of the neighbor's democratic government?

[16] See, for example, reports on Honduras, 2009 and 2010; Venezuela, 2009; Bolivia, 2009; Peru, 2000; Haiti, 1991-1993; and Nicaragua,

1978. For the criteria used in determining if human rights violations do occur in a member state, see the introduction to Chapter IV in the Commission's *Annual Report*, available at: http://www.cidh.oas.org/annualrep/2010eng/TOC.htm. See also R. K. Goldman, "History and Action: The Inter-American Human Rights system and the Role of the Inter-American Commission on Human Rights," *Human Rights Quarterly,* Vol. 31, pp. 856–887, 2009.

[17] Presidents Correa, Morales and Chávez have taken lately to strongly criticizing the performance and decisions of the IACHR and the Inter-American Court of Human Rights, the pillars of the Inter-American Human Rights system, along with the Inter-American Convention on Human Rights of 1969. Their main argument is that they are instruments of U.S. imperialism or manipulated by the State Department. As recently as May 3, 2012, Venezuelan Foreign Minister Nicolás Maduro, at a UNASUR meeting of Foreign Ministers in Colombia, echoed this position, declaring that "it is time to dismantle this decadent Court and Commission because they intervene in our internal judicial affairs." President Correa has recently commented that the OAS and the IACHR are "totally dominated by the influence of the United States and they have only served the foreign policy interest of that country." (*Telesur*, May 9, 2012.) The fact is, however, the Commission has issued reports demanding that the U.S. government adopt urgent measures to have a competent tribunal to try the Guantanamo prisoners accused of terrorism, has held public hearings on the subject, and has asked the U.S. government to close the prisoners' camp. Similarly, the IACHR has strongly criticized the U.S. government's detention practices of illegal immigrants. Paradoxically, the criticism and attacks against the Commission and the Court, and the OAS in general, is similar to complaints by U.S. legislators and some high-ranking State Department officials who think the OAS is useless because it is dominated by anti-American populist governments. Others see U.S. passivity and disinterest in the organization and the region as beginning after Latin America rejected the U.S. proposal for a free trade zone for the Americas in Mar del Plata, Argentina, in 2006. Anyone who has studied or observed the functioning of these inter-American institutions, or has served in them, knows full well that U.S. dominance is no longer operative, as might have been during the Cold War years. The reasons are many, but the fact is that the U.S. government can no longer impose its will in these bodies, just as it cannot do so in its bilateral relations with Latin American countries (although perhaps with a few exceptions). We are in a different era of inter-American relations. To pretend or claim otherwise is to ignore this new reality. And one may suspect that governments that make such denunciations are using them as smokescreens to cover their own violations of human rights and the democratic principles, values and practices established in the IADC. Strangely enough, though, Argentina—a country whose people have greatly benefitted from the Commission and the Court's defense of human rights, and whose democratic governments have always praised them—has remained silent and has not come publicly to the defense of the system.

[18] To accept a non-democratic Cuba's participation in the activities of the hemispheric community of democracies would require a change in the rules for participating in the OAS and the presidential summits. Also, if the illegal Micheletti government in Honduras, which replaced Zelaya's government after his ouster by the military in 2009, *was correctly suspended* from the OAS (even though programmed presidential elections were already on course), it stands to reason that the Cuban dictatorship would remain suspended from the OAS until it decides to abide by the Charter. If Cuba is accepted without complying with the Charter's principles, the hemispheric community would also have to accept the participation of any future government that emerges out of a coup.

[19] For example, the OAS would benefit from a voice or involvement of the legislative branch in the decision-making process of the organization. It is this branch, after all, that eventually has to ratify or internalize international agreements reached by representatives of the executive branch, and has to approve the national budget, which contains payments or contributions to the organization. See again Rubén M. Perina, "The Role of the Organization of American States."

[20] See a critical view of the OAS electoral monitoring in Rubén M. Perina, "The Future of Electoral Observations," *Americas Quarterly*, Spring 2010.

[21] I say theoretically because even the assessment could be stopped if there is no consensus on the agenda of the meeting.

[22] See Articles 18 and 24 of the Charter.

[23] Known in Spanish as MESICIC: Mecanismo de Seguimiento e Implementación de la Convención Inter Americana contra la Corrupción.

[24] For example, Article 75 includes the Inter-American Convention on Human Rights and others.

[25] There are those who argue, however, that as a treaty, it would become a less flexible and more difficult to modify as circumstances change. And if the treaty is not ratified by a two-thirds majority of members, it would not enter into force nor would it be applicable to those who do not ratify it.

[26] Decisions at the OAS Permanent Council are traditionally made by consensus; and if this is not assured, a vote on a resolution would probably not even be called. A vote is considered a polarizing practice that breaks the multilateral body's harmony; but if it is called, the resolution would still need a simple majority of 18 members to pass, which may not be easy to obtain at this time in history.

[27] Imagine what would happen to its commercial relations if Colombia were to propose a collective assessment of the situation in Venezuela.

[28] Other issues they could not agreed on were Malvinas/Falklands and the fight against drug trafficking and consumption.

The Road to Hemispheric Cooperation: Beyond the Cartagena Summit of the Americas
The Brookings Institution I Latin America Initiative

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COMMENTARY BY TED PICCONE

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The ongoing and increasingly polarized debate around the region's shaky commitments to democracy and human rights are well addressed in Dr. Perina's thoughtful paper. In addition to the examples he offers, further evidence can be found in the decision of the OAS General Assembly in June to consider a raft of proposals to weaken the inter-American human rights system. These are important signals of change in regional politics and diplomacy. First, they connote a growing sense of self-confidence on the part of some leaders that they can handle their internal human rights problems on their own. Indeed, some even reject the basic principle of external scrutiny of their adherence to legal and political instruments they've endorsed. Second, they demonstrate the solidarity among the ALBA states to exploit certain decisions of the Inter-American Commission and Court on Human Rights as a wedge between Washington and the rest of the region. And third, it suggests the moral, if not always legally enforceable, power of these institutions to pressure governments to improve their human rights records remains effective.

Reforms to the Inter-American Democratic Charter are sorely needed. But as the paper explains, the current political and ideological stalemate around these issues will stymie any significant action. Similarly, advocates for an effective regional human rights system are on the defensive after years of progress. Considered by many experts as one of the strongest features of the inter-American architecture, the Inter-American Commission and Court on Human Rights have developed an important body of jurisprudence that has made a difference for victims of human rights violations throughout the region. Commissioners have tended to be well qualified and relatively independent of their governments, and more often than not, Court decisions are respected.

A series of troubling developments, however, has raised concern that this positive situation is changing due to some states' attempts to constrain the Commission's independence and to avoid implementing its decisions. Underfunding of the system also remains a chronic problem. The creation of an OAS working group in 2011 for the ostensible purpose of recommending ways to strengthen the mechanism has become, instead, a forum for undermining it. The renewed commitment to increase financial resources to the human rights bodies from the OAS regular fund is the silver lining in an otherwise stormy sky that continues to threaten the future of the body.

Attempts to constrain the independence of commissioners are a particular concern. A proposal to establish a code of conduct to regulate the Commission's rapporteurs, a tactic borrowed from states seeking to hamstring the independent experts of the U.N. Human Rights Council, is one example. A plan to prevent the Commission from publishing its annual review of freedom of speech, which would directly undermine the Rapporteur for Freedom of Expression, is another. Secretary General Insulza proposed letting governments delay publication of the Commission's critical country reports for as long as a year, and allow them a right of reply.

The recent case of the Belo Monte hydroelectric plant in Brazil offers a dramatic illustration of the controversy sparked by the Commission's decisions. In April 2011, in response to a request by indigenous communities in Brazil, the Commission issued precautionary measures that included the immediate suspension of construction of the utility. Brazil's exaggerated response included the withdrawal of its ambassador to the OAS and its candidate to the Commission, and a refusal (since overturned) to pay its annual quota.

A similar attitude can be observed in other leaders who reject compliance with the Court's and Commission's decisions. President Chávez, upon learning of a Court decision against his government, stated that it was "worth nothing" and chose to ignore it. In a similar vein, the secretary general suggested that the Commission's precautionary measures "are simply recommendations that states can or cannot respect" and suggested the Belo Monte measures be revised, which some considered a political interference in the system's autonomy. Peru joined the chorus for reform in protest of a Commission suit regarding a botched hostage rescue in Lima in 1997. President Rafael Correa of Ecuador, upset over the Commission's decision to suspend a libel sentence against newspaper editors, has even suggested CELAC break with the Inter-American Commission on Human Rights in favor of a new one exclusively for Latin America.

While the current trend of inter-American politics is to turn away from controversial topics like the quality of democracy and respect for human rights in favor of less confrontational subjects like connectivity and education, the problems of democratic governance should remain a core area of concern for all states in the region. If it is to exist at all, the inter-American system must do more than just uphold its most fundamental principles. It must also seek the practical implementation of such principles through a system of open debate of the state of democracy and human rights in each of its member states, and an attitude of complete respect for the institutions created to protect them.

Proponents of a strong OAS, therefore, must first defend the gains made over decades to keep democracy and human rights at the heart of its identity and operations. It should, in particular, keep doing what it does well in such areas as elections monitoring, civic education, judicial exchange and training on the fight against corruption. It must also increase funding to allow the Inter-American Commission and Court on Human Rights to carry out its functions effectively and protect its independence.

Looking ahead, OAS governments should step back from the fight to weaken the inter-American human rights system and instead restate clearly their obligation to fully respect their decisions, autonomy and independence. They must also uphold their promise to increase funding, so as to allow these institutions to do the job they have been mandated to do, with the aim of increasing the amount of time devoted to their sessions or, in the long term, making them permanent full-time bodies. They must also recommit to presenting well-qualified candidates for positions on the Commission and the Court.

As a final note, Cuba's apparent interest in attending the summits is a potentially important opportunity to begin a process for bringing the hemisphere's only non-democratically elected government back to full participation. However, that desired end state should not come at the expense of undermining or weakening the fundamental conditions of democracy and human rights that are the hallmarks of the region's institutions.

THE SUMMITS OF THE AMERICAS AND THE INTER-AMERICAN SYSTEM

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Executive Summary

- The deadlock during the 2012 Summit of the Americas in Cartagena, Colombia exposed divisions in the hemisphere on issues such as Cuba and drug policy, and resulted in no common declaration. This situation calls for a thorough re-formulation of the objectives and methods of this process.

- After analyzing the inter-American system and the current institutional structure of the summit process, the paper points to its challenges and offers recommendations to address them for future gatherings.

- For the 2015 Panama Summit of the Americas, the evaluation and follow-up mechanisms should be improved to make sure that the process remains credible.

- Mandates in the next summit should bring concrete actions, set in place easily measurable tasks, and clearly identify the resources available to undertake actions in compliance with the summit mandates.

- Future summits in the future should restructure and better coordinate the work of inter-American institutions, in order to more effectively support governments in implementing the summit mandates.

- Specific summit mandates given to each inter-American institution should become part of the budgets and agendas of those organizations.

- Summits should provide effective follow-up mechanisms at the national level, as well as better coordination and efficiency of current follow-up mechanisms at the multilateral level.

- The follow-up of summit mandates should be done in closer cooperation with civil society.

- Summits of the Americas should only include those countries that maintain their commitments to democratic governance, human rights and rule of law.

- The Organization of American States (OAS) should become again the political heart of the inter-American system, centered on democracy, human rights, political and legal cooperation, security and electoral observation, while other functions are delegated to the system's specialized agencies.

- The Permanent Council should be replaced with a non-permanent Council of Ministers of Foreign Affairs. This Council would meet periodically with the OAS secretary general to be briefed about the implementation of the General Assembly and summit mandates.

- Inter-American institutions, especially the Inter-American Development Bank (IDB), should strengthen the current summit follow-up ministerial forums to better coordinate and foster cooperation in the implementation of mandates. This coordination should include regular consultation with civil society and the private sector.

- U.S. foreign policy should take note that Latin America is less economically dependent upon the United States than in previous historic moments. This reduces the political leverage of the United States in the summit process and increases the need for building diplomatic alliances and political will in the region.

- The paper ends by evaluating the current political dynamic of the relations between the United States and Latin America in the framework of the summit process.

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The Context

The Summit of the Americas is the only conference where all 34 democratically elected heads of state and government of the Western Hemisphere gather to discuss issues of common interest, affirm their shared values, and agree to take concerted action at national and regional levels. The Summit of the Americas is a process involving multiple actors: governments, international organizations, financial institutions and civil society. As such, at least in theory, it is the body that defines and articulates the vision and architecture of the inter-American system.

The construction of the first institutions of the inter-American system began with the first American Conference held in Washington in 1889, when the Latin American countries and the United States decided to organize a set of legal rules and common institutions, based on shared principles: sovereign equality of states, the principle of non-intervention, non-use of force and peaceful settlement of disputes. This first conference was followed by others, which approved a series of important treaties in public and private international law. At the same time, many inter-American institutions were created in the early years of last century to concentrate on cooperation in areas of health, children, the rights of women, legal issues, agriculture and commerce.

During the period between 1889 and 1948, known as the era of Pan-Americanism, many agreements were adopted to ensure peace among the American States, as well as resolutions and agreements to facilitate trade and legal cooperation. The first inter-American institutions were also created during the Cold War and in the context of the dominant U.S. anti-communist foreign policy in the region. In 1947, the Treaty of Reciprocal Assistance (Rio Treaty)[1] established new procedures for regional collective defense. In 1948, the Treaty on Pacific Settlement of Disputes marked a milestone in the efforts to ensure the peaceful settlement of disputes among American States at the regional level.[2]

All these initiatives were incorporated into the Organization of the American States (OAS), a regional organization created during the Ninth Conference of American States in Bogotá in 1948. During the years of the Cold War, the OAS was often the scene of memorable disputes, as happened with the missile crisis in Cuba (1962), and the U.S.

invasions of the Dominican Republic (1965) and Grenada (1983).

Today, the OAS has 35 member states, from Canada to Argentina through the Caribbean and Central America, and 68 permanent observer states, including China and Russia. It covers an area of 42 million square kilometers and a population of over 900 million. The OAS is the lead organization of the so-called inter-American system. The different organizations that form part of the system exercise specific functions in technical matters of common interest to the American States: the Inter-American Children's Institute (IIN), the Inter-American Commission of Women (CIM), the Inter-American Indian Institute (III), the Inter-American Institute for Cooperation on Agriculture (IICA), the Pan American Health Organization (PAHO), the Pan American Institute of Geography and History, and the Inter-American Court of Human Rights. The OAS also has two autonomous organs, the Inter-American Juridical Committee (IAJC),[3] and the Inter-American Commission of Human Rights (IACHR).[4]

At the core of this inter-American system, however, are the two regional institutions: the OAS and the Inter-American Development Bank (IDB), which were mandated by the Miami Summit in 1994 to support governments in the implementation of the Miami Plan of Action. The IDB, the oldest and largest regional multilateral development institution, was established in December 1959 to help accelerate economic and social development in Latin America and the Caribbean.

While the inter-American summit process only started in 1994, before this date two presidential summits had taken place under the auspices of the OAS. The first presidential summit was held in July 1956, when 19 American presidents met in Panama City, Panama. It was during this presidential summit that the IDB was created. The second summit, held in April 1967 in Punta del Este, Uruguay, convened 19 hemispheric leaders, plus a representative from Haiti. Their aim was to strengthen the Alliance for Progress, which was President Kennedy's initiative to promote development and peaceful relations in the Americas.[5] The summit's final declaration included the creation of a Latin American Common Market by 1980, albeit without the United States, and multilateral cooperation in infrastructure development, agriculture, arms control and education.

The Summit of the Americas process ("summit process") was established in 1994 in Miami and was not held under the auspices of the OAS, but at the invitation of U.S. President William J. Clinton to all democratic leaders of the Americas.

The summit process is a set of meetings at the highest level of government decision making in the western hemisphere. It follows commonly agreed-upon political principles and has institutional elements. According to the political principles adopted in the different summits and in the Inter-American Democratic Charter (IADC), only democratically elected governments can participate in the process. The institutional elements are the mechanisms and bodies in charge of the process, decision making, implementation and follow-up. The decisions are usually made by consensus.

Since 1994, the following summits have been held: Miami, United States (1994);[6] Santa Cruz, Bolivia (Sustainable Development, 1996);[7] Santiago, Chile (1998);[8] Quebec City, Canada (2001);[9] Special Summit of Monterrey, Mexico (2003);[10] Mar del Plata, Argentina (2005);[11] Port of Spain, Trinidad and Tobago (2009);[12] and Cartagena de Indias, Colombia (2012).[13]

In addition, since the return to democracy in Latin America, a proliferation of intra-regional, regional and sub-regional summits has taken place: Ibero-American Summits (Spain, Portugal and Latin American countries), the Latin America and Caribbean Summit for Integration and Development (all the countries of the Americas, excepting the United States and Canada), the European Union – Latin America and Caribbean Summits, and sub-regional meetings such as CARICOM (only Caribbean countries), ALBA (Bolivia, Cuba, Ecuador, Nicaragua, Venezuela, Dominica, Surinam, Saint Lucia, Saint Vincent and the Grenadines) and UNASUR (South American countries). As C. Dade has pointed out, "In many cases these other Summits have competing agendas, competing ministerial lead-up meetings, calls for action and offer access to different resources and implementation schemes, all of which put a severe strain on countries of the hemisphere with limited human and institutional resources."[14]

Summitry Follow-Up System

The institutionalization of the summit process requires the establishment of a follow-up mechanism with a national as well as an inter-American dimension. This mechanism must ensure that decisions taken by heads of state and government during the summits are translated into concrete and relevant actions for the people of the Americas. Unfortunately, despite efforts of the national coordinators, the governments have not yet established a national framework for monitoring the implementation of summit mandates.

At the multilateral level, increasing participation from the OAS and other inter-American institutions has allowed for some actions and initiatives to be taken in compliance with summit mandates. For example, the OAS General Assembly has consistently adopted resolutions that incorporate the summit mandates into the work of the OAS. But further action must be taken by the financial institutions to better coordinate the efforts of all the multilateral institutions.

In that context, the most important mechanism for the summit follow-up is the Summit Implementation Review Group (SIRG), which is also the core management body of the summit process.[15] All 34 democratically elected governments of the hemisphere are represented in the SIRG by their appointed national coordinators. The OAS acts as the SIRG's technical secretariat and provides support for its meetings, the ministerial meetings, and specialized conferences, and also coordinates the participation of civil society. The structure of the summit follow-up process also includes periodic meetings of ministers or high-level officials from the following sectors: justice, defense, culture, education, science and technology, gender, labor, public security and social development.

At the Third Summit of the Americas in Quebec City, Canada, the heads of state and government of the Americas expressed support for closer collaboration among the organizations of the inter-American system, to foster efficient use of resources while optimizing effectiveness, avoiding duplication of mandates, increasing funding opportunities and ensuring that summit initiatives are implemented in a coherent manner. In response to this mandate, the Joint Summit Working Group (JSWG) was created. The JSWG includes the OAS, the IDB, the Pan-American Health Organization (PAHO), the Inter-American Institute for Cooperation on Agriculture (IICA), the Central American Bank for Economic Integration (CABEI), and the Andean Corporation

(CAF). Other global institutions also joined the group: the U.N. Economic Commission on Latin America and the Caribbean (ECLAC), the International Organization for Migration (IOM), the International Labor Organization (ILO), and the United Nations Development Program (UNDP), all of which provide technical support to the SIRG.

Summits of the Americas: From Euphoria to Fragmentation

The summit process was a hemispheric initiative to rebuild the inter-American system in a new international scenario defined by the end of the Cold War. The heads of state and government of the Americas wanted to discuss an agenda tuned to the new global and regional circumstances. At the Miami Summit, all the 34 governments of the Americas, from Alaska to Patagonia, with the exception of Cuba, were representative democracies ready to commit themselves to collective defense of democracy and free market economies. In this context, the summit process reorganized the OAS by adapting debates and procedures to the new political, economic and social conditions of the world and the region, under shared principles.

This new era in hemispheric relations was characterized by the revitalization of multilateralism, which acted as a catalyst for the modernization of the inter-American institutions. The Miami Summit was special because it was the first meeting of the hemisphere's leaders in 30 years. It confirmed that regional relations had changed dramatically, and were characterized by cooperation rather than by conflict. More than anything else, Miami was a celebration of convergence of shared interests and values. The existence of new players, including Caribbean countries and Canada, as well as a broad consensus on the political and economic principles based on tenets of democracy and market-oriented economy, allowed for unprecedented political cooperation and economic integration in the hemisphere.

The heads of state and government of the Americas decided to meet on a regular basis in order to define the priorities of the new hemispheric agenda. This decision to institutionalize the meetings led to the notion of a "summitry process," where experiences are exchanged, a common language is forged, and mandates for collective action are programmed,

thereby systematizing the new theoretical and practical references in regional relations.

The results of the first four hemispheric summits (Miami, Santiago, Quebec, and Santa Cruz on Sustainable Development), show that it is possible to achieve agreements based on common values, priorities and challenges. From Miami to Quebec, the role of the OAS was redefined as a political body of the inter-American system, primarily in charge of promoting and protecting democracy, rule of law and human rights in the Americas.

One positive outcome of the hemispheric summit process in the 1990s was the revitalization and reorientation of the OAS. After several decades as an instrument of the ideological confrontation of the Cold War, the OAS was assigned new mandates that have reshaped its actions. The summits defined a new process of cooperation based on the convergence of political (democracy), economic (open economies), and social (collective action toward equity) visions. In this context, the OAS became the technical secretariat to the summitry process. As a result, the OAS played a significant role in solving political crises in Bolivia (2003), Dominican Republic (1994), Guatemala, Haiti (1994), Paraguay (1996), and Peru (2000).

However, in the 18 years following the Miami Summit of the Americas, the mood of the region has changed and diverging views have shattered the consensus of the 1990s. The limited success of the Mar del Plata, Port of Spain and Cartagena summits reveals that deep divisions have emerged in the Americas.

The Summit of the Americas in Cartagena: The Beginning of the End?

The Cartagena Summit highlighted these divisions. Just 31 presidents and heads of state attended; all previous summits had all 34 presidents. The presidents of Ecuador, Nicaragua and Venezuela (President Chávez had health problems) were absent. The Argentinian and Bolivian presidents departed from the meeting before its conclusion. And there was a lack of consensus on the final declaration due to political tensions between the United States and some Latin American countries. Clearly, what is at stake today is not only the future of the summits, but also the very future of the inter-American system itself.

Although the content of the draft of the final summit declaration focused on physical integration and regional cooperation, political differences arising in the general debate prevented its approval. In particular, the Latin American delegations and the United States and Canada were unable to resolve the question of Cuba's participation in future summit meetings and the vindication of Argentina over the Malvinas/Falkland Islands.

Strong ideological differences prevail among the countries of the region and some regimes reject the political principles and commitments to representative democracy, open markets and hemispheric integration on which the summit process was built 18 years ago.[16] Last year, Venezuelan President Hugo Chávez proposed the creation of an "anti-imperialist" organization, without the United States and Canada. Likewise, in November 2011, Ecuadorian President Rafael Correa confirmed his comments about replacing the OAS by the "Community of Latin American and Caribbean States" (CELAC).[17] CELAC was formed in December 2011 and it brings together the Caribbean Community (CARICOM), the Union of South American Nations (UNASUR), Central America and Mexico. The organization has a commitment to cooperate in infrastructure development: roads, communications, technology, energy, trade, security, poverty alleviation and other related issues.

After accusing the OAS of being biased in favor of hegemonic nations and serving as an instrument of the United States, Correa expressed his view that CELAC should the new forum for conflict resolution in Latin America. Correa also questioned whether the Inter-American Commission on Human Rights (IACHR) is headquartered in Washington, D.C.[18] On the same line, the Bolivarian Alliance for the Peoples of our America (ALBA) presidents proposed that the CELAC should have its own democracy provisions, which would be limited to preventing coups rather than upholding the principles of representative democracy. A week after the Cartagena Summit, President Chávez announced that Venezuela would withdraw from the American Convention on Human Rights, the principal human rights treaty of the system. Chávez and other presidents, such as Rafael Correa and Daniel Ortega, expressed hope that the new organization would further Latin-American integration, end United States' hegemony, and consolidate control over regional affairs.[19] With the exception of the ALBA countries,

the rest of CELAC's member states have no intention of replacing the OAS. At this stage, CELAC is more symbolic than effective.

In addition, for the first time in the tumultuous regional history of Latin America, the United States is no longer the source of conflict, as it was in the past. Instead, political provocation comes from a group of Latin American countries that is walking away from the summit commitments. These countries have a different view of democratic governance, according to which democracy is defined exclusively on the basis of conducting popular elections. In this authoritarian shift, individual rights are marginalized in favor of the abstract interests of the collective. In an official publication, the Bolivian vice president explains this new vision: "This is the moment in which antagonistic groups in our society with irreconcilable societal projects must settle their existence in an open, naked, battle of forces. Confrontation is the only resort to resolve the social struggles when no other possibilities are left. That was what happened in Bolivia..."[20] In a similar vein, President Chávez of Venezuela has said that "representative democracy for Venezuela has been a trap, and our Constitution compels us to strive for participatory democracy."[21]

Although the general scenario for hemispheric relations is negative and brings serious concerns for the future of the summit process, we highlight a few positive outcomes of the Cartagena Summit:

- All 34 summit leaders achieved consensus on all the paragraphs of the draft final declaration related to development, cooperation, violence and insecurity, energy, and education. The declaration was not approved because of lack of consensus among the presidents on two specific issues: Cuba and drugs.

- On the issue of drugs, although Cartagena Summit leaders did not agree on a formula for tackling this problem, they laid the basis for future multilateral discussions on this recurrent theme in the dialogue between Latin America and the United States. The heads of state and government of the Americas mandated the OAS to analyze and propose a new regional anti-drug strategy.[22]

- There was an open and frank discussion among the presidents on crucial development issues. No issue was excluded from the discussions, not even Cuba or the fight against drugs.

The Policy Challenge: Focusing on the Core Mission of Democracy and Poverty Reduction

The central challenges for the governments of Latin America and the Caribbean in the next years are to reduce poverty levels and income inequality and increase the supply and quality of education, jobs, infrastructure, and health care—all of which requires sustained economic growth. For that reason, the five pillars of the draft Declaration of Cartagena, which unfortunately was not approved for the reasons cited above, nonetheless was a move in the right direction because they revolved around issues related to building prosperity.

On the other hand, there is a growing concern about the quality of democratic governance in many countries in the region. There is no doubt that commitment to democracy, human rights and the rule of law is at the core of the summit process and is the starting point of hemispheric integration. At the time of the negotiations of the Miami Summit, most Latin American countries had recently restored their democracies after long periods of oppression by military dictatorships. Governments wanted to create regional mechanisms to protect the new democracies and to prevent the return of military dictators or populist "caudillos." Until the Summit of the Americas in Quebec, Canada, there was consensus on a rational reorganization of democratic societies in the Americas that, using Isaiah Berlin's words, "would put an end to spiritual and intellectual confusion, the reign of prejudice and superstition, blind obedience to unexamined dogmas, and the stupidities and cruelties of the oppressive regimes which such intellectual darkness bred and promoted."[23]

This view, which forms the basis of all progressive thought about democracy since the 19th century, was also reflected in the Inter-American Democratic Charter: "The people of the Americas have a right to democracy and their governments have an obligation to promote and defend it." Likewise, the heads of state and government declared in the Declaration of Quebec City: "We acknowledge that the values and practices of democracy are fundamental to the advancement of all our

objectives. The maintenance and strengthening of the rule of law and strict respect for the democratic system are, at the same time, a goal and a shared commitment and are an essential condition of our presence at this and future Summits. Consequently, any unconstitutional alteration or interruption of the democratic order in a state of the Hemisphere constitutes an insurmountable obstacle to the participation of that state's government in the Summit of the Americas process."[24]

As a consequence, in 2001, the vast majority of the governments of the Americas agreed that the summit process was based on the values of democracy and rule of law. As Richard Feinberg and Robin Rosenberg rightly wrote after the Quebec Summit: "Fusing the historic march toward democracy with the powerful incentives and benefits of economic exchange is a strategic victory for the Hemisphere. Inter-American summitry appears to have buried the longstanding view that 'national sovereignty' prevented a collective defense of universally accepted international norms and common values."[25]

Recommendations to Strengthen the Role of Inter-American Institutions in Implementing the Mandates of the Summit Process

If and when the next Summit of the Americas takes place in Panama, the evaluation and follow-up mechanisms should be improved to make sure that the process remains credible. Mandates in the next summit should:

- Bring concrete actions in order to engage countries to include in their national budgets and public policies concrete references to accomplish their commitments in the summit process; likewise, regional institutions should include summit mandates in their agendas;

- Set in place easily measurable tasks and benchmarks; and

- Clearly identify the resources available to undertake actions in compliance with the mandates.

Since the summit is now an institution, in the sense that it is held regularly, the critical issue remains the credibility of the process. Unfortunately, until now, there has been limited engagement of multilateral institutions in helping to finance summit activities and as a result, there are a large number of unfunded summit mandates. Therefore, a priority of the summit should be to restructure and better coordinate the work of the institutions that already exist, but are scattered

throughout the system. The aim of this measure should be to effectively support governments in implementing the summit mandates. Presidents of the summit member states are in the best position to ask their ministers of foreign affairs and finance—who govern the OAS and the IDB—to align these multilateral institutions in an effective way with the summit's priorities. Specific mandates given to each institution should be part of their budgets and agendas. A serious problem is that summit mandates are made without specific funding commitments, making it difficult to move forward on several development agreements. An increase in the political will of both governments and financial institutions is necessary.

Taking into account the previous remarks, the summit as an institution must thus provide follow-up mechanisms at the national level, as well as better coordination and efficiency of current follow-up mechanisms at the multilateral level.

To do so, the author recommends the following actions for future summits.

Follow-up mechanisms at the national level

The most efficient way to achieve this would be to institutionalize a periodical publication and distribution of reports on all actions undertaken by governments at a national level in response to different summit mandates. As suggested by some countries, this follow-up process could be monitored by the troika[26] in collaboration with the Office of Summit Follow-up. The monitoring process would consist of collecting and organizing the information, in order to render governments accountable on a regular basis and in a public manner.

The national reports should be similar in both format and organization, in order to ensure an easy and efficient measure of the progress or setbacks occurring in every country. Such a unified follow-up mechanism would also ensure a fast and adequate response when further actions and efforts are needed, either from the national government or at a multilateral level.

Follow-up mechanisms at the multilateral level

There must be a more coordinated follow-up mechanism among the various inter-American institutions that are implicated in the summit process. These institutions are the OAS, the IDB, the World Bank, the Pan-American Health Organization (PAHO), the Economic Commission on Latin America and the Caribbean (ECLAC), and the Inter-American Institution for Cooperation in Agriculture (IICA). The Office of Summit Follow-up should prepare, at least once a year, a report on all activities related to the actions and activities of the institutions of the inter-American system that have occurred between summits.

Such a coordinated report would present a unified and coherent version of the progress being made at a multilateral level. It would avoid a duplication of effort, and ensure once again a cohesive and adequate follow-up mechanism.

Follow-up mechanisms with civil society, the media and the private sector

The efforts to establish a proper follow-up mechanism should take into consideration civil society actors, as well as the media and the private sector. Civil society actors can be helpful in two ways in the implementation of summit mandates. First, they can work in collaboration with governments in their area of specialization. Second, they can contribute to greater accountability of governments by monitoring national efforts to act in compliance with mandates, and pressuring them to do so if they fail.

The role of the media is similar. The summit process remains unknown to many social and political actors in the Americas, as well as to citizens in general. The media should be more involved in the summit process, in order to make the process known and understood. The lack of information is a major obstacle to the current implementation structure. Governments are more likely to act in accordance with summit mandates if the process is well known to citizens and key actors, who can then demand greater accountability.

Redefining Relations between the Summit Process and the OAS

During the Miami Summit, the OAS was assigned a particularly important role in following up on the various decisions by the Summit Plan of Action, specifically in connection with the following mandates:

- Strengthening democracy and protecting human rights

- Combating corruption

- Eliminating the threat of national and international terrorism and organized crime

- Promoting free trade in the Americas

- Improving telecommunications and information infrastructure

- Promoting cultural values

- Combating the problem of illegal drugs and related crimes

- Cooperating in science and technology

- Strengthening the role of women

Summits have reinvigorated the OAS by giving it mandates to pursue a contemporary agenda. For example, as the author noted in the Summits of the Americas Bulletin in 2002: "In the case of the OAS, while the relationship between non-state actors and the Organization in some technical areas dates back to the first years of its existence, it is only with the establishment of the Summits of the Americas that this issue has been integrated into the inter-American agenda."[27]

Another example is the Inter-American Convention Against Corruption. A product of the Miami Summit, this unprecedented accord has been ratified by 20 countries. The OAS's Working Group on Probity and Public Ethics has been promoting the exchange of "best practices" and domestic legislature reform, and established a follow-up mechanism for expert review of country-level compliance.

Nevertheless, beyond all those mandates, the main question today is: how can the OAS become an effective and credible hemispheric political forum where relevant regional issues can be discussed? The OAS has the potential, the capability and the vocation to be a relevant political organization involved in relevant political issues in the region. For example, it could be:

- A political forum for multilateral political and juridical efforts

- A center for the exchange of experiences, policy definitions, agreements and collective action in the hemisphere

- A forum capable of reaching out to all distinct sectoral policies and opening itself to constructive civil society cooperation

- A forum for the strengthening and defense of democracy

- A space for non-violent conflict resolution between countries of the region

The OAS should be the political heart of the system, centered in democracy, human rights, juridical and political cooperation, security and electoral observation. It should serve as a forum to promote and protect representative democracy, to define common policies, and to peacefully resolve disputes. Activities such as cooperation for development, infrastructure, education, science and technology, or decentralization should be left to the IDB, which has the expertise and resources to carry out those activities.

In order to be effective, the OAS needs a more autonomous secretariat, where the secretary general should report his or her activities directly to the ministers of foreign affairs on a regular basis. Likewise, the secretary general should have a secretariat with a highly effective professional and specialized staff. In order to improve the capabilities of the OAS to function as a relevant and effective political center of the inter-American system, the General Assembly should appoint a high-level commission of experts in regional affairs to suggest reforms to the OAS Charter. This could be modeled after the external report of the World Bank Group's governance, headed by former Mexican President Ernesto Zedillo, which provided a series of recommendations supporting further governance reforms.[28]

These reforms of the OAS Charter should include the possibility of replacing the Permanent Council with a non-permanent Council of Ministers of Foreign Affairs. This Council would meet periodically with the secretary general of the OAS, to receive information regarding the implementation of the General Assembly and summit mandates. Such a reform would avoid the micro-management and inefficiencies of the current system, and allow greater professional autonomy for the OAS to address summit mandates. At the same time, the elimination of the Permanent Council would save significant resources for both the organization and the governments—resources that could be redirected to support the institutional capacity of the OAS to address their mandates. In any case, if the secretary general needs to make urgent inquires to the governments, he can meet with the ambassadors of the region to the White House.

(Actually, that is already the case for most of the Caribbean ambassadors in Washington, who have only one representative to the OAS and the White House.)

Redefining Relations between the Summit Process and the IDB

The Miami Summit called on the IDB to support the activities specified in this plan of action. The policies agreed upon in the recently completed augmentation of its capital and replenishment of the Fund for Special Operations already move in the directions identified and should receive special emphasis. The IDB has a particularly important role in connection with the following:

- Universal access to education

- Equitable access to basic health services

- Encouraging micro-enterprises and small businesses

- Partnership for Sustainable Energy Use

- Partnership for Biodiversity

- Partnership for Pollution Prevention

In addition, the action plan envisages roles for the IDB and its affiliates in the following areas:

- Invigorating society/community participation

- Combating corruption

- Free trade in the Americas

- Capital markets development and liberalization

- Hemispheric infrastructure

Specific recommendations for aligning the IDB's agenda with the summit mandates include:

- The future declarations or plans of action of the Summits of the Americas should clearly establish the role and added value of each organization in implementing summit mandates, and require that each cater to their own competence. This would avoid duplication and conflicts. The OAS has jurisdiction over democracy, politics, juridical matters and security, and the IDB has responsibility for advancing economic development.

- Governments should produce a realistic set of priorities and benchmarks. Better monitoring and evaluation systems would help to improve the accountability of the institutions.

- Initiatives should be crafted to contain achievable and practical goals and realistic timetables.

- Mandates should be assigned to specific institutions with adequate technical and financial resources.

- Ministries of Finance, as well as IDB officials and the Executive Board, should get more involved in the summit negotiation process as well as in the implementation activities. The IDB should become more integrated into the summit preparation and implementation, and should establish internal mechanisms to promote summit mandates in its own bureaucratic structure.

- A more cohesive inter-American system requires an effective cooperation and coordination between the OAS and the IDB. Officials of the institutions of the inter-American system who are responsible for overlapping issues should work within the Joint Summit Working Group to exchange information and, if necessary, engage in joint projects.

Recommendations for Other Actors

Ministerial Meetings

Prior to Miami, the inter-American system consisted essentially of meetings of foreign ministers under the umbrella of the OAS. The Summits of the Americas have catalyzed a series of ministerial meetings that have expanded the regional agenda. For example, ministers of finance now meet to review macroeconomic trends, promote banking reform and combat money laundering. Ministers of energy foster pilot projects enhancing energy efficiency and conservation. Ministers of defense meet to promote confidence-building measures. Ministers of justice and attorneys general gather to share experiences in law enforcement. The summit process should strengthen these ministerial forums to better coordinate and foster cooperation in the implementation of mandates. These meetings should include consultation mechanisms with civil society and the private sector. Ministerial meetings should have an effec-

tive role in monitoring and evaluating the process within their own competencies.

Parliamentary Participation

The Parliamentary Conference of the Americas (COPA) should be strengthened as a vehicle to coordinate the inputs of the national parliaments to the summit process. Parliamentary representatives to COPA should include all the political parties represented in the respective legislatures.

Civil Society and Private Sector Participation

The participation of the private sector should be regularized in the summits' preparatory process and civil society participation should be reinforced.

The United States and the Summits of the Americas Process

The original idea of the summits was to reorganize the inter-American system around the commitment "to preserve and strengthen our democratic systems for the benefit of all people of the Hemisphere and pursue prosperity through open markets, hemispheric integration, and sustainable development." The reality is that today, the summit process no longer stands for those principles that gave rise to a new inter-American system. The summit process is no longer conducive to approximating the strategic vision of all the countries of the Americas, which have different interests and varying capabilities to respond to structural changes in the global economy. That is to say that multilateralism is successful only when it reflects a convergence of interests and values.

As a result, the inter-American system confronts a deep identity crisis that calls into question the basic principles upon which the system was built. At the same time "it also signals a further weakening of the already strained hemispheric system of diplomacy, built around the Organization of American States (OAS), which has struggled to remain relevant during a time of rapid change for its members."[29]

The decay of the summit process and the weakening of the hemispheric system, coupled with the rising influence of the regional integration schemes that do not include U.S. and Canadian participation—such as ALBA, UNASUR, and the recently created CELAC—demonstrate a broader trend of declining U.S. influence in the region. Since the Summit of the Americas in Mar del Plata, relations between the United States and Latin America have reached their lowest point since the end of the Cold War.[30] In that context the hardest question for the United States today is this: How can it deepen its relations with Western Hemisphere countries without neglecting the founding principles of the summit process of democracy, freedom and free markets?

Notoriously, the previous and the current U.S. administrations have paid little attention to their neighbors, who, in turn, have sought to diversify their relationships elsewhere. Indeed, if the United States is less interested in Latin America, it's also true that Latin America is less economically dependent upon the United States. The region no longer counts on U.S. cooperation to promote growth. On the contrary, many countries have become surplus economies that have accumulated substantial reserves. China is now the largest trading partner of major Latin American countries. China's demand for commodities has allowed Latin American countries to mitigate the impact of the global recession and deploy a steady rate of growth much higher than in industrialized countries. According to a recent ECLAC report, the economies of China and of the Latin American and Caribbean region over the coming years will grow two or three times as quickly as the industrialized economies, which will have to adjust to slower growth and higher unemployment.[31]

Consequently, Washington is forced to react so as not to lose further ground in a region that has had multiple conflicts in the past but is now growing rapidly, and has become an attractive center for business and investment. The United States continues to exert considerable influence with the majority of countries in the region. Latin American countries are also ideologically fragmented, and the White House can still count on friendship and support from the presidents of the most successful economies of the region. But the United States needs to renew its commitment to those countries. As President Santos said, "it's time to rethink relations between Latin America and North America, it is time to overcome stereotypes of the past like that Latin America is a conflictive region or that America is an imperialist power."[32] Or as President Obama has pointed out, it's time to open a "new era" with Latin America, considering that among them is "one of the world's more dynamic com-

mercial relations," while stressing the need to preserve democracy and civil rights.[33]

Finally, regarding Cuba, we have to keep in mind that the process of Summits of the Americas was created on the basis of respect for the democratic system and the acceptance of free market economies. That was the reason Cuba was excluded from the summits. If some countries want to change the philosophy and the foundations of the process, they would have to set forth a new regional system, such as the proposed CELAC. Otherwise, the Summits of the Americas should only include the countries that keep those commitments.

In a report on Cuba released in 2012, the Inter-American Commission of Human Rights reiterated that "restrictions on political rights, freedom of expression and dissemination of ideas have created, over a period of decades, a situation of permanent and systematic violations of the fundamental rights of Cuban citizens."[34] Likewise, in a report released this year, Amnesty International said that "The Cuban authorities continued to stifle freedom of expression, association and assembly, in spite of the much publicized releases of prominent dissidents. Hundreds of pro-democracy activists and dissidents suffered harassment, intimidation and arbitrary arrest."[35]

On the other side, the United States has to review its more than half-century embargo on Cuba, which has failed to promote the desired reforms in the island.

We are in the midst of a confusing but promising historical transition. Its success rests not so much in what we believe as a region as on how we protect those values of freedom, democracy, cooperation, tolerance and social justice.

Endnotes

[1] Rio Treaty (Inter-American Treaty of Reciprocal Assistance), signed September 2, 1947, and originally ratified by all 21 American republics. Under the treaty, an armed attack or threat of aggression against a signatory nation, whether by a member nation or by some other power, will be considered an attack against all. http://www.oas.org/juridico/english/sigs/b-29.html (accessed on May 30, 2012).

[2] Jean Michel Arrighi, "L'Organisation des ÉL'Organisation et le Droit International," Recueil des Cours de l'Académie de Droit International de La Haye, 2012 (in press).

[3] The IAJC is an advisory body of the OAS on juridical matters that promotes the progressive development and the codification of international law.

[4] The IACHR promotes the observance and protection of human rights and serves as a consultative organ of the OAS in these matters.

[5] See the address by President Kennedy at a White House reception for Latin American diplomats and Members of Congress, March 13, 1961. Available at: http://www.fordham.edu/halsall/mod/1961kennedy-afp1.html (Accessed May 30, 2012).

[6] First Summit of the Americas Declaration of Miami, December 9-11, 1994. Available at: http://www.summit-americas.org/i_summit/i_summit_dec_en.pdf (Accessed May 30, 2012).

[7] Summit of the Americas Declaration of Santa Cruz de la Sierra on Sustainable Development, December 7-8, 1996. Available at http://www.summit-americas.org/summit_sd/summit_sd_dec_en.pdf (Accessed May 30, 2012).

[8] Second Summit of the Americas Declaration, Santiago, Chile, April 18-19, 1998. Available at http://www.summit-americas.org/ii_summit/ii_summit_dec_en.pdf (Accessed May 30, 2012).

[9] Third Summit of the Americas Declaration, Quebec City, Canada, April 20-22, 2001. Available at http://www.summit-americas.org/iii_summit/iii_summit_dec_en.pdf (Accessed May 30, 2012).

[10] Special Summit of the Americas Declaration, Monterrey, Mexico ("Declaration of Nueva León"), January 12 - 13, 2004. Available at http://www.summit-americas.org/sp_summit/sp_summit_dec_en.pdf (Accessed May 30, 2012).

[11] Fourth Summit of the Americas Declaration, Mar del Plata, Argentina, November 4-5, 2005. Available at http://www.summit-americas.org/iv_summit/iv_summit_dec_en.pdf (Accessed on May 30, 2012).

[12] Fifth Summit of the Americas Declaration, Port of Spain, Trinidad and Tobago, April 17-19, 2009. Available at http://www.summit-americas.org/V_Summit/decl_comm_pos_en.pdf (Accessed May 30, 2012).

[13] Sixth Summit of the Americas: Cartagena de Indias, Colombia, April 14-15, 2012, with no final declaration adopted.

[14] Sixth Summit of the Americas: Cartagena de Indias, Colombia, April 14-15, 2012, with no final declaration adopted.

15 Carlo Dade, "Will There Be Another Summit of the Americas? A Case for Reform," Canadian Foundation for the Americas, Canada, 2009.

16 The SIRG's work was recognized, among others, in paragraph 74 of the Declaration of Mar del Plata, 2005: "We recognize the pivotal role that the OAS plays in the implementation and follow-up of Summit mandates, and we instruct the General Secretariat to continue to act as technical secretariat; provide support for meetings of the Summit Implementation Review Group (SIRG), ministerial meetings, and specialized conferences; coordinate the participation of civil society; and ensure the dissemination of information on the Summits Process and the commitments adopted by the countries."

17 As stated in the 1994 Miami Declaration of the Summit of the Americas: "For the first time in history, the Americas are a community of democratic societies. Although faced with differing development challenges, the Americas are united in pursuing prosperity through open markets, hemispheric integration, and sustainable development. We are determined to consolidate and advance closer bonds of cooperation and to transform our aspirations into concrete realities."

18 *Ecuador Times*, November 23, 2011. Available at www.ecuador-times.net/topic/oas/ (Accessed June 2, 2012).

19 Agencia Pública de Noticias Andes, Ecuador, April 26, 2012; *Hoy*, Ecuador, February 12, 2011.

20 Jorge Rueda et al., "Leaders of the Americas Talks: World economy top worry," *Associated Press*, p. 1, December 3, 2011.

21 A. Garcia Linera, "Las Tensiones Creativas de la Revolución," (La Paz, Bolivia: Vice Presidency of the Plurinational State of Bolivia, 2011).

22 Hugo Chávez, pronouncement at a conference at New York University, January 12, 2002. http://archivo.diariodeavisos.com/epoca1/2002/01/13/noticias/internacional/13DA87A.html (Accessed June 20, 2009).

23 Jenny Gonzales, "Desencuentros Inesperados," *America Economia*, April 15, 2012. Available at: http://www.americaeconomia.com/revista/internacional/411 (Accessed June 4, 2012).

24 Isaiah Berlin, *The Idea of Pluralism* (New York: Penguin Putnam Inc., 1995).

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26 Richard Feinberg and Robin Rosenberg, "The Power of Summitry and the Collective Defense of Democracy," Summits of the Americas Bulletin 1, No. 1, November 2001, p. 8.

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28 Jaime Aparicio, "Civil Society and the Summit Process," Summits of the Americas Bulletin, 1, No. 3, p 4, June 2002.

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32 Osvaldo Rosales and Mikio Kuwayama, *China, Latin-America and the Caribbean: Building a Strategic Economic and Trade Relationship* (Santiago, Chile: ECLAC Books, 2012).

33 Juan Manuel Santos Calderón, President of Colombia, Statement at the Opening of the Summit of the Americas in Cartagena, April 14, 2012.

34 At the close of a Forum with business leaders in Cartagena, Obama proposed a "new era" of partnership with Latin America to take advantage of the good overall position of the continent, reiterating that Cuba must make progress toward democracy and that he supports discussion of the anti-drug fight, but not legalization.

35 Inter-American Commission of Human Rights, "Annual Report 2011" (Washington, D.C., paragraph 151, 2012).

COMMENTARY BY RICHARD E. FEINBERG

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Aparicio-Otero's rich essay raises the key questions about summitry and the inter-American system. Let me comment briefly on three important issues: summit organization; the increasingly successful incorporation of civil society and the private sector; and the deeply divisive issue of Cuban participation.

Aparicio-Otero's analysis of the strengths and weaknesses of the process of summitry is spot-on. Indeed, since the first summit in Miami in 1994 I have frequently written similar assessments and recommendations. Some progress has been made. The OAS has been remade in the image of the summits, adopting as its agenda key summit mandates. The IDB at least pays lip service to summit initiatives, and IDB President Luis Alberto Moreno played an important and visible role at Cartagena in helping to organize the private-sector forum. The Joint Summit Working Group now pulls together a wide range of inter-American organizations to pursue summit initiatives. So these are some of the advances to record.

Yet as Aparicio-Otero underscores, there are also many weaknesses with regard to summit follow-up—weaknesses common to many international institutions. One could attend the APEC summits, the G-20 summits, the Arab League summits, and hear many of the same complaints: too many initiatives, insufficient resources, too little political will on the part of national governments to take seriously multilateral mandates.

So what is to be done? First, acceptance that a major message of summits are the meetings themselves, the symbolic coming together of heads of state, to affirm that the Western Hemisphere is a region with common interests and common problems, and to permit leaders an efficient mechanism to meet among themselves. Second, the troika—the nations that chair the previous, current, and upcoming summits—could be strengthened, to bolster continuity and follow-up. Third, more of an effort could be made to reduce the number of initiatives, to better focus the limited resources on their effective implementation. And as Aparicio-Otero

suggests, the IDB should be called upon to place its abundant resources behind summit mandates.

Insufficient notice was paid to the relative successes at Cartagena of the meetings of private sector and civil society. No longer confined to foreign ministries, inter-American relations have deepened and broadened to incorporate a multiplicity of actors. Corporate executives have attended previous summits under various umbrellas, but it took the duet of two powerful Colombians—President Juan Manuel Santos and Luis Alberto Moreno—to orchestrate the first-ever "CEO Summit of the Americas." To attract some 700 corporate executives, the Santos-Moreno team called upon their many friends in foreign ministries and presidencies to participate in the CEO Summit, which directly preceded the leaders' meeting. Most impressive was a panel of presidents, where U.S. President Barack Obama traded barbs with Brazilian President Dilma Rousseff. Santos comfortably sat between the two contenders for hemispheric leadership, declaring himself the reasonable centrist sandwiched between the two regional powers.

For its part, the Civil Society Forum has evolved over the years from being heavily attended by Canadian and U.S.-based non-governmental organizations (NGO) to being dominated by NGO leaders and civil society movements from Latin America and the Caribbean. To bolster the prestige of the Civil Society Forum, Colombia's capable foreign minister, Mária Ángela Holguín, chaired key sessions and President Santos delivered a full-length speech. At the closing session, civil society representatives presented their recommendations to foreign ministers and the ministers of Brazil and Argentina, among others, offered lengthy responses. To the thrill of the crowd, U.S. Secretary of State Hillary Clinton delivered remarks just prior to the closing remarks of Bolivian President Evo Morales. Overall, the tone of the Civil Society Forum was constructive and respectful, and the recommendations presented to foreign ministers avoided heated rhetoric in preference to very specific proposals.

What of the dilemma of Cuban participation at future summits? With the grave illness of Hugo Chávez, ALBA is increasingly a spent force. But for an ever-more assertive Brazil, Cuba offers a wonderful issue with which to drive a wedge between Latin America and the United States. For

many Brazilian diplomats, the main strategic game is to establish Brazilian hegemony in South America at the lasting expense of U.S. influence. Part of that strategy is to undercut institutions where the United States is strong, including the U.S.-initiated Summits of the Americas, to the benefit of Brazilian-led forums such as the newly emerging CELAC, which purposefully excludes the United States.

So what can be done to break the deadlock over Cuba, as a number of key Latin American states have said they will not attend another summit unless Cuba is present? Washington (with Canadian support) continues to argue that Summits of the Americas are exclusive to democratically elected leaders—a position officially adopted by leaders at the 2001 Quebec Summit. Yet that was a very soft accord—not written into any binding treaty—that can readily be amended by the leaders themselves. Emphatically, Cuban participation in summitry does not imply Cuba taking its seat at the OAS, where the bar would be much higher, as the central purpose of the OAS today is the promotion of democratic norms. Institutionally, inter-American summitry and the OAS are distinctive, even if the OAS has gradually assumed the role of technical secretariat for the summits.

Looking ahead, the United States must be proactive. One possible compromise might be to invite the Cubans to attend some post-Cartagena working groups seeking to implement initiatives of possible relevance to them. This could test Cuban interest and intentions. American policymakers have refused to admit, even to themselves, that U.S. policy with regard to Cuba entails real diplomatic costs and gives our competitors a powerful emotional wedge issue. The potential costs now include endangering the valuable regional institution of inter-American summitry nurtured and built up over nearly two decades.

APPENDIX

The Road to Hemispheric Cooperation: VI Summit of the Americas Workshop
March 22, 2012

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