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## Renewing Cooperation in the Americas

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The Obama administration faces daunting challenges at home and abroad, the most demanding agenda that any U.S. government has inherited in many decades.

From the start it has had to cope with an economy in distress, reeling in the aftermath of the subprime mortgage meltdown, the broader financial turmoil, and the wider and deepening recession—while trying to prevent both the risk of rising inflation and the possibility of debilitating deflation. Beyond that immediate crisis, the new administration must deal with energy security, growing health care expenses, underfunded entitlements, the contentious impasse over immigration, and the massive fiscal and trade deficits. In the longer term, the new administration and Congress also must confront decaying infrastructure, inadequate K–12 educational performance, unprecedented rates of incarceration and the need for criminal justice reform, and increasingly frequent and severe natural disasters, themselves likely a result of broader climate change.

Internationally, the Obama administration has inherited the wars in Iraq and Afghanistan, the continuing threat of international terrorism, Pakistan's dangerous instability, tensions with Iran and North Korea, the festering Israel-Palestine quandary, and renewed conflict with Russia—not to mention the rapid economic growth of China and India and the implications of this growth for resource use, commodity prices, food insecurity, global warming, world trade, and international governance.

Under these circumstances no one should expect the new U.S. administration or the new Congress to make relations with Latin America and the Caribbean a high priority. None of the countries of the Americas presents an imminent threat to U.S. national security. None is likely to be the source or target of significant international terrorism. None will be critical to resolving the most immediately pressing problems of U.S. foreign policy.

## **Why Latin America Matters**

But although the countries of Latin America and the Caribbean pose no urgent issues for the United States, they will be increasingly important to the U.S. future—not as areas of dramatic crisis but in a quotidian way. In fact, Latin America has great impact on the daily lives of U.S. citizens, for four main reasons that are not the hoary axioms about Western Hemisphere security, extra-hemispheric threats, and Pan-American solidarity often cited in the past as reasons for Washington to pay attention to the region.

Instead, Latin America matters to the United States today and will matter even more tomorrow, because of:

—Transnational issues that neither the United States nor any Latin American nation can successfully handle by itself, without close and sustained cooperation from regional partners, including energy security, global warming, pollution and other environmental issues, narcotics, crime, and public health.

—Demographic interdependence, arising from massive and sustained migration that has blurred the borders between the United States and its closest neighbors and given rise to complex issues with both international and domestic facets—so-called “intermestic” issues—ranging from education to health care, immigrants’ remittances to driver’s licenses, youth gangs to portable retirement pensions, narcotics trafficking to human and arms trafficking.

—Latin America’s economic importance to the United States as a prime source of energy and other key resources vital for the U.S. economy and as a priority market for U.S. goods and services. The United States obtains over half of its energy imports from countries of the Western Hemisphere, more than half of that from Latin American and Caribbean suppliers, and the potential for expanded energy production in the Americas is high. Conversely, U.S. firms export goods and services to Latin America valued at \$225 billion annually, four times the value of current U.S. exports to China. U.S. firms still have, but need to sustain, their competitive advantage in Latin

American markets, arising from proximity and familiarity plus cultural and demographic ties.

—Shared values as expressed in the Inter-American Democratic Charter, in particular, fundamental human rights, including free political expression, effective democratic governance, and consistent application of the rule of law. These core values are unlikely to prevail internationally if they cannot take root in the Western Hemisphere. At a time when the very difficult experiences in Iraq, Afghanistan, and elsewhere have discouraged many Americans about the prospects for expanding the international influence of U.S. ideals, the shared commitment throughout the Americas to the norms of democratic governance and the rule of law should be recognized as important and worth emphasizing in practice.

### **The State of U.S.–Latin American Relations**

Despite Latin America's quotidian significance for the United States, U.S. policies toward the region in recent years have often been ineffective. Instead of focusing on truly shared concerns, since 9/11 Washington has tended to view Latin America mainly through the prism of international terrorism, just as, earlier, anti-Communism was the core of Washington's approach in the Americas. The administrations of both Bill Clinton and George W. Bush emphasized Western Hemisphere summits, but these meetings typically produced little beyond photo opportunities and mutual but mainly rhetorical commitments to cooperation. Both administrations continued to emphasize a proposed Free Trade Area of the Americas (FTAA) long after this goal had become unfeasible. Instead of building better bridges toward our closest neighbors, the United States started construction of a fence at the border with Mexico. Whereas early in the nineties Western Hemisphere cooperation had been strengthening, in the first decade of the new century resentment of this kind of treatment by Washington as well as of some of its global policies, and of its intermittent attentiveness to this hemisphere, have been building in much of Latin America. This resentment has in turn been stoked by the aggressive public and checkbook diplomacy of Venezuela's Hugo Chávez.

Meanwhile many Latin American and Caribbean countries have been deepening their processes of subregional integration, in part through formal institutions, but even more through trade, investment, Latin America-based multinational corporations, professional and business networks, and pragmatic cooperation. They have also been diversifying their international relationships, building cooperation with the countries of the European Union,

members of the Asia Pacific Economic Cooperation (APEC) forum, China, India, Russia, and Iran. Many Latin American countries no longer look to Washington for leadership or even for close cooperation. The Organization of American States has been a disappointment, and other hemisphere-wide institutions, including the Inter-American Development Bank, have weakened. Western Hemisphere approaches to problem solving have waned. But the increasing international confidence of many Latin American nations and the emergence of shared concerns, reinforced by the severe international economic crisis, may make such approaches more attractive once again.

This chapter and others in this book argue that the Obama administration and the new Congress should seize an early opportunity to reengage the countries of Latin America and the Caribbean in building mutually productive cooperation on a number of shared concerns. As the new administration moves to redefine the U.S. role in the world, a realistic focus on how to relate more successfully to its Western Hemisphere neighbors in order to confront common challenges could yield important dividends for the United States and for all the Americas.

### **The Immediate Challenge: Restoring Confidence and Dynamism to the U.S. Economy**

President Obama's first priority must be to gain the confidence of the American people and of the whole international community in the commitment and competence of his administration in working to brake the deterioration of the U.S. economy and to restore it to a course of dynamism and growth. How well the new administration succeeds in meeting this urgent need is highly relevant to the countries of Latin America, especially to those in the northern tier—Mexico, Central America, and the Caribbean—which are so dependent on U.S. trade, investment, tourism, and remittances. By the same token, these countries are relevant to the new administration's central economic challenge, for Latin America has been an expanding and important market for the export of U.S. goods and services, and its ability to respond to the current economic downturn will affect the chances for a prompt and solid U.S. recovery. The Obama administration should make it clear to Latin American leaders, at the Trinidad Summit of the Americas in April and in other settings, that the United States is prepared to work closely with its hemispheric neighbors in restoring economic dynamism, creating jobs, and avoiding depression.

## Improving the Quality of Attention

Rather than promising to pay much more attention to Latin America and then falling short, the new administration and Congress should instead enhance the quality of the limited attention that can realistically be devoted to the region. Instead of offering soaring rhetoric about partnership from Alaska to Tierra del Fuego, the new administration should work with Latin American and Caribbean nations on a few select and crucial issues that can be addressed soon, if only partially, such as bolstering financial institutions, restoring credit flows, and tackling the problems of energy, the environment, crime, health, housing, and education—thus building credibility that has been damaged after years of unfulfilled pledges. Rather than scramble to counter Hugo Chávez and the “Bolivarian alternative” of anti-U.S. movements, Washington should concentrate on confronting the underlying issues that have created space for Chávez’s inflammatory rhetoric and populist programs, and for other radical populist movements.

The new U.S. authorities should be thoughtful and consistent in disaggregating Latin America and the Caribbean. It is not new or profound to recognize that Latin American and Caribbean nations vary enormously. During the past twenty years, however, there has often been a tendency in Washington, within administrations of both political parties, to emphasize convergence within the region: toward democratic governance, market-oriented economics, and policies of macroeconomic balance and regional integration. Although these convergent trends have indeed been important, key differences persist among the many countries of Latin America and the Caribbean, and some of these differences are growing, not shrinking. This can be seen along five dimensions:

—*Demographic and economic interdependence with the United States*: highest and still growing in Mexico, Central America, and the Caribbean, and lowest and likely to remain low in South America, especially in the Southern Cone.

—*The extent to which the countries have opened their economies to international competition*: most fully by far in Chile; a great deal in Brazil, Colombia, Mexico, Peru, Panama, and some Central American nations; and less so in other countries.

—*The relative advance of democratic governance (checks and balances, accountability, and the rule of law)*: historically strong in Chile, Uruguay, and Costa Rica; increasingly, if quite unevenly, robust in Brazil; gaining

ground in Mexico over the past twenty years but with ups and downs, hard struggle, and major recent setbacks; arguably declining, or at least at risk, in Argentina; under great strain in Venezuela, most of the Andean nations, much of Central America and Paraguay; and exceptionally weak in Haiti.

—*The relative effectiveness of civic and political institutions beyond the state (the press, trade unions, religious organizations, and nongovernmental entities):* strongest in Chile, Uruguay, Costa Rica, the Dominican Republic, and perhaps Argentina; growing but still severely challenged in Brazil and Mexico; slowly regaining stature but still quite problematic in Colombia; weak in Peru, Bolivia, Ecuador, Paraguay, Venezuela, most of Central America, and Haiti;

—*The extent to which traditionally excluded populations are incorporated:* relating to more than 30 million marginalized, disadvantaged, and increasingly politically mobilized indigenous people—especially in Bolivia, Ecuador, Guatemala, the Peruvian highlands, and southern Mexico—and Afro-Latin Americans in countries where they are still the object of racial discrimination.

Only when all these important structural differences and their political consequences are consistently understood can the countries of Latin America and the Caribbean come into clear focus for U.S. policymakers. Hemisphere-wide summit conferences or very broad regional initiatives are less likely to be effective than subregional efforts that bring together smaller clusters of countries with comparable or complementary issues and concerns. Recognizing this reality should be one starting point for a reconsideration of U.S. policies in the Americas. A second, discussed more extensively later in this chapter, is to understand that questions of style, tone, and broad foreign policy outlook will matter a lot in the Americas.

## Changing Mindsets

The Obama administration has a brief window to show that it is not imprisoned by damaging mindsets imposed by traditional ideology and rhetoric and that it can therefore respond more constructively than its predecessors did to the realities of Latin America and the Caribbean.

Instead of dividing Latin America and the Caribbean into two groups—friendly “democracies” and hostile “dictatorships”—Washington would be wiser to realize that many Latin American and Caribbean nations still have

weak political institutions, low levels of accountability, and highly uneven application of the rule of law. Although the normative goal of democratic governance has been nearly universally embraced in the past generation—a welcome advance—effective democratic performance and the consistent application of the rule of law remain far from reality in many countries. Central questions posed in this book, in danger of getting short shrift in the backlash to the frustrating Iraq imbroglio, are whether and how the United States can help play an appropriate and effective role in bolstering the prospects for meaningful democracy, at least in some nations.

The familiar mantra of promoting free markets and pushing the “Washington Consensus” has lost traction, and citing Chile as the poster child for this formula no longer persuades. Washington should understand that most Latin Americans see things quite differently. They point out that Chile’s success in fact demonstrates the value of pragmatically combining market-opening reforms with strengthened state capacity, sound public policies, including controls on foreign investment, and vigorous state action. Some of Latin America’s governmental institutions need to become stronger, more competent, and more effective—not smaller or weaker—in order to deal with such issues as poverty, inequity, exclusion, crime, personal security, and competitiveness. After a period of excessive faith in markets, Washington needs to fully grasp this point as part of a more general rethinking of the role of government, both at home and abroad.

The key distinctions in Latin America today are less whether an economy is entirely market-driven or partly state-led and more how well the government and other institutions incorporate feedback and accountability into their decisionmaking and course correction processes, and whether competition among parties and sectors is constructive and energizing or polarizing and destructive. Moving toward more democratic politics and toward economies that are more market-driven than centrally planned certainly can help nations meet these imperatives. But many Latin Americans believe, understandably, that these nostrums are insufficient without effective institutions, including independent central banks and autonomous political parties, and without sufficient state capacity to regulate, allocate resources, and provide essential public services. In some cases the market-opening and state-shrinking policies recommended by Washington have come to be seen as damaging, or as facades meant to advantage narrow interests. The crisis of American financial institutions in 2008, requiring massive government intervention, further undermined the case for international market fundamentalism.

## **Starting at Home: The “Intermestic” Agenda**

Four changes in U.S. policy that would have great positive impact in the Americas are strictly speaking not “Latin American policy” issues as such, but in many ways are primarily domestic questions: immigration reform, a revised trade policy, a new emphasis on energy conservation and development, and a fresh approach to the narcotics trade.<sup>1</sup>

### *Immigration*

As soon as domestic economic stimulation and other truly urgent business permit, the Obama administration should work intensively with the new Congress to achieve comprehensive and proactive immigration reform, based on the premise that labor markets and family dynamics will likely produce substantial immigration flows for the foreseeable future. A new U.S. immigration policy should seek to manage and regulate these flows; enhance their benefits to the receiving communities; mitigate, compensate for, and more fairly distribute their various costs; and also affirm core U.S. values, including fundamental respect for law.

Any viable plan will require cooperation with Mexico, Central America, and the Caribbean on economic development, job creation, labor, health, education, youth employment, law enforcement, and infrastructure. To secure that cooperation, Washington must avoid name calling and finger pointing. The Obama administration should consult early with governments in Mexico, Central America, and the Caribbean regions with the goal of fashioning joint and practical approaches to those transnational issues.

A feasible and sustainable U.S. immigration policy must include improved border control and management, temporary worker programs, meaningful sanctions against employers who hire unauthorized residents, and concerted efforts at various levels to integrate unauthorized immigrants who have been contributing to the United States and who want to become part of the U.S. community—including practical paths to citizenship or long-term legal residence. It will take considerable political leadership and will to achieve immigration reform, but the need is evident. Immigration reform would be important, not only for the United States but for many other countries of the Americas, especially Mexico and the Caribbean and Central American nations.

### *Trade*

It is not enough to stress the benefits of expanded trade for those who prosper from it while downplaying its costs and risks for others, especially in the



context of mounting anxiety about a prolonged recession or worse. Much more needs to be done to compensate, protect, retrain, and provide technical assistance and access to credit to those who are displaced by expanded trade and by technology, both in the United States and in the economies of its trading partners, especially in the Americas. These provisions need to become part of new trade agreements, not just the subject of side accords or of vague promises to deal with the issue later. For their part, Latin American countries will need to improve protection of labor conditions and workers' rights if trade agreements are to have any prospect for U.S. approval. The 2007 negotiations—first between the Bush administration and congressional Democratic leadership and then with the government of Peru, on labor rights and environmental issues to make possible the free trade agreement with that country—show the way toward reconstructing expanded and sustainable inter-American commercial cooperation.

The new administration and Congress will need to win support from both business and labor to keep the United States globally competitive but also to open greater export opportunities for developing countries, including those of Latin America, rather than to intensify targeted protectionism. The United States cannot expect open access for its exports while retaining pockets of strong protectionism for itself precisely in sectors where developing countries, including Latin American economies, have competitive advantages.

### *Energy*

With the price of oil fluctuating wildly, at times around unprecedentedly high levels; declining production of petroleum in Mexico, Venezuela, and Ecuador; rising demands for energy in China and India; geostrategic concerns about the Middle East and Africa; and growing consensus on the harmful impact of carbon emissions; the Obama administration and Congress will surely focus early on energy security. New policies will include conservation initiatives and the development of new supplies, particularly from renewable sources. The potential is great for significant collaboration among Western Hemisphere nations to ensure the provision of adequate energy, involving investment in producing oil and natural gas in Mexico, Brazil, Venezuela, Bolivia and Cuba; some expansion of nuclear power production in Argentina, Brazil, Chile, Venezuela, and Uruguay; carefully targeted support for some biofuel development, especially sugarcane-based and cellulosic ethanol, in Brazil, Colombia, Central America, Cuba, and elsewhere in the Caribbean; investments in wind, hydro, and geothermal energy; and collaborative research on both alternative fuels and options for conservation. Concerted efforts to build

Western Hemisphere cooperation on energy could substantially advance U.S. interests at home, in the Americas, and around the world.

### *Narcotics*

The Obama administration, the new Congress, and Latin American governments all need to fundamentally rethink the “war on drugs.” The “war” metaphor should be dropped, because it reinforces the tendencies to look for “victory” against a defined enemy and to favor mainly coercive methods. Even though there are undoubtedly some links between drug traffickers and guerrillas, Washington and Latin American governments should stop emphasizing “narco-terrorists,” because the narcotics issue is not really primarily about terrorism or military security. It is, rather, a complex societal, cultural, medical, and institutional problem that has as much to do with deep-seated failures in advanced industrial countries as with weak governance, crime, corruption, and poverty in Latin American and other producing nations. The more honestly Washington deals with the societal roots and social consequences of this destructive business, the more likely is the development of the international cooperation needed to reduce this traffic and to diminish its scope and harm.

The new administration and Congress should give priority to prevention, treatment, rehabilitation, and youth employment programs at home. They should increase investment in well-structured alternative development and youth employment programs for regions in developing countries where growing drug crops currently seems like the only alternative to dire poverty, and where local conditions and stakeholders provide some chance for success. They should concentrate less on spraying herbicide on crops and interdicting shipments, and correspondingly more on disrupting both the money and the arms flowing from the United States that lubricate and facilitate the drug trade and undermine fragile states. And they should redouble efforts to constructively engage Latin American and Caribbean cooperation in countering all aspects of the corrosive narcotics enterprise, which increasingly damages the whole region, and in tackling the broader but connected issues of organized crime, including not only narcotics but also human trafficking, kidnapping, auto theft, and contraband smuggling. The drug trade is devastating the institutions and law enforcement capabilities of several countries in Central America, the Caribbean, and Mexico, as it had earlier ravaged Colombia. The Obama administration should be open to new analysis and approaches, and invite prompt multilateral and bilateral discussions of what to do.

## **Closest Neighbors**

In rethinking its policies in the Western Hemisphere, the Obama administration will need to be selective but strategic, concentrating on major issues and regions where new initiatives could be most productive.

It should focus special attention on U.S. relationships with the countries of the Caribbean Basin region: Mexico, Central America, and the Caribbean islands. Together these countries, with about a third of the total population of Latin America and the Caribbean, account for nearly half of all U.S. investment in the entire region; more than 70 percent of legal U.S.–Latin American trade; a very high proportion of drug trafficking; and some 85 percent of all Latin American migration to the United States.

However much they differ among themselves, as they certainly do, Mexico and the Caribbean and Central American nations are, almost without exception, becoming ever more fully integrated with the United States. Many of these countries rely on large flows of remittances sent home by their diasporas in the United States and increasingly use the dollar as their informal and in some cases their formal currencies. They send most of their exports either to the United States or to each other, and rely mainly on U.S. tourists, investment, imports, and technology. They all send many migrants northward, and some accept increasing numbers of (often retired) North Americans as long-term residents, as well as large numbers of U.S. citizens seeking vacation homes, inexpensive medical care, and other services. All these trends will continue, and soon almost certainly Cuba, too, will reflect them, albeit with special characteristics. Transnational citizens and networks will grow in importance throughout the region based on such issues as portable international health insurance, extraterritorial applicability for Medicare benefits, and bilingual education.

The “intermestic” issues that flow directly from the unique and intense mutual interpenetration between the United States and its closest neighbors—immigration, narcotics and arms trafficking, youth gangs, citizen security, auto theft, money laundering, responding to and mitigating the effects of hurricanes and other natural disasters, protecting the environment and public health, law enforcement and border management—pose complex policy challenges. In both the United States and its neighbors, the democratic political process often results in policies that push in directions that are diametrically opposed to what would be needed to secure the international cooperation required to manage thorny problems that transcend borders. Immigration policy is a vivid example of this catch-22 dynamic: congress-

sional approval of the border fence undoubtedly was a response to domestic opinion, but that made it harder for Mexico and the countries of Central America to work with the United States on immigration and other issues. This dynamic has also obtained in the case of anti-narcotics policy and of agricultural subsidies that are demanded by domestic lobbies and are difficult to undo, but impose disproportionate costs on neighbors.

The fact that the policy approaches most attractive at home often hinder needed international cooperation is certainly not limited to the United States. The impulses to place responsibility for tough problems on the other side of the border and to assert “sovereignty” even when strictly national control is no longer possible in practical terms are mutually reinforcing. Existing concepts and institutions are inadequate for managing these increasingly complex and intimate relations.

The Obama administration and Congress should undertake and promote official and nongovernmental consultations with counterparts in Canada, Mexico, Central America, and the Caribbean on the full range of challenges posed by the increased and irreversible interdependence of this whole close-knit region. The aim should be nothing less than to forge a shared vision of the entire Caribbean Basin’s future—including Cuba and Puerto Rico—and of how to achieve it.

## **Brazil**

A second strategic policy focus should be Brazil, where the long-trumpeted future has arrived, or at least is much closer. Since 1990 Brazil has opened important parts of its economy to international competition, modernized much of its agricultural sector, and developed a number of industries with a continental and even worldwide presence. Brazil has slowly but surely strengthened its state, private sector, and nongovernmental institutions. It has secured financial and political stability, has attracted very substantial foreign investment (\$34 billion in 2007, more in 2008), participated aggressively in the world economy, and produced steady if still modest economic growth. Successful recent petroleum exploration reinforces the likelihood that Brazil’s growth will further accelerate in the years to come. Together with Chile and Panama, Brazil has also begun to reduce absolute poverty and gross inequity, two of the most intractable problems faced by Latin America and Caribbean nations. And Brazil is making notable though still far from sufficient progress in combatting corruption, crime, violence, discrimination, impunity, and lack of accountability.

These transformations make it desirable and possible for the United States to work more closely with Brazil. The two countries have many shared interests: enhancing energy security, promoting regional stability, protecting the environment and public health, liberalizing and expanding international trade in agriculture and services, and strengthening global governance. Washington and Brazil can also improve the way they work together to manage conflicting international economic and commercial interests. This involves striving to overcome short-term domestic interest group pressures in both countries in order to facilitate long-term trade, investment, and prosperity. That will not be easy, but if the Obama administration communicates a strategic vision toward Brazil, it might well make headway, provided that the government of Brazil is ready to do its part.

### **The Andean Ridge**

The nations of the Andean range are quite diverse, but all, to differing but invariably high degrees, are plagued by weak political institutions. Most face the unresolved integration into the market economy and the body politic of large indigenous and historically excluded populations. All must address the incorporation of many millions of persons, not only indigenous, who live in extreme poverty. Grinding poverty, gross inequities, social exclusion, rising ethnic and subnational consciousness, violence, the weak presence of the state in rural areas, and the further undermining of already feeble institutions are a volatile combination. The faith that free markets and democratic politics inevitably strengthen and support each other in a powerful virtuous circle simply does not capture the realities of this highly fragmented subregion.

The narcotics trade is at least as much symptom as cause of these conditions; dealing with the drug trade in isolation from other issues will therefore have little effect. By the same token, combating guerrilla and paramilitary movements primarily through military means is unlikely to have any enduring impact. Only if and when the underlying and interrelated problems of extreme poverty and political disenfranchisement are confronted in an integrated fashion can the Andean nations hope to achieve sustained political stability and economic development. Strengthening the state's capacity to provide order depends fundamentally on bolstering its capacity to deliver economic growth, basic services, improved equity, and the consistent application of the rule of law. Nothing the United States can do will substitute for local leadership that deals effectively with these fundamental problems.

Where such leadership emerges, the United States should support its efforts, without being so intrusive as to become part of the problem.

All of the Andean countries are distinct, their situations are fluid and uncertain, and in some cases they are in deep conflict with each other and with the United States.

Peru's democratic government has to overcome profound alienation in the country's highland (*sierra*) and jungle (*selva*) regions by delivering concrete results, not mere rhetoric or gestures. If the dramatic alienation of Peru's *sierra* and *selva* populations cannot be reduced, Peru will remain highly vulnerable to antisystem politicians and to destabilization by external actors ready to exploit this alienation.

In Bolivia and Ecuador, two very different and innovative efforts to "re-found" national identity, build new and more inclusionary political institutions, and capture more of the benefits from natural resources face the constraints of the international economy and deep suspicion on the part of established national and provincial elites and also of many middle-class professionals. Each of these efforts is a work in progress: uncertain, unpredictable, and subject to conflicting internal currents and international influences.

Colombia has made progress in overcoming insurgent movements, restoring urban peace, and expanding the influence of nongovernmental institutions, but still faces embedded violence, pervasive corruption, and authoritarian tendencies.

Venezuela is deeply polarized. Chávez's march toward more consolidated authoritarian and personal rule on the basis of popular support from sectors previously without voice or influence has been slowed but by no means halted by an increasingly organized and vocal opposition, which has strengthened its position in Caracas and other populous regions. Further instability is likely, particularly as economic difficulties mount in the wake of falling petroleum prices and gross mismanagement, and as Chávez renews and intensifies his effort to extend his rule and expand his power.<sup>2</sup>

Advancing U.S. interests and the prospects for inter-American cooperation in these complex circumstances requires patient, nuanced, sensitive, and case-by-case treatment, not assertive and indiscriminate broad-brush policies. Career U.S. diplomats, led by Assistant Secretary of State Thomas Shannon, for the most part were skillful in the latter years of the Bush administration in managing Washington's relations with the diverse Andean countries by avoiding confrontation and trying to find ways to be constructive, but the mutual recriminations exchanged by the United States and both Bolivia and Venezuela late in 2008 further complicated these relationships.

The Obama administration would be well advised to revert to a nonconfrontational approach, to seek low-key cooperation from like-minded governments in the region, and where possible to find ways to work quietly with each country on concrete issues of shared concern. The country chapters in this volume provide specific guidance on how to do this.

## **Cuba**

The question of Cuba cries out for fresh U.S. responses to changing circumstances.<sup>3</sup> The long-standing U.S. policy of denial, embargo, and exclusion, developed in the Cold War context, was not demonstrably successful even then. The Obama administration should promptly redefine the objectives of U.S. policy in the light of fundamentally altered international realities, the ongoing leadership transition in Cuba, the evolution and generational transformation of the Cuban American community, and of broader U.S. interests beyond the importance of Florida's votes in the electoral college. The 2008 election results give the Obama administration the political space to reframe U.S. policy in terms of national objectives, not pressure group influence, and to relate Cuba policy to the broader objective of refashioning the world role of the United States and how it is perceived internationally.<sup>4</sup>

The primary aim of U.S. policy at this stage should be to increase the likelihood that Cuba and the United States can cooperate pragmatically on migration, energy, narcotics, the environment, public health, and on response to hurricanes and other natural disasters. At the same time Washington should do all it can to repair badly frayed communications and trust by expanding family, academic, and other nongovernmental contacts with Cuba. As an indication of its intentions and a symbolic step potentially important in the broader international context, the new administration could offer Cuba a clear and respectful path toward resuming normal diplomatic relations with the United States. Pragmatic negotiations should be initiated to find a realistic solution to the claims arising from nationalizations and expropriations by the Castro government nearly fifty years ago, and to agree on a mutually acceptable future for the Guantánamo base. The United States can best encourage those in Cuba who want to nurture eventual democratic governance, and the Cuban American community can more likely come to play an appropriate role in the island's economic recovery and development, if steps are first taken to improve communication and expand practical cooperation in concert with other countries.

## **Reducing Extreme Poverty and Inequity**

Perhaps most important, the Obama administration needs to both understand and explain to the American public that the United States would gain more stable neighbors, expanded markets, more attractive investment opportunities, and more congenial tourist destinations if the countries of Latin America and the Caribbean could be helped to reduce grinding poverty, gross inequities, and ethnic exclusion and to head off rising unemployment. These conditions fuel polarization, lend themselves to demagogic exploitation, and undermine both democratic governance and sustainable policies of economic growth and development.

Today, especially after the 2008 financial meltdown, U.S. public policy instruments and available resources are much too limited to make an immediate and dramatic impact on Latin America's poverty, inequity, and exclusion; this is certainly no time to consider another "Alliance for Progress." But the United States can certainly do much more to help confront the regional development agenda than the pale imitations of the Venezuelan and Cuban educational and health programs announced on President Bush's 2007 trip to Latin America. Washington can work to enhance the positive social impact of remittances, support microfinance programs, and build on the experience of the Millennium Challenge initiative to help establish a regionwide social development fund to target poverty-reduction efforts and to engage especially vulnerable populations, not only in the poorest countries but in the specific subregions of each country where dire poverty exists. The United States, the European Community, Canada, and the OPEC countries should consider providing multilateral credit to help energy-importing developing countries adjust during periods of very high costs. Washington could take the lead in financing a special fund for recovery and adaptation targeted at the countries most affected by consequences of climate change, including the highly vulnerable Caribbean and Central American nations. The international community could also do much more to support innovative educational reforms and to deal with youth gangs as a transnational problem that requires improving education and employing more young people. Dealing with arms trafficking, people trafficking, and money laundering all require coordinated international treatment.

Many of the necessary programs already are in place on a modest scale, but the Obama administration and the new Congress should give them additional and more secure support. Well-crafted and astutely implemented policies could make a big difference without being expensive. Washington should



mobilize both public and private sector efforts to invest in infrastructure in Latin America and to expand energy production and distribution—major ways of accelerating the region’s growth and providing much needed employment that are very much in the interest both of the United States and of its neighbors. On all these issues the Obama administration should favor multilateral approaches. In particular, it should support redoubled activity by an upgraded and reinvigorated Inter-American Development Bank.

### **Rebuilding *Confianza***

Finally, it is vitally important that the Obama administration and Congress work together to build mutual respect in the Americas as part of a broader reconsideration of the U.S. role in the world. President George W. Bush traveled to Latin America and the Caribbean more than any other U.S. president, and his administration produced some positive, though inadequate, U.S. policies specifically targeting the Western Hemisphere, especially during Bush’s second term. But the stature and appeal of the United States in the region plummeted, primarily because of U.S. policies elsewhere in the world but also because the style of U.S. interaction with Latin Americans was so often dismissive or intrusive: from customs and immigration procedures at the individual level to irksome pressures on Latin American governments regarding various votes in international organizations.

After many years of responding to U.S. pressures regarding human rights abuses, including the use of torture in interrogation, Latin Americans have been understandably critical of U.S. conduct in the “war on terror,” especially the use of Guantánamo to circumvent legal protections of the rights of prisoners detained there. The Guantánamo abuses, criticized by both candidates during the 2008 campaign and by U.S. federal courts, should be addressed immediately by closing down the detention camp and transferring the prisoners to facilities in the United States or other appropriate countries, where they should be charged expeditiously and brought to trial.

The Obama administration should make every effort to rebuild multilateral cooperation and international institutions in the Western Hemisphere as elsewhere. It should support the unprecedented efforts made by Brazil, Chile, and Argentina to help Haiti reverse its decline. It should enlist these and other countries to take the lead in building new relations with Cuba.<sup>5</sup> Washington should warmly welcome Canada’s growing role in the Americas, and should encourage Canada to step forward on some issues and relationships where a high U.S. profile could be counterproductive.

The new administration should recommit the United States to active support of a more active and confident Organization of American States as well as the United Nations. Washington should endorse and adhere to the International Criminal Court, and should drop pressures on Latin American nations to grant U.S. personnel exemptions from the court's jurisdiction. It should engage actively and urgently in global cooperation in response to climate change, and should urge Latin American governments, too, to do their part. As Ted Piccone's chapter emphasizes, the Obama administration should assure that its efforts to promote and nurture democratic governance are approached on a multilateral and international basis. The United States should also recognize and help celebrate the bicentennial of South American independence from colonial Spain, perhaps by offering funding and technology for new Western Hemisphere educational initiatives.

Above all, the substance and tone of inter-American relations will be most quickly and substantially improved if and when the United States visibly returns to a world role that is respectful of international law and opinion, cooperative rather than domineering, clearly committed to multilateralism and international institutions, sensitive to Latin American aspirations for broader international recognition, and true to the fundamental values that are shared by citizens throughout the Americas. The Obama administration should make it clear, not only in Barack Obama's Inaugural Address but in concrete actions soon thereafter, that it plans to steer U.S. foreign policy consistently on this new course. Nothing would contribute more to rebuilding *confianza*, the essential trust on which Western Hemisphere cooperation ultimately will depend, both at the government level and among the broad public throughout the region.

## Notes

1. For a fuller and illuminating discussion of these four topics, drawing on the deliberations of an outstanding inter-American commission of notables, see *Re-Thinking U.S.-Latin American Relations: A Hemispheric Partnership for a Turbulent World*, Report of the Partnership for the Americas Commission (Washington: Brookings Institution, November 2008). An early draft of this chapter and of those by Laurence Whitehead and Daniel Zovatto were prepared for and discussed at the commission's first meeting.

2. The specific circumstances of Bolivia, Colombia, and Venezuela are discussed in helpful detail in the chapters by George Gray Molina, Rodrigo Pardo, Michael Shifter, and Jennifer McCoy.

3. Complementary perspectives on how to proceed are offered in the chapters by Marifeli Pérez-Stable, Bert Hoffmann, and Laurence Whitehead.
4. This point is discussed in innovative detail in the Hoffmann chapter.
5. The difficult case of Haiti is discussed in the chapters by Daniel Erikson and Juan Gabriel Valdes.