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**U.S. Policy toward the Western Hemisphere:
Challenges and Opportunities**

Mr. Chairman, Mr. Menendez, Members of the Committee. It is a great honor to be invited to offer an assessment of the challenges facing the United States in the Americas, the policies of the George W. Bush Administration, and the opportunities that could be seized by an alternative approach. I commend this Committee for focusing on our closest neighbors at a time when the attention of the Administration and most of the country is elsewhere.

The State of the Americas

Many in Latin America had high expectations for U.S.-Latin American relations when George W. Bush was elected President. He alone of the two major candidates had given a speech devoted to the region, and he promised that if elected, the region would not be an “after-thought;” it would be central to his foreign policy. As a former Governor of the border state of Texas, Bush had also signaled to the new Mexican President Vicente Fox and the re-elected Prime Minister of Canada Jean Chretien that he would give the highest priority to the two closest neighbors of the United States. He has not delivered.

During the past two years, the United States has lost jobs and Latin America’s economy has contracted. The Free Trade Area of the Americas (FTAA) is in grave danger as Brazil insists that agricultural subsidies and anti-dumping legislation should be on the agenda, and the United States rejects that. Secretary of State Colin Powell acknowledged during the swearing-in ceremony of Assistant Secretary of State Roger Noriega that Latin America was suffering from “a level of dissatisfaction with the quality of democracy and the results of economic reform.”

“Dissatisfaction” is an under-statement. This past week, a progressive Bolivian President was tossed out of office by a mob. Bolivia’s neighbors in the Andes – Peru, Ecuador, Colombia, and especially Venezuela – seem on the precipice of chaos or conflict. The economy of Brazil, the engine in South America, is stalled, and its neighbor, Argentina remains in default on its international debt. Relations with our two closest neighbors – Canada and Mexico – have sunk to their lowest level in decades, undermined by divergent perceptions of September 11th and the war in Iraq. Had there been the partnership in North America that had been promised, one could have imagined that the leaders of the three countries would have met on the White House lawn on September 12th to declare that the attack was aimed at all of North America and that they would respond as one. Alas, that did not occur.

The central issues in the hemisphere remain development, the consolidation of democracy, poverty, and security against terror, crime, and drug-trafficking. With the end of the Cold War and the spread of democracy and freer-trade regimes, the nations of the Americas finally found themselves using the same language and pursuing similar – if not the same goals. The new post-9/11 US focus on security combined with the pre-emptive war strategy enunciated by the Bush Administration has re-opened the gulf that had historically kept the U.S. and Latin America apart, and it has re-ignited suspicions of U.S. motives. Thus, your Committee’s deliberation offers Congress and the Administration a chance to step-back and ask how we might reduce the division and advance our hemispheric interests and values.

The Response by the Bush Administration

I will leave it to Assistant Secretary Noriega to state the Administration’s positions, and I will not use my scarce time to critique the policy as I would prefer to try to sketch out alternatives. But let me just briefly say that, in my view, the most striking feature of the Bush Administration’s policy is that there is so little of it, and that the declared policies seem so inconsistent with the Administration’s deeds.

Secretary Powell should be credited for signing the Inter-American Democratic Charter in Lima, but what does that act mean when others in the Administration support a coup d’etat in Venezuela, only to be chastised by the rest of the inter-American community? What does our declared support for democracy mean when U.S. Ambassadors take sides in a presidential election in Bolivia and El Salvador? Does this Administration not realize that Latin Americans remain suspicious of U.S. declarations on democracy because we sometimes undermined democratically-elected leaders, who were anti-American?

On the hemispheric economic agenda, when one of the most important economies in South America went bankrupt, then-US Treasury Secretary Paul O’Neill dismissed the country with a crude remark. Trade Representative Zoellick ought to be congratulated for his support for the Free Trade of the Americas, and President Bush for seeking a good relationship with the new Brazilian President Lula da Silva, but what does that mean

when the United States ignores Brazil's trade agenda and tries to undermine it by pursuing separate deals?

On the social crisis where poverty threatens nearly one-third of the region's population, the President was courageous in proposing the Millennium Challenge Account, but it is still not clear if any of it will help the region's impoverished.

No American would question the necessity of a strategy against terror. The issue is whether an exclusive pursuit of that goal in the Americas is productive. The Administration has not made the case that there is the kind of threat in the Americas that would justify ignoring other US interests described above.

An Alternative Approach to the Americas for the 21st Century

A new approach to the Americas needs to begin with some humility and a willingness to bridge the post-Iraq gap. The United States needs to realize that its power has limits and obligations. U.S. power can compel other governments to take our agenda seriously, but if we brandish it or ignore other views, we unintentionally invite resistance or simply no cooperation.

To achieve our objectives in the region (and elsewhere), we need to listen more and lecture less. And while most of the rest of the Americas disagreed with our entry into Iraq, the governments need to find ways to respond to the U.S. agenda even as they pursue their own. An opportunity presents itself at the forthcoming Special Conference on Security of the OAS. Much of Latin America prefers a security agenda based on disarmament, curbs on small arms sales, denuclearization, de-mining (only the US and Cuba have not approved of the Ottawa Treaty) while the United States seeks its security agenda. Why not pursue all of these objectives?

Let me offer a brief agenda for the Americas of four opportunities – a North American Community, a stronger system for defending democracy, a new emphasis on poverty and exclusion, and an alternative approach to drugs and terrorism.

1. A North American Community. It may seem unusual to begin a discussion of new approaches to the hemisphere by focusing on North America, but there are several good reasons. First, no two nations affect the U.S. more, and no two nations are affected by the US more, than Canada and Mexico. Second, if Mexico cannot climb to the first world through NAFTA, and indeed, if the development gap between Mexico and its two richer neighbors continues to widen, then other nations in the Americas should legitimately ask whether free trade is the solution or the problem. Conversely, if Mexico succeeds, and if the United States demonstrates it can listen and adjust to the concerns of its neighbors, then the prospects for a collaborative hemisphere increase.

At American University, I have established and direct a new Center for North American Studies with the purpose of educating a new generation to the complexities of the largest free-trade area in the world in terms of gross product and population. Social

and economic integration among the three countries has accelerated since NAFTA, but the three governments have failed to respond to the problems – externalities – that accompany a wider market. Thus, we have had peso crises, divisions on immigration, trucking, sugar, and softwood lumber, and we virtually ignored the central issue of Mexico’s development, and the gap has widened. We can never solve the problem of undocumented migration and never develop a true trilateral partnership unless and until the development gap separating Mexico and its two northern neighbors could be significantly reduced. A North American Development Fund, which could be managed by existing banks, could do this.

Let me request that you consider a second hearing specifically on North America and look beyond NAFTA to the issue of integration and policy coordination. There is much to be learned from the European experience - both in terms of what we should adapt and what we should avoid. Beyond that, Congress could take the lead in merging the two bilateral parliamentary commissions with Mexico and Canada to create a new Inter-Parliamentary Group on North America that could consider new initiatives, including a North American passport, a Customs Union, a Permanent Court on Trade and Investment to replace the ad hoc dispute settlement mechanism, and a North American Plan for Infrastructure and Transportation.

The successful pursuit and implementation of a **Free Trade Area of the Americas**, a goal that I support, is not likely unless we can demonstrate the power of the first example – with Mexico and North America. We should not postpone FTAA negotiations; we should move forward as rapidly as possible, but we need to be responsive to the region’s agenda, and our own interests in labor and the environment.

2. Instilling Substance into the Democratic Charter. The Santiago Commitment of 1991 represented an historic step by the inter-American community toward building a collective defense for democracy. The Democratic Charter signed in Lima on September 11, 2001 represented another important step, but its inadequacy is demonstrated by the political turbulence in the Andes. What more is needed?

The first problem is conceptual. The Charter is a long list of definitions of democracy, which makes its defense actually more difficult. If the inter-American community had to respond to every threat, including economic setbacks, it would respond to none, which is largely the case. We need a precise definition, and here’s one: a system of government whereby the people choose their leaders at regular intervals in a free environment, and the leaders have effective authority. The principal threats to democracy correspond to different levels of political development. At the most tenuous level, governments face threats over the fairness of the electoral process (vertical accountability). At the transitional level, governments face problems when one branch of government oversteps its constitutional prerogative – e.g., when the President closes Congress, or the military overthrows the President (horizontal accountability). Finally, democracies face social and economic threats because they erode the foundation of democracy or because people hold democracy, rather than the incumbent, responsible.

Second, after sorting out the definition, the OAS should charge either a non-governmental body or a quasi-governmental one, similar to the Inter-American Commission on Human Rights, to do hard-hitting annual reports on the state of democracy in each of the countries of the Americas.

Third, the countries of the Americas need to develop a common multilateral strategy for acting on these reports. If there was a military threat, the Inter-American Defense Board could be invited. If the problem is the lack of judicial independence, leaders from the Supreme Courts of the Americas could visit the country to develop strategies for strengthening the judicial system.

Fourth, the leaders of the Americas could try to find common ground to advance democracy in a legitimate manner in Cuba and Haiti, the two remaining non-democratic countries in the Americas. In the case of Cuba, that might require a change in the historical approach by the United States, as most governments in Latin America find it difficult to promote democracy there while the United States maintains an embargo. The question for the United States is which approach is more likely to succeed. After forty years of an embargo, it seems obvious that this is a blunt instrument that Castro uses to blame all Cuba's ills; it is not an effective strategy for democracy.

3. Poverty and Exclusion. At its base, the protest in Bolivia, Venezuela, and Ecuador is a symptom of a far deeper crisis – the exclusion and increasing impoverishment of a widening band of poor people, many of whom are indigenous peoples. The problem is both an objective and a subjective one. We know that a country that grows and invests in its education can narrow income gaps. Chile has demonstrated that during the past 15 years. Freer trade and a more open market has helped India and China, the world's two most populous nations, to reduce poverty in the past decades, but in Mexico, freer trade has led the northern part of Mexico to grow ten times as fast as the southern part. A progressive and effective fiscal system is critical to ensure that the gains of trade are shared among those who lose because of increasing competition.

So the problem has to be addressed at two levels. At the objective level, more funds need to be invested in education and free-market reforms, including reducing trade and investment barriers, but more attention needs to be given to lifting the more deprived regions. The proposal of Congressman Menendez for a “social investment fund” could be targeted on this problem. At the level of perception, much more education needs to be undertaken to explain that barriers to trade and investment as, as Arthur Miller once wrote of “walls,” “an expensive investment in denial.”

Still another approach, which could combine an interest in disarmament and education, would be to establish an Education Fund for Democracies that would receive revenues from deferred defense expenditures that would have been spent for advanced weaponry and would use those funds for Education.

4. Drugs and Terrorism. The Bush Administration and its predecessors have used the language of “war” to attack both drug traffickers and terrorists, but the truth is that the proper metaphor is mega-crime because armies and law enforcement authorities cannot stop both menaces. Drugs need to be addressed as a health problem, and terrorists, by understanding their local roots and identifying the best strategy to pull them up by their roots. Tragically, we are unlikely to solve either problem; the only question is whether we can manage them better, and the answer is: of course, but only if you deal with all the dimensions of each issue, and only if you forge a bond of cooperation with all friendly nations. We haven’t done either yet; we must do both soon.

Conclusion

Even if we addressed all four issues effectively, we would not have a 21st century defined by the Americas. An additional step is needed. The United States has to take our neighbors seriously and in a manner different from the past. This is possible now because of democracy and new bonds of economic collaboration, but it also requires negotiating a new set of rules and institutions that can bring more balance, while not sacrificing effectiveness, to inter-American relations.

The twin challenges for the US in the 21st century are, first, how we will define our leadership, and secondly, what kind of world do we want? These two questions are intimately related. At the end of the Second World War, Franklin D. Roosevelt and Harry Truman had a vision of US leadership establishing universal institutions that would shape the world in ways compatible with US ideals and interests.

We have forgotten that vision. Today, those who believe that we alone can defend ourselves argue with those who seek support from other nations. But today’s multilateralists see it as a means to pursue our security – not as an end. FDR and Truman understood that it was both a means and an end. We need to return to their vision.

What has that got to do with the Americas? Everything. From our independence, we have proceeded to defend our national security in terms of three levels: first America; second, the Americas; and third, the world. We are now a global power, and no one believes that hemispheric isolation is possible, but we are equally foolish if we fail to take into account the importance of our neighbors in global security.

And so we return to our home in the Americas. It is here that we need to define a new approach to each other and thus to the world. First, let’s focus on North America and build the institutions and a path for Mexico to reach a first world economy. Let’s aim to reduce poverty and transform the war on drugs and terrorism into a genuinely collective campaign. Most important, let’s plant our democratic institutions deeper into the collective soil of the Americas. Let us take the phrase, “the community of democracies” and instill real substance into it.



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Dr. Robert A. Pastor became Vice President of International Affairs and Professor of International Relations at American University on September 1, 2002. In his new position, he directs AU's expanding international programs and activities. Dr. Pastor has established and directs the Center for Democracy and Election Management and the Center for North American Studies. Dr. Pastor has combined a career of scholarship, teaching, and public policy in government and in non-governmental organizations. He was National Security Advisor for Latin America (1977-81) and has been a consultant to the Departments of State and Defense. Before coming to American, Dr. Pastor was Goodrich C. White Professor of Political Science at Emory University, and from 1985-98, he was a Fellow and Founding Director of the Carter Center's Latin American and Caribbean Program and the Democracy and China Election Projects. At The Carter Center, he founded and served as the Executive Secretary of the Council of Freely-Elected Heads of Government, a group of 32 leaders of the Americas, chaired by former U.S. President Jimmy Carter. This Council mediated elections in more than thirty countries around the world.

He received his Ph.D. in Political Science from Harvard University and an M.P.A. from the John F. Kennedy School of Government. He is the author or editor of fifteen books, including most recently, *Toward a North American Community: Lessons from the Old World for the New* (2001); *Exiting the Whirlpool: U.S. Foreign Policy Toward Latin America and the Caribbean* (2001); and *A Century's Journey: How the Great Powers Shape the World* (1999). Dr. Pastor was a Peace Corps Volunteer in Malaysia, a Fulbright Professor in Mexico, and a Visiting Professor at Harvard University. President Bill Clinton nominated him to be Ambassador to Panama, and he served as the Senior Advisor to the Carter-Nunn-Powell Mission to restore constitutional government in Haiti in 1994.

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