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Third Meeting of the Andean – U.S. Dialogue Forum

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September 29-30 and October 1, 2010

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**“Andean Backwardness, Where the Logical Is Strange”**

Marcela Sánchez

Latin American Herald Tribune

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I'm not often surprised in this job. You can't help but think you've seen it all covering Latin American politics and the likes of Alberto Fujimori, Daniel Ortega and Hugo Chavez for 17 years.

But this past week when Peruvian President Alan Garcia and I sat down in Lima for an interview, I have to admit I was taken aback by his candor and strong sense of solidarity for his country's neighbors, two traits not very evident among Andean regional leaders these days.

“Send us the Colombian police,” he piped up when we talked about drug trafficking and the difficulties of combating it in isolation. “Send them and have them take over Callao,” he added, referring to the country's largest international airport.

In Garcia's judgment, Colombian police have developed a level of expertise and sophistication second to none in the region, thanks in large part to Washington's multi-billion dollar support.

The Peruvian leader, of course, is not about to turn the security of his people over to a neighboring force. But he was making two critical points: the Andean region is in this together and Washington is not a threat but potentially a very strong ally.

These sentiments have been largely lost in the noise of recent cross border recrimination. In fact, a similar conversation with another Andean leader about drugs or security threats would likely devolve into expressions of suspicion -- suspicion of Colombians, Americans and their desires to violate national sovereignty.

In other words, tensions far more than cooperation have come to define regional relations. For nearly two years, for example, diplomatic ties between Ecuador and Colombia were severed after the Colombian military raided a camp used by the Revolutionary Armed Forces of Colombia (FARC) in Ecuadorian territory in March 2008.

And, of course, relations between Venezuela and Colombia over the last couple years have been worse. Ambassadors have been withdrawn, trade frozen, war threatened, and full diplomatic ties cut off, all over security issues such as the raid in Ecuador, U.S. military presence in Colombia and accusations that Venezuela harbors FARC guerrillas in its territory.

During our interview, made possible by an initiative of The Carter Center to promote better understanding between the Andean nations and with the United States, Garcia lamented that Peru missed the boat when the U.S. agreed to help Colombia in its fight against drugs.

Garcia likes to recall his role, during his first term as president, in getting the U.S. to recognize its responsibility for the drug trade's destabilization of the region. In 1990 in Cartagena, Colombia, Garcia prodded President George H. Bush to back up Washington's stated desire to assist the region in combating drugs. "Where's the beef?" Garcia said he asked Bush.

Ten years later, the U.S. agreed to a multi-billion dollar package in support of Plan Colombia. Peru was largely ignored as it was less concerned with narco-trafficking than with bringing the Fujimori saga to an end.

Now, after a 16 year hiatus, Garcia is once again president and prodding another U.S. leader. During a visit to Washington in June, he told President Obama that because of successes in Colombia, drug trafficking problems are moving back to Peru. Indeed, according to the United Nations, Peru once again rivals Colombia in coca production. "It is the U.S.'s fault," he chided Obama, and suggested that Peru would benefit from the same kind of assistance Colombia has received.

Needless to say, other Andean leaders haven't exactly put themselves in a place to ask for assistance. Chavez is currently asking Obama to withdraw his nomination of Larry Palmer to be the next ambassador to Venezuela because Palmer has expressed concerns over Venezuela's ties with the FARC. Meanwhile, Bolivia hasn't had a U.S. ambassador for nearly two years since President Evo Morales accused Philip Goldberg of conspiring against democracy and expelled him from La Paz.

Both Morales and Chavez have expelled the U.S. Drug Enforcement Agency ending decades of cooperation. And Ecuadorian President Rafael Correa unilaterally decided not extend a lease to the U.S. military, which for ten years allowed its personnel to carry out anti drug surveillance flights from a base in Manta.

To make up for the loss of Manta, Colombia agreed to allow the U.S. military to expand their use of seven Colombian bases, an agreement that produced an outcry from other regional leaders. But in an interview with Colombia's daily *El Espectador*, new Colombian Defense Minister Rodrigo Rivera defended the agreement as a logical extension "of a long tradition" of U.S.-Colombia cooperation against drug trafficking. "Those who know of security and defense understand that international assistance is key to confront that threat."

Garcia clearly understands this. Unfortunately, as criminals continue to create greater instability and insecurity region wide, few others have adopted his attitude.

## **“Obama and the Americas: Promise, Disappointment, Opportunity”**

Abraham F. Lowenthal

Foreign Affairs

August 1, 2010

Incoming U.S. presidents, from John F. Kennedy to George W. Bush, have often announced a new policy initiative toward Latin America and the Caribbean. But few expected this from Barack Obama. His administration was inheriting too many far more pressing problems. During the presidential campaign, moreover, he had said little about the region beyond suggesting that the North American Free Trade Agreement (NAFTA) be renegotiated and expressing vague reservations about the pending free-trade agreements with Colombia and Panama.

Soon after Obama's inauguration, however, the administration organized high-level visits to Latin America and the Caribbean and announced various initiatives toward the region. Calling for a "new beginning" in U.S.-Cuban relations, it loosened restrictions on travel and remittances to Cuba by Cuban Americans, said it would consider allowing U.S. investment in telecommunications networks with the island, and expressed a willingness to discuss resuming direct mail service to Cuba and to renew bilateral consultations on immigration to the United States. The administration also backed away from Obama's earlier comments about the free-trade agreements with Colombia and Panama. In April 2009, the president announced that he would press for comprehensive immigration reform, a move that was welcomed throughout the region. He also won praise for his consultative manner and his interest in multilateral cooperation at the Fifth Summit of the Americas, in Trinidad and Tobago in April 2009.

In addition to the White House's preexisting commitment to attend the summit in Trinidad and Tobago, there were two main reasons for the Obama administration's surprising early attention to the Americas. One was the hope that it could score a quick foreign policy victory: people in the region had widely rejected George W. Bush's policies, but more because of style -- a combination of neglect and arrogance -- than because of any deep, substantive conflict. Obama aimed to do better.

Second, and more important, was the new administration's perception that although the countries of the region posed no urgent issues for the United States, some of them were increasingly important to its day-to-day concerns. Mexico drew U.S. policymakers' attention early on with a surge in homicides and in confrontations between its government and its narcotics cartels, as well as an abrupt economic downturn, a consequence of the U.S. economic crisis that was then exacerbated by an outbreak of the H1N1 virus. Washington faced a choice: try to quarantine Mexico, a neighbor with a population nearing 110 million and a shared border some 2,000 miles long, in order to insulate the United States from its problems or fashion a more effective partnership to help Mexico deal with those problems and mitigate their implications for the United States. The administration moved promptly to focus on working with Mexico. Mexico's

crisis, moreover, had illuminated the increasing everyday importance of Latin America and the Caribbean to the United States, especially that of its closest neighbors in the region.

## **A POSITIVE VISION**

In preparing for the summit in Trinidad and Tobago, the Obama administration assessed the legacy of recent U.S. policies. Administrations of both parties had emphasized regionwide summits, but these had produced little besides rhetoric and an occasional new process of consultation. After 9/11, Washington mainly viewed the region through the prism of international terrorism -- and therefore mostly as a low priority -- instead of focusing on the issues that were, and still are, the most important to people there: poverty, education, income distribution, and citizens' security from street and gang violence and organized crime.

Many in Latin America and the Caribbean felt that a Cold War mentality lingered in Washington. They opposed some policies of the Bush years, including the invasion of Iraq and an ideological insistence on the benefits of the "Washington consensus." Venezuelan President Hugo Chávez, bent on restructuring the international system in favor of the Global South, took advantage of this sentiment by stepping up his flamboyant anti-American rhetoric. He also sought influence by subsidizing gasoline prices and offering other significant economic assistance throughout the region.

The challenge to U.S. leadership in the Americas was not limited to Venezuela and its Bolivarian Alliance for the Peoples of Our America (an organization that includes Bolivia, Ecuador, and five Central American and Caribbean states). Many other Latin American and Caribbean countries began deepening subregional integration, partly through new formal institutions, such as the Union of South American Nations and the South American Defense Council, but mostly through growing regional trade and investment, multinational corporations, and business networks.

As the self-confidence of Latin American and Caribbean nations has grown, support for Pan-American approaches to the region's problems has waned. The Organization of American States has often been ineffectual, and the Inter-American Democratic Charter, which is intended to strengthen democratic institutions in OAS member countries, has produced few meaningful results. The influence of the Inter-American Development Bank has also weakened in recent years, as liquidity in private international capital markets has increased and both the Andean Development Corporation and Brazil's National Bank for Economic and Social Development have gained importance.

Several countries -- notably Brazil, Chile, Mexico, Peru, and Venezuela -- have been vigorously building ties beyond the Americas, with countries of the European Union, the Asia-Pacific Economic Cooperation forum, and China, India, Iran, and Russia. Brazil has developed a strategic alliance with India and South Africa; strengthened its links with China and Russia; played a leading role in the G-20, the Doha Round of international trade negotiations, and the Copenhagen talks on climate change; and offered to act as an intermediary to manage conflicts in

the Middle East and with Iran. As actors outside the Americas have become more important to Latin American and Caribbean countries, Washington's influence has declined perceptibly.

Recent U.S. administrations assumed that the paths of Latin American and Caribbean countries were converging: with Chile showing the way, all (except Cuba) were thought to be moving toward free markets, democratic governance, sound macroeconomic policies, and regional integration. The Obama administration, however, recognized from the outset that the countries of the region are actually going in very different directions. This is the result of important structural differences among them, including the level of their demographic and economic interdependence with the United States; the degree and nature of their openness to international economic competition; the strength of key aspects of their governance, such as checks and balances, accountability, and the rule of law; the relative capacity of the state and of their domestic civil and political institutions beyond the state, such as political parties, the media, religious organizations, and trade unions; and their ability to integrate traditionally excluded populations, including the more than 30 million indigenous people, Afro-Latin Americans, and migrant workers in the region. Washington's policies would have to take account of these differences; clearly, one size would not fit all.

In reframing U.S. policy toward the diverse mix of Latin American and Caribbean countries, the new administration proceeded in line with its broader resetting of U.S. foreign policy: it would be more open to engagement, even with adversaries; more disposed to multilateral cooperation; and more respectful of international law and international opinion. Once these changes became clear, the Obama team posited, the international economic crisis might make inter-American cooperation attractive again.

In devising this approach, the incoming administration drew in part on policy changes that had been introduced during the second term of the Bush administration by Thomas Shannon, a career diplomat who became assistant secretary of state for Western Hemisphere affairs in 2005. In contrast to his predecessors, political appointees who had pursued Cuba-centric policies redolent of the Cold War, Shannon fashioned a carefully nuanced, case-by-case approach to the various populist and potentially populist regimes of Bolivia, Ecuador, El Salvador, Honduras, Nicaragua, Paraguay, and Venezuela. Shannon emphasized that social and economic inequities were the root cause of many of the problems in Latin America and the Caribbean.

This was in line with the prevailing view among many nongovernmental experts on the region. A series of think tank reports before and soon after the 2008 election had recommended more emphasis on poverty, inequality, citizen security, and energy; new approaches to narcotics and gun trafficking and immigration; increased cooperation with Brazil and Mexico; restrained, nonconfrontational, rope-a-dope responses to Chávez; and initiatives to move beyond the Cold War impasse with Cuba and to assist Haiti's development -- all ideas that contributed to the new administration's thinking.

Instead of reverting to grand rhetoric, the Obama administration began working on a few concrete matters: bolstering financial institutions, restoring credit and investment flows, and meeting the challenges of energy security, the environment, and citizens' safety. Rather than

unfurl broad Pan-American initiatives, the new administration sought to bring together different clusters of states with comparable concerns to deal with specific issues.

In its first months, the Obama administration refocused U.S. policy in Latin America and the Caribbean from the "war on terror" to challenges more salient in the region, including economic growth, job creation, energy, migration, and democratic governance. It also began to shift from the so-called war on drugs, which had concentrated on eradicating crops and interdicting narcotics, to focus instead on countering drug-money flows, reducing the demand for drugs, and offering treatment to addicts. (Gil Kerlikowske, the former Seattle police chief, who is known for treating the drug problem as a public health issue, not a criminal one, became the U.S. drug czar in May 2009.)

The new administration eschewed hemisphere-wide approaches and identified four priority regions: Mexico and the United States' closest neighbors in Central America and the Caribbean; Brazil, the region's largest and most powerful country; the diverse and troubled nations of the Andean ridge; and Cuba, a neuralgic issue for the United States long overdue for a new approach. It seemed to recognize that the realities of the region called not for smaller but for more efficient governments that would concentrate on combating crime and violence, expanding education, and providing infrastructure and other needs that are not adequately provided by market forces alone. The Obama administration also understood that progress on key issues affecting U.S. relations with Latin America and the Caribbean -- immigration, narcotics, trade -- would require efforts from the United States at least as much as efforts from states in the region. Washington began to acknowledge, for example, the role that the United States has played in fueling the drug trade and the associated traffic in small arms and bulk cash.

On all these fronts, the Obama administration introduced concrete first steps, without making bloated claims or using excessive rhetoric. The president's background, as an African American who grew up in modest circumstances, had already made a powerful positive impression. When Obama stated at the Americas summit in Trinidad and Tobago that he sought to develop a new relationship with "no senior partner or junior partner," that goal came across as fresh and attractive. According to various public opinion polls, Obama's popularity and that of the United States rose strikingly in Latin America and the Caribbean during the first half of 2009. Obama was off to a very promising start.

## **HOPES DASHED**

By the end of the Obama administration's first year, however, the prevailing sentiment about its Latin America and Caribbean policy was turning to disappointment. Criticism came not only from the predictable sources -- the Castro brothers in Cuba; Chávez; Evo Morales, Bolivia's president; the Kirchners, the Argentine first family; Daniel Ortega, the Nicaraguan president -- but also from Luiz Inácio Lula da Silva, the Brazilian president, and many experienced analysts in both Latin America and the Caribbean and the United States. The Wall Street Journal and several Republicans, particularly Senator James DeMint of South Carolina, rejected Obama's entire approach. And think tanks on the left and some influential centrist observers who had been strongly sympathetic to his initial stance expressed disappointment as Obama seemed to back away from it.

In late 2009, U.S. Secretary of State Hillary Clinton seemed to dash hopes that the United States would drop its hegemonic attitude when she warned Latin American and Caribbean governments that might be tempted to "flirt with Iran" to "take a look at what the consequences might be." Even Latin Americans wary of Iran were rankled. Obama's welcome call for a new approach to Cuba produced little change. After reversing some sanctions imposed by the Bush administration, the Obama government indicated that Cuba would have to make the next move before Washington considered any more steps toward rapprochement. Far from ushering in a new beginning, the Obama administration seemed to revert to the stance of several previous U.S. administrations: it would wait for Cuba to change.

Obama's promise to prioritize comprehensive immigration reform gave way to a more limited commitment to begin consultations soon -- and even that modest goal then receded. And after the administration acknowledged the need to regulate the export of small weapons from the United States to Mexico, Obama himself suggested this objective was unrealistic because of the power of the U.S. gun lobby, especially in the politically contested mountain states.

The Obama administration's approach to trade policy was confusing at best. First, it rejected protectionism; then, it accepted a "Buy American" provision in the stimulus package. Having signaled a willingness to proceed with the free-trade agreements with Colombia and Panama, it postponed taking any concrete action. It talked up energy cooperation with Brazil but continued subsidizing U.S. corn-based ethanol and maintained high tariffs on ethanol imported from Brazil. Even as it was actively promoting an enhanced U.S. partnership with Mexico, it let lapse an experimental program that allowed Mexican truckers to enter the United States, thus placing the United States in noncompliance with an important NAFTA provision.

Perhaps even more damaging than the failure to implement its own stated goals was the administration's handling of two issues that were not on its original to-do list. Washington's first response to the overthrow and deportation of the constitutionally elected president of Honduras, Manuel Zelaya, by the Honduran armed forces in June 2009 was to reject the move and push for a strong multilateral response through the OAS. But then Washington proved reluctant to apply the harsh sanctions that many Latin American countries -- not just those it often disagrees with, such as Venezuela, but also Brazil, Chile, and others -- were calling for. Although its reticence reflected its general preference for less intervention and its assessment that restoring Zelaya would be widely unpopular in Honduras, Washington was also responding to criticism in the United States that intervening to restore Zelaya, an erratic leader and an acolyte of Chávez, would hurt those Hondurans who were longtime friends of the United States. Shannon, who was then still assistant secretary (he is now U.S. ambassador to Brazil), was sent to Honduras to break the impasse between Zelaya and the regime that had replaced him. He brokered an accord between the two parties, but each interpreted it differently.

No mutually acceptable solution took effect, and the de facto government, which had the explicit blessings of the Honduran Congress and the Honduran Supreme Court but was unrecognized by any other government, proceeded to organize previously scheduled national elections. Washington continued to deny the government recognition but also indicated that it would treat as Honduras' legitimate leader whoever won the election -- so long as the new government established a truth commission, as mandated in the accord brokered by Shannon, and worked to

ease the country's divisions. No Latin American government presented a practical alternative to the U.S. approach, but many nonetheless criticized it on the grounds that Washington's behavior had weakened the hard-won norm against condoning military coups in the region.

In August 2009, the Obama administration mishandled its communications with South American nations about a new ten-year defense cooperation agreement it had negotiated with Colombia. The plan would give U.S. military personnel in the country (capped at 1,400, as before) access to seven Colombian military bases. When news of the accord was leaked in advance of an official statement, Brazil and several other South American governments expressed concern, and some called for full disclosure of the deal's provisions and formal guarantees that U.S. military activities would be restricted to Colombian territory. Worry subsided when the U.S. and Colombian governments provided additional details and, earlier this year, Brazil reached its own security cooperation agreement with the United States. Still, the incident undercut the Obama administration's stated commitment to consultation and transparency

## **CONFLICTING CONCERNS**

It is much too early to know how the Obama administration's policy toward Latin America and the Caribbean will develop or how U.S. relations with the region's diverse countries and subregions will ultimately evolve. This is partly because U.S. policy toward Latin America and the Caribbean is shaped less by strategic considerations than by the continuous interplay of various domestic pressure groups in a policy process that is open to so many external influences. On issues other than imminent threats to national security, it is often easier for various groups in the United States to influence U.S. policy toward Latin America and the Caribbean than it is for the U.S. government to coordinate or control it.

This tendency has been reinforced in recent years by the proliferation of U.S. government agencies involved in inter-American affairs. The Departments of State and Defense and the CIA no longer monopolize U.S.-Latin American relations, as they did from the 1940s through the 1970s. Today, the Department of the Treasury, the Federal Reserve, the U.S. Trade Representative, the Department of Homeland Security, the Department of Justice, and the Drug Enforcement Administration also have considerable influence in many Latin American and Caribbean countries. Congress, with its various committees and caucuses, is more relevant than the executive branch on many issues, including immigration, narcotics, and trade. Even state and local governments have a say -- as was illustrated this spring, when Arizona passed a law authorizing the detention of anyone reasonably suspected of being an undocumented resident. The conflicting concerns of bureaucracies and interest groups generally have more impact on U.S. policy toward Latin America and the Caribbean than do grand foreign policy designs.

All this was clear during the Obama administration's first year. The White House's approach to Cuba was constrained both by pressure from Cuban Americans and by the procedures of the U.S. Senate. Lobbying from labor unions precipitated the trucking dispute with Mexico and stalled progress on the Colombian and Panamanian free-trade agreements (in the case of the deal with Colombia, human rights groups also interfered). Throughout 2009 and in early 2010, the administration failed to press forward with comprehensive immigration reform largely because it feared that making an aggressive push would hurt its chances of getting congressional approval

for its ambitious health-care plan and for a bill to stimulate job creation. Lobbying from agricultural groups in the Midwest ensured that both the subsidies for U.S. cotton and ethanol producers and the tariffs on ethanol from Brazil would be maintained. The clumsy handling of the Colombian bases agreement partly reflected a power imbalance between the Pentagon and the State Department, thanks to blocks in the Senate on nominations for top posts in the Bureau of Western Hemisphere Affairs. And Washington's ambivalent policy on Honduras was influenced by the anti-Zelaya lobby in the United States, which seemed motivated more by an eagerness to weaken Chávez and embarrass Obama than by any concern for Honduras itself.

The Obama administration has faced serious difficulties in implementing its incipient policy for Latin America and the Caribbean. Its accomplishments to date should not be overlooked; nor should one discount the possibility that many of these constraints could be at least partially overcome if the administration were to clearly articulate and vigorously pursue the approach implicit in its initial steps. More concretely, the Obama administration's tacit abandonment of regime change as the primary aim of U.S. policy toward Cuba may turn out to be much more important than its caution in moving toward normalizing relations with the Cuban government as long as Havana is unwilling or unable to reciprocate. Likewise, the Obama administration's high-profile commitment to working out a way to grant citizenship to millions of unauthorized immigrants in the United States could be of historic import. And its increasingly close day-to-day cooperation with Mexico on a wide variety of border, economic, social, health, and law enforcement issues may ultimately transform this crucial bilateral relationship

## **LOOKING AHEAD**

The evolution of the Obama administration's policy toward Latin America and the Caribbean will largely depend on factors that are still difficult to gauge, including what the U.S. government does about homeland security, its budget deficits, interest rates, trade and currency issues with China, and Iran's nuclear program. A great deal will depend, for instance, on how well the U.S. economy recovers. A prolonged downturn would mean a loss of the U.S. public's confidence in the U.S. government. That, in turn, would undermine the Obama administration's leverage and make it more vulnerable to pressure from interest groups on several issues in U.S.-Latin American relations, ranging from trade and immigration to energy and narcotics. Whether Obama can build momentum now, after the passage of his health-care reform package, to increase his support in Congress and with the U.S. public will determine how much authority he can bring to bear on a host of other issues.

The initial hope for a new era in inter-American cooperation may very well continue to be dampened by the many pressures to which the administration is subject. But it is also still quite possible for the Obama team to carry out the innovative approach that it began to pursue but never clearly outlined during its first months: cooperating with different clusters of Latin American and Caribbean countries on shared transnational challenges and opportunities; developing innovative approaches to Mexico and the United States' closest neighbors in Central America and the Caribbean; forging a strategic relationship with Brazil; responding in carefully differentiated ways to the region's diverse populist and nationalist movements; moving cautiously toward a pragmatic working relationship with Cuba without ignoring concerns about

fundamental human rights; and supporting efforts by Latin American and Caribbean governments to strengthen their effective democratic governance.

Obama's positive but never fully articulated vision for Latin America and the Caribbean can still be realized. It fits well with his overall internationalist approach, domestic priorities, and political coalitions. It is supported not only by the president's own foreign policy team but also by the career bureaucrats who specialize in Western Hemisphere affairs and by major groups outside government. In that regard, unlike the Kennedy, Carter, and Reagan administrations, the Obama administration is unlikely to see its policy for Latin America and the Caribbean torpedoed by infighting between political appointees and career officials. Interest groups in the United States will continue to press their views, but many of the most important ones -- large corporations, religious organizations, environmentalists, human rights advocates -- generally share the administration's vision.

Moreover, the 2008 elections weakened the groups that had been shaping U.S. policy toward Latin America and the Caribbean in the recent past. Hard-liners in Florida's Cuban American community have lost ground, while Cuban Americans born and raised in the United States and Latino voters of other backgrounds -- groups that generally support the Obama administration's proposals on immigration and toward their countries of origin -- have gained influence. The U.S. farm lobby has lost clout during this period of fiscal concern, and the trade unions' calls for protectionism have been weakened by the urgent need to increase U.S. exports in order to revive the U.S. economy.

The Obama administration may well have more room to maneuver than did recent U.S. administrations. Indeed, this is suggested by various steps it took in early 2010: Obama called for doubling U.S. exports worldwide within five years, he identified Colombia and Panama as important trading partners of the United States in his 2010 State of the Union address, there have been moves to resolve the trucking dispute with Mexico, there have been growing efforts on Capitol Hill to repeal the U.S. tariffs on ethanol from Brazil, the United States offered concessions to settle the dispute with Brazil over cotton subsidies, and there has been a push to produce a bipartisan plan for immigration reform.

Several Latin American and Caribbean governments, including some that differed sharply with the Obama administration over how to handle the coup in Honduras and the U.S.-Colombian defense cooperation agreement, may also be ready to reach out to Washington. Important groups in foreign and finance ministries and in the private sector understand that the chances of forging more positive relations with the United States are probably greater with the Obama administration than they have been in many years. Facing mounting difficulties at home, Chávez may not be able to exert as much pressure on Latin American governments to keep their distance from Washington. And significant moves by a few key Latin American and Caribbean governments, especially Brazil, toward closer ties with the United States could help revive Obama's initial approach.

**READY, RESET, GO**

The catastrophic earthquakes that struck Haiti and Chile early this year were dramatic reminders that policies must often respond to the unexpected. The Obama administration quickly demonstrated its solidarity with the victims of the disasters by emphasizing multilateral cooperation in its participation in relief efforts. In Haiti, it worked with Brazil, Cuba, the Dominican Republic, Ecuador, Venezuela, and others under the aegis of the United Nations to provide rapid, substantial, and effective aid. High-level meetings between top U.S. officials and their counterparts in Argentina, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Haiti, Mexico, and Uruguay in the first few months of 2010 provided another chance for the Obama administration to refocus on Latin America and the Caribbean. Considering how many other problems, domestic and international, the administration was facing at that time, this spurt of attention suggests that it is still eager to improve U.S. relations with the region.

In order to grasp that opportunity effectively, the Obama administration needs first and foremost to articulate a broad framework and compelling goals for its relationships in the Americas. It was prudent not to announce at the outset of the new administration an overly ambitious program, like the Alliance for Progress, John F. Kennedy's sweeping plan for economic cooperation in the Americas, and it was wise to attend the 2009 Summit of the Americas primarily in a listening mode. But this sensible restraint should not preclude the administration now from clearly setting forth why Latin America and the Caribbean matter to the United States; what interests, ideals, and concerns they all share; and how they can work together to pursue common aims. Elements of such a vision have been implicit in the Obama administration's approach to discrete issues, but they need to be expressed in a comprehensive and authoritative way.

Latin America and the Caribbean matter to the United States today not for the traditional security and ideological concern of limiting the influence of outside powers in the region but rather for much more contemporary reasons. Massive, sustained migration and growing economic integration between the United States and its closest neighbors in Latin America and the Caribbean have given rise to "intermestic" issues, complex issues that have both international and domestic facets: the narcotics trade, human and arms trafficking, immigrants' remittances, youth gangs, and portable retirement pensions, among others. U.S. cooperation with Latin American and Caribbean nations is critical in confronting these issues, as well as transnational ones such as energy security, climate change, environmental protection, public health, and nuclear proliferation.

Latin American and Caribbean countries are also a prime source of energy and other natural resources for the United States and a major market for U.S. goods and services. About one-quarter of the energy the United States imports comes from Latin American and Caribbean suppliers, and there is great potential for expanded energy production in the Americas, from both renewable and nonrenewable sources. The region buys 20 percent of all U.S. exports, more than the European Union. U.S. firms -- which still have a competitive advantage in Latin American and Caribbean markets thanks to proximity, familiarity, and demographic and cultural ties -- see opportunities in expanding consumption among the region's fast-growing middle class, especially at a time of economic stress in the U.S. market.

Finally, the people of Latin America and the Caribbean share important values with the people of the United States, especially a commitment to human rights, effective democratic governance,

and the rule of law. In an international environment that is often hostile to the United States, the Americas remain a largely congenial neighborhood.

For all these reasons, the Obama administration should reinvest in its relations with Latin America and the Caribbean. To do so, it should certainly help strengthen the Inter-American Development Bank, which has become more relevant in the wake of the international financial crisis and in these days of tight credit, and the OAS and other institutions that can take on select regional challenges on which there is broad consensus. But the administration should explicitly recognize that overarching Pan-American partnerships are less relevant today than cooperation with individual countries or clusters of countries on specific issues.

For example, Washington should explicitly recognize that U.S. relations with Mexico are unique because of the high degree of functional integration between the two societies and economies. Developing new concepts, policies, modes of governance, norms, and institutions in both countries to deal with this unprecedented integration should become a strategic priority. The United States should also invite Mexico and Canada to engage with the United States over the long term to assist in the development of the countries of Central America and the Caribbean with which they have strong demographic and economic ties and overlapping security, public health, environmental, and humanitarian concerns.

The administration should also work closely with Brazil to reform and reinforce international trade, finance, and investment rules; combat climate change; prevent and contain global pandemics; curb nuclear proliferation; and strengthen international governance arrangements. It is natural that these two large and complex countries with such different global positions and different domestic political exigencies will not see eye to eye on every question. But it should be a concern of high priority to negotiate and compromise on matters on which the interests of the two countries are compatible.

Finally, Obama should invite all the countries of the Americas to join in dealing with the hemisphere's main shared challenges: restoring sustainable economic growth while ensuring that the fruits of economic recovery are spread more broadly and more equitably; expanding employment opportunities, especially for young people, while increasing access to quality education so as to facilitate participation in the global knowledge economy; strengthening the institutions and practices that can curb the drug trade and organized crime; improving citizen security by examining its connections to poverty, social equity, political participation, community policing, and judicial and penal reform; and making the institutions of democratic governance more inclusive by incorporating large numbers of historically excluded people, especially the indigenous. All of these are issues on which the United States can learn as well as teach and gain from cooperation as well as offer assistance.

Obama became president of the United States at a critical time for the country, the hemisphere, and the world. In Latin America and the Caribbean, a region that is increasingly important for the future of the United States, the Obama administration can still make progress on many issues -- but only if it clearly articulates and vigorously pursues a proactive, integrated strategy. That is the essence of Obama's opportunity in the region. It is not too late to seize it

## **“Latin America in US Foreign Policy: Changing Interests, Priorities and Policies”**

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### Executive Summary

The significance of Latin American and Caribbean countries for the foreign policy of the United States has changed in recent years, more than the concepts many analysts use and the language that policymakers often employ.

From the late 19th century into the final decades of the twentieth, US government authorities (both in public statements and in secret documents) as well as outside experts usually asserted that Latin American and Caribbean countries were important for US foreign policy because of military security, political solidarity, and economic advantage, defined then primarily in terms of US imports of raw materials and agricultural products from Latin America and US investments in the region.

All three reasons for Latin America’s supposed importance to the United States declined steadily from the mid-20th century to the 1990s. Revolutions in military technology and in maritime trade reduced the strategic significance of Latin America to the United States, even of the Panama Canal. The traditional diplomatic value of Latin America to the United States also declined sharply, beginning in the 1970s and the 1980s, as many Latin American countries increasingly expressed their solidarity with the Third World rather than with the United States and pursued their interests independently and Latin America’s relative economic significance to the United States declined over many years, though it has made something of a comeback since the mid-1990s. A few Latin American countries, especially Mexico, are still important to the US economy, especially as markets, but Latin America’s overall significance is less than that of Asia, the Middle East or Europe for the contemporary US economy.

But Latin American countries—especially the closest neighbors of the United States in Mexico, Central America and the Caribbean and the region’s largest and most influential country, Brazil—are increasingly important to the United States and its future in significant day-to-day terms.

First, there is a very high and still growing degree of demographic and economic interdependence between the United States and its closest neighbors. The salient issues in US relations with its closest neighbors are no longer classic questions of foreign policy and international relations as traditionally conceived but rather are “intermestic” issues—combining international and domestic features and facets.

Second, several Latin American and Caribbean countries are important to the United States because of the roles they do or might play in helping to solve (or worsen) significant global problems that the United States cannot successfully handle by itself, and on which close and sustained cooperation from regional partners is desirable or essential. These problems include climate change and other environmental issues, public health, narcotics, organized crime and youth gangs, food security, the protection of cyberspace, the reform of international trade and financial regimes, curbing nuclear proliferation and countering international terrorist movements.

Third, a few Latin American and Caribbean nations are still important for the economy of the United States, some increasingly so. This is particularly true of those countries that comprise large markets for the export of goods and services from the United States; those that offer

significant investment opportunities for US firms; and those which are or may become substantial sources of energy, renewable or nonrenewable, to fuel the US economy.

Fourth, Latin America has some recurrent priority in the foreign relations of the United States because of values shared in the Americas, particularly regarding fundamental human rights.

This framework shows why the relationships with Mexico—and (to a lesser but important extent) the Caribbean and Central American countries in its immediate border region—are bound to be a high priority for the United States, for these countries are strongly relevant with regard to all four criteria.

Second, the framework suggests why managing its relationship with Brazil is an increasing priority for US foreign policy. Brazil is important as an arena for US investment; as a substantially and potentially even more important market for US goods and services; as a potentially important source of energy; and especially because of Brazil's current and prospectively greater significance as a global actor in dealing with major challenges ranging from climate change to nuclear proliferation, trade to energy, international peacekeeping to global governance.

Many Latin American countries matter to US foreign policymakers mainly to the extent that they present and/or help resolve troublesome concrete issues, such as narcotics and crime, infectious diseases, or the potential exploitation of failed governance by international criminal or potentially terrorist networks.

US attitudes toward the presence and influence in the Americas of extra-hemispheric powers are (or at least ought to be) very different from what they have been historically. China's commercial and investment presence in the Americas today far exceeds that of the Soviet Union or Germany in earlier periods, but the Chinese presence does not raise serious concerns for US policy. Russia's presence in the Americas, partly commercial but also political and military, has more to do with Russian attempts to establish that they want to be taken into account in international arenas (mainly with respect to other issues) than with presenting any consequential direct challenge to the United States or its interests in the Western Hemisphere. Iran's efforts to build relationships with Venezuela, Brazil, Bolivia, Argentina and potentially other countries is the one significant current extra-hemispheric concern for US policy, mainly because Iran and the United States appear to be on a broad collision course.

The countries of Latin America and the Caribbean have been moving in very different directions, and therefore pose very distinct challenges for US policy. Distinct patterns of US-Latin American relations stand out today: that with the closest neighbors of the United States in Mexico, Central America and the Caribbean; with Brazil, the region's largest and most powerful country, rapidly emerging as a world power; with the countries of the Southern Cone; and with the "Bolivarian Alternative" nations, mainly in the Andean region, which differ among themselves but are all marked by gross inequities, dire poverty, and social and ethnic polarization.

Some within the US policy community and some in Mexico, Central America and the Caribbean are beginning to understand the need to develop new concepts, attitudes, policies, modes of governance, norms and institutions to channel these complex and unique relations.

Brazil is perceived in US foreign policymaking circles an increasingly successful and influential country. The fundamental challenge for US-Brazil relations at this stage, despite differences and history, is to build greater synergy on major global issues: strengthening regimes for trade, finance and investment; developing and implementing measures to cope with climate change;

preventing and responding to pandemics; curbing nuclear proliferation; and reforming international governance arrangements.

All the Andean countries, to differing but high degrees are plagued by severe problems of governance, deeply challenged political institutions, and the need to integrate large numbers of historically excluded citizens, living in poverty or extreme poverty, in many cases from indigenous backgrounds. US relations with all five Andean countries have been problematic, although they have become mostly positive with Colombia and Peru in recent years. The challenge for US policy has been to deal with each of the Andean nations on its own terms, in order to avoid confrontations that would facilitate their becoming an antagonistic bloc. Watchful waiting, more than close engagement, is the pattern of US policy toward and relations with Venezuela and its ALBA associates, in the Andean region and elsewhere.

U.S.-Latin American relations are complex and multi-faceted, not easily captured in broad phrases or simple paradigms. Neither an overarching partnership nor deep and general hostility characterizes inter-American relations today, nor is either extreme likely to prevail in the foreseeable future.

### **Latin America in US Foreign Policy: Changing Interests, Priorities and Policies**

The significance of Latin American and Caribbean countries for the foreign policy of the United States has changed in recent years, more than the concepts many analysts use and the language that policymakers often employ. Developing effective US policies toward Latin America and the Caribbean depends in part on better understanding the challenges, threats and opportunities Latin America presents to the United States, now and in the foreseeable future. This essay relates evolving Latin American realities to current and emerging US interests and priorities in a changing world environment.

### **TRADITIONAL CONCEPTS**

From the late 19th century into the final decades of the twentieth, US government authorities (both in public statements and in secret documents) as well as outside experts usually coincided in asserting that Latin American and Caribbean countries were important for US foreign policy. The reasons Latin America was said to matter to the United States were military security, political solidarity, and economic advantage, defined then primarily in terms of US imports of raw materials and agricultural products from Latin America and US investments in the region.

For many decades, Latin America was said to be important for the forward defense of the United States against any possible military attack by an extra-hemispheric power. When the Panama Canal was built in the early years of the twentieth century, allowing the United States to project its naval power in both the Pacific and the Atlantic, and thus to become a world power, a network of coaling stations and naval bases in the circum-Caribbean area became vital assets, protecting the Sea Lines of Communication. During both World Wars and in the Cold War period, US military directives assigned high priority to securing this defense perimeter against Germany, the Soviet Union or any other potential extracontinental adversary. Latin America was valued, too, as a prime source of strategic materials. During the first half of the 20th century, Latin America was by far the most important source of imported petroleum for the United States, and it was also the key supplier of several other raw materials needed for military purposes.

Latin America was also a cornerstone of US diplomacy. The Western Hemisphere Idea—that the countries of this hemisphere stand together and apart from the rest of the world, united by shared values and interests—was a fundamental tenet of US foreign policy, and indeed of the policy of many Latin American nations. This concept was not mere rhetoric for ceremonial purposes; it was central to practical cooperation in the League of Nations, the United Nations,

the Organization of American States, the Inter-American Defense Board and elsewhere. During the early years of the United Nations, for example, the Latin American bloc accounted for almost one third of the membership of the General Assembly, and its alignment with the United States on issue after issue—relating to Russia, China, Korea, Palestine and other issues—was of critical importance.

Latin America was also generally perceived as of great economic worth to the United States, both as the main source of various mineral and agricultural imports, and as an arena for US private direct investment. Latin America was by far the most important such arena through the first half of the 20th century, providing important opportunities for US economic expansion after World War II, as US firms displaced European companies in industry and commerce, complementing their prior stake in mining, agriculture and utilities.

Although affirmations of the significance of Latin America for US security and diplomacy and for the US economy long continued to appear, not only in rhetoric but also in strategic planning documents, the fact is that all three reasons for Latin America's supposed importance to the United States declined steadily from the mid-20th century to the 1990s.

Revolutions in military technology and in maritime trade reduced the strategic significance of Latin America to the United States, even of the Panama Canal. Super-tankers used to transport petroleum became too large to transit the Canal, as was also true for the aircraft carriers around which US naval forces became organized. Latin America's possible use as a potential base for a strategic missile threat to the United States was ended, in effect, by the 1962 Cuban Missile Crisis. By the late 20th century, Latin America's relevance to the military security of the United States, understood in traditional terms, was negligible, although no one proclaimed this. The network of bases around the Caribbean was no longer important. Indeed the largest of these, at Guantanamo Bay in Cuba, ceased to have important military significance. Instead, in recent years Guantanamo became first a holding station for unauthorized immigrants and then an interrogation center for "enemy combatants," new missions related to new priorities in a transformed international context.

The traditional diplomatic value of Latin America to the United States also declined sharply, beginning in the 1970s and the 1980s, as many Latin American countries increasingly expressed their solidarity with the Third World rather than with the United States and pursued their interests independently of and even in opposition to the United States. In the 1985 UN General Assembly, for example, the only country from Latin America and the Caribbean to vote with the United States on more than half the occasions was tiny Grenada, whose government owed its very existence to the US military intervention of October, 1983. Cuba and Nicaragua opposed the US position more than 90% of the time, but more striking was the fact that Brazil, Mexico and Argentina opposed the US stance on some 84% of the votes. The days of automatic alignment ended, as Latin American nations began defining their own interests as they saw fit, not on the basis of presumed Western Hemisphere harmony. It was no longer possible simply to assume that US-Latin American cooperation would occur; cooperation had to be fashioned mutually, on the basis of shared interests and perceptions and of give and take, not presumption or fiat.

Latin America's relative economic significance to the United States also declined over many years, though it has made something of a comeback since the mid-1990s. With the tremendous burst of US investment in Europe, Asia and the Middle East from the 1950s on, and some US divestment from Latin America in the 1960s and 1970s (mainly from the resource extraction and utilities sectors), the relative economic significance of Latin America and the Caribbean to the

United States fell sharply. Diversification of sources and the use of synthetic materials reduced the value of Latin American natural resources and primary products for the United States. By the 1980s, Latin America was still moderately important for a few particular US corporations, but was not of high priority for the overall global economic role of the United States. By the same token, the United States was still disproportionately important for the economies of many Latin American and Caribbean countries. But many Latin American nations, especially in South America, began to diversify their economic relationships away from the United States – building much stronger investment, commercial and financial relationships with each other, with Europe, and with Asia, first with Japan and, more recently, with China. This last trend has recently gone so far that a CEPAL report in 2010 warns of the danger of Latin American dependence on China, not the United States! A few Latin American countries, especially Mexico, are still important to the US economy, especially as markets, but Latin America's overall significance is less than that of Asia, the Middle East or Europe for the contemporary US economy.

This background is emphasized because the inertial power of long-standing concepts -- repeated in official rhetoric and in legislative testimony, budget presentations and political discourse -- sometimes obscures the fact that old frameworks no longer apply. Statements continue to be made about Western Hemisphere solidarity and Pan-American cooperation in security, political and economic terms that do not stand up to critical scrutiny. By the same token, comments continue to be made by some Latin Americans about rapacious North American designs in Latin America, the nefarious influence of US corporations and the Pentagon's supposed control of Latin American militaries that have little or no contemporary reference points. Clichés that have a historical basis but lack contemporary substance or relevance are often repeated.

#### **WHY LATIN AMERICA (INCLUDING THE CARIBBEAN) MATTERS TO THE UNITED STATES TODAY**

The countries of Latin America and the Caribbean matter much less to the United States than they used to from the standpoint of excluding extra-hemisphere influence, military or ideological. There are no credible scenarios today in which the military security of the United States is seriously threatened in or from Latin America or the Caribbean. Nor is Latin America today a likely target or source of international terrorism aimed at the United States. Latin America poses neither urgent and immediate security challenges nor other issues of imminent concern for current US foreign policy.

But Latin American countries—especially the closest neighbors of the United States in Mexico, Central America and the Caribbean and the region's largest and most influential country, Brazil—are increasingly important to the United States and its future in significant day-to-day terms, not in crisis scenarios, but in ways that cumulatively and importantly affect the United States, its citizens and their interests.

The contemporary and predictable future importance of Latin America for the United States derives mainly from four sources:

First, there is a very high and still growing degree of demographic and economic interdependence between the United States and its closest neighbors, primarily (since the Hart-Celler US immigration reform of 1965) because of massive migration to the United States from Mexico, Central America and the Caribbean (and to a lesser extent from Colombia, Venezuela, Ecuador, Peru and other countries), and secondly because of growing functional economic integration, particularly of labor markets, between the United States and the countries of its border region. Preliminary data from the 2010 US Census suggests that the Latino/Hispanic

population of the United States has reached fifty million, mostly as a result of the massive immigration of the past forty-five years. The growth in the US labor force from now until 2050 is expected to come entirely from recent and future immigrants and their descendants, mainly from Latin America and the Caribbean. More than twenty percent of the labor force of Mexico are employed in the United States, and nearly twenty percent on average of the population of all the Caribbean islands now reside in the United States.

These processes of ever closer intertwining have changed the nature of the ties between the US and its closest neighbors as well as the content and significance of the issues these ties pose. The salient issues in US relations with its closest neighbors are no longer classic questions of foreign policy and international relations as traditionally conceived but rather are “intermestic” issues—combining international and domestic features and facets. These “intermestic” issues—curbing human, drug and arms trafficking; managing immigration; protecting the environment and public health; responding to natural disasters; managing the border to expedite lawful exchanges and stop harmful ones; establishing portable retirement and health benefits; arranging dual citizenship, etc.—are matters of growing concern in an increasing number of communities and regions in the United States, both the traditional immigrant destinations and the “new gateway” cities. The intense interconnections between the United States and its closest neighbors, unprecedented in scope and depth, create a unique international interest. This priority is reinforced by a domestic US political process in which diaspora communities are increasingly active participants. Hispanic/Latinos made up at least 7.4% of the voters in the 2008 election, up from 5% in 2000, a trend which is expected to accelerate rapidly, and is of decisive electoral significance in a number of contested states.

Second, several Latin American and Caribbean countries are important to the United States because of the roles they do or might play in helping to solve (or worsen) significant global problems that the United States cannot successfully handle by itself, and on which close and sustained cooperation from regional partners is desirable or essential. These problems include climate change and other environmental issues, public health, narcotics, organized crime and youth gangs, food security, the protection of cyberspace, the reform of international trade and financial regimes, curbing nuclear proliferation and countering international terrorist movements. Since 9/11/2001, US government officials typically would mention the last two items first, but the other issues are also important, perhaps more so especially from a Latin American perspective; effective inter-American cooperation depends on Washington’s understanding that. On each of these significant issues, one or more Latin American nations are important actors in the global context, due to their direct impact on the issues and/or their influence on the chances of creating effective international responses.

Third, a few Latin American and Caribbean nations are still important for the economy of the United States, some increasingly so. This is particularly true of those countries that comprise large markets for the export of goods and services from the United States; those that offer significant investment opportunities for US firms; and those which are or may become substantial sources of energy, renewable or nonrenewable, to fuel the US economy. This economic relevance of some Latin American countries for the United States will increase further as expanding middle classes produce larger markets for US exports, from computers and cell phones to entertainment, retail discount stores and home mortgages.

Fourth, Latin America has some recurrent priority in the foreign relations of the United States because of values shared in the Americas, particularly regarding fundamental human rights, including the rights of free political expression and unfettered participation in self-government.

Whenever a US administration loses sight of these values and their salience in US-Latin American relations, the US public—largely through the activities of nongovernmental organizations—tends to push the issue back onto Washington’s agenda. And when a Latin American or Caribbean country systematically violates the shared norm, this usually becomes a complicating factor in its relations with the United States.

### **IMPLICATIONS OF STRATEGIC INTERESTS FOR POLICY**

This framework of four major ways in which Latin American and Caribbean countries matter to the United States has a number of implications for US policy, now and in the foreseeable future.

First, the framework shows why the relationships with Mexico—and (to a lesser but important extent) the Caribbean and Central American countries in its immediate border region—are bound to be a high priority for the United States, for these countries are strongly relevant with regard to all four criteria. Mexico and the Central American and Caribbean countries are deeply interconnected with the United States and pose numerous intermestic issues. These countries, especially Mexico, are important markets for US exports and arenas for US private investment. Some of them (again especially Mexico) are important players with regard to the transnational and international agenda of issues on which the US needs cooperative partners. And these nearby countries pose issues of human rights and democratic governance, as well as humanitarian issues, that attract the attention and activity of US citizens and NGOs.

Second, the framework suggests why managing its relationship with Brazil is an increasing priority for US foreign policy. Brazil is important as an arena for US investment; as a substantially and potentially even more important market for US goods and services; as a potentially important source of energy; and especially because of Brazil’s current and prospectively greater significance as a global actor in dealing with major challenges ranging from climate change to nuclear proliferation, trade to energy, international peacekeeping to global governance. Mexico, Argentina and Chile also are relevant in different ways and to different degrees to the global agenda of the United States, but none rivals Brazil’s importance.

A third implication of the suggested framework is that many Latin American countries matter to US foreign policymakers mainly to the extent that they present and/or help resolve troublesome concrete issues, such as narcotics and crime, infectious diseases, or the potential exploitation of failed governance by international criminal or potentially terrorist networks. Political rhetoric and diplomatic representations may attempt to cover up the tendency to frame US policy mainly in response to dangers the United States wishes to reduce or to quarantine, but it is important to recognize this reality.

A fourth implication of the suggested framework for understanding US interests in Latin America today is that US attitudes toward the presence and influence in the Americas of extra-hemispheric powers are (or at least ought to be) very different from what they have been historically. In past eras, US policymakers gave top priority to excluding or minimizing the presence of extra-hemispheric powers in the Americas as well as preventing the rise to power or maintenance in power of political movements linked or potentially linked with such powers, especially the political left during the Cold War years. The inertial sway of outmoded mindsets is evident when some in the United States, mainly in Congress and in the media, revert to Cold War concepts and language, substituting “terrorism” for “communism,” emphasizing the “threats” from Iran, China and Russia; or talking darkly of a “leftward swing” or “pink tide” in Latin America. But these comments are aimed at domestic political advantage more than reflecting actual foreign policy concerns.

The US government today is no longer concerned with keeping the Latin American left from power. From the 1960s through the 1980s, it would have been hard to imagine Washington accommodating such Latin American leaders as Lula (or even Fernando Henrique Cardoso, indeed) in Brazil, Ricardo Lagos and Michelle Bachelet in Chile, Tabaré Vázquez and José Mujica of Uruguay, Mauricio Funes of El Salvador, Fernando Lugo in Paraguay or Leonel Fernández in the Dominican Republic—all of them lineal descendants of the parties, movements and leaders against which the United States intervened in the 1960s. The United States government has its discrepancies with Hugo Chavez in Venezuela, Evo Morales in Bolivia, Daniel Ortega in Nicaragua, the Castros in Cuba and others, but there are evident limits on US intervention against them, and practical cooperation continues between the United States and the governments of all these countries, even Cuba. No one really expects the Marines to land in Caracas or the CIA to assassinate Chavez or Morales; by the same token Venezuela is unlikely to cut off petroleum exports to United States, and Bolivia seeks international investment from the United States and other countries to develop its natural gas and lithium deposits.

China's commercial and investment presence in the Americas today far exceeds that of the Soviet Union or Germany in earlier periods, but the Chinese presence does not raise serious concerns for US policy. China's commercial exchange with many Latin American countries strengthens those countries' economies, thus expanding their potential as markets for US products. Contemporary Russia's presence in the Americas, partly commercial but also political and military, has more to do with Russian attempts to establish that they want to be taken into account in international arenas (mainly with respect to other issues) than with presenting any consequential direct challenge to the United States or its interests in the Western Hemisphere. Iran's efforts to build relationships with Venezuela, Brazil, Bolivia, Argentina and potentially other countries is the one significant current extra-hemispheric concern for US policy, mainly because Iran and the United States appear to be on a broad collision course, and Iran can therefore be expected to use its presence in the Americas to cause problems for the United States. Opinions differ about the urgency or magnitude of this concern; intelligence agencies charged with preparing worst case scenarios focus on alleged Iranian links with Hezbollah, Hamas and other Islamic groups, while the Department of State and the Pentagon are somewhat less concerned.

As compared with the Cold War era or before, US policy toward Latin America and the Caribbean today focuses much less on geopolitics and national security and also much less on ideological alignment. The bipolar Cold War competition provided a broad region-wide conceptual framework for defining policy priorities, but contemporary US concerns arise more frequently from concrete issues that are usually presented in specific national or sub-regional contexts and often pushed onto the agenda by US interest and pressure groups. US policymaking regarding Latin America today tends to reflect decisions and actions taken in other arenas, regardless of their impact on Latin America; to focus on practical issues of trade, finance, investment, intellectual property, migration, border management, narcotics control and responding to disasters or infectious diseases; or to engage Latin Americans in framing responses to broad global issues such as climate change, food security or global governance.

#### **DISAGGREGATING US-LATIN AMERICAN RELATIONS**

For many decades, the tendency of US policymaking has been to frame broad region-wide politics, projecting concerns and experiences with one sub-region onto the continent as a whole. The Alliance for Progress projected concerns and experience from the Caribbean Basin onto

Latin America. The Nixon-Kissinger Latin America policies were largely based on concerns about Brazil and Chile. President Reagan's approach to Latin America was shaped by its focus on Central America. The US tendency to develop region-wide policies was reinforced in the 1990s when administrations of both parties thought that the paths of diverse Latin American and Caribbean countries were converging. With Chile showing the way, all (except Cuba) were thought to be moving toward free markets, democratic governance, sound macroeconomic policies and regional economic integration.

In fact, however, the countries of Latin America and the Caribbean have been moving in very different directions, and therefore pose very distinct challenges for US policy. These diverging paths reflect important structural variations among the countries of Latin America and the Caribbean, including their levels of their demographic and interdependence with the United States; the degree and nature of their openness to international economic competition; the strength of key aspects of governance, such as checks and balances, accountability and the rule of law; the relative capacity of the state and of institutions beyond the state, such as political parties, the media, religious organizations and trade unions; and the degree to which they face a challenge of incorporating larger historically excluded populations, especially indigenous peoples and Afro-Latin Americans.

Several distinct patterns of US-Latin American relations stand out today: that with the closest neighbors of the United States in Mexico, Central America and the Caribbean; with Brazil, the region's largest and most powerful country, rapidly emerging as a world power; with the countries of the Southern Cone; and with the "Bolivarian Alternative" nations, mainly in the Andean region, which differ among themselves but are all marked by gross inequities, dire poverty, and social and ethnic polarization.

The society and economy of the United States have become much more closely intertwined with Mexico and the countries of Central America and the Caribbean, primarily as a result of massive migration to the United States and of growing functional economic integration, particularly of labor markets. Large Mexican, Central American and Caribbean diasporas, together with the integration of production in all these countries into the manufacturing processes of US-based firms, have irreversibly changed the nature of the ties between the United States and its closest neighbors. These ties have been strongly reinforced, in turn, by an historic transformation of attitudes and assumptions, especially in Mexico, but also in several Central American and Caribbean nations about the nature and future of relations with the United States. What was unthinkable before 1990, conscious national policies to induce greater integration and cooperation with the United States, is now widely accepted in Mexico and elsewhere in the Caribbean Basin as necessary, if not inevitable.

The frontier between the United States and its closest neighbors is porous. People, goods, money, small arms, narcotics and ideas flow easily back and forth across formal boundaries. Sixty percent of Mexicans have relatives in the United States, and one fifth of Mexico's work force is compiled north of the border. Remittances from its diaspora amounted to more than \$25 billion in 2008, almost as much as direct foreign investment; in most of Central America, Haiti and the Dominican Republic, immigrants' remittances exceed foreign investment and foreign economic assistance combined. Campaign contributions and votes from the diaspora are crucially important in home country politics, while the votes of naturalized immigrants play an increasing role in US elections. Juvenile gangs and criminal leaders socialized on US streets and in US jails are wreaking havoc in their countries of origin, in many cases after being deported from the United States, while Latino gangs affect life in Los Angeles, Phoenix, Chicago and New York.

Changing US immigration laws and more stringent border enforcement procedures may reduce the rate of entry by unauthorized migrants but are unlikely to change the causes, sources or magnitude of overall migration flows.

During the past fifty years and especially since the 1980s, Mexico and the Caribbean and Central American nations have become ever more fully absorbed into the US orbit, both because of underlying demographic and economic trends and because of such policies as NAFTA and the Dominican Republic-Central America Free Trade Agreement (DR/CAFTA). They use the dollar as their informal and in some cases their official currencies; send almost all their exports to the United States; rely overwhelmingly on US tourists, investment, imports and technology; absorb US popular culture and fashions but also influence popular culture on the mainland; and many develop baseball players for the North American major leagues. They deal with criminal networks that operate both in the United States and in the region. They send doctors, dentists and nurses, not to mention cosmetologists and hair dressers, to practice in the United States, and they provide medical and dental services to “medical tourists” from the United States. Mexico, Central America and the countries of the Caribbean send many migrants northward, and are accepting many retired North Americans as long-term residents. Transnational citizens and networks are growing in importance throughout the region. All of these regional trends will almost certainly affect Cuba in time; indeed on many of these dimensions Cuba is already more engaged with the United States than is yet recognized or acknowledged in either country.

The issues that flow directly from the unique and growing mutual interpenetration between the United States and its closest neighbors—human, drug and arms trafficking, immigration, protecting the environment and public health, responding to natural disasters, law enforcement and border management—pose particularly complex challenges for policy. These “intermestic” issues are very difficult to handle because the democratic political process, both in the United States and in its neighboring countries, pushes policies on both sides in directions that are often diametrically opposed to what would be needed to secure the international cooperation required to manage difficult problems that transcend borders. The impulses to place responsibility for tough problems on the other side of the border, and to assert “sovereignty” even when national control is palpably lacking and indeed impossible in practical terms, are reciprocal and interactive. Greater interdependence does not guarantee closer cooperation, but if not well managed may instead engender more intense conflict.

The United States can no longer deal with the countries in its border region on the basis of intermittent engagement, mainly ignoring them most of the time but intervening forcefully when Washington believes its security is at stake. Some within the US policy community and some in Mexico, Central America and the Caribbean are beginning to understand the need to develop new concepts, attitudes, policies, modes of governance, norms and institutions to channel these complex and unique relations. This imperative will profoundly affect US-Latin American relations in the years to come.

Brazil is perceived in US foreign policymaking circles an increasingly successful and influential country with a population of more than 190 million and the world’s eighth largest economy. It has largely opened itself to international competition, modernized its vast agricultural sector, developed industries with continental and even worldwide markets and expanded the global competitiveness of its engineering, financial and other services. Brazil has also slowly but steadily strengthened both its state and its nongovernmental institutions. It has achieved a high degree of *previsibilidad*, i.e. stability of expectations about the rules of the game and about the established processes by which these rules can be altered. And it has forged an increasingly firm

centrist consensus on the broad outlines of macroeconomic and social policies, including the urgent need to reduce gross inequities and alleviate extreme poverty, to continue to expand its large, expanding and influential middle class, and to improve the quality of education and access to it at all levels.

Brazil plays a growing role in international negotiations on trade, climate change, the environment, public health, food security and intellectual property. It is an active leader of the Global South and works closely with China, India and South Africa on several issues. It is also one of the influential and fast growing BRIC (Brazil, Russia, India and China) nations, the darlings of international investors and geopolitical analysts. Brazil is developing its ties with many other countries around the world, including Iran, and it is ever more active in the United Nations, the G-20, the G-8, the G-5 and other multilateral fora.

Brazil and the United States have recently had some notable differences, including disagreement over the 2010 Iran sanctions issue. They have had conflicting perspectives on how to handle the Honduran imbroglio, as Brasilia saw Washington's willingness to accept as legitimate the results of the elections conducted by the de facto Micheletti regime as tantamount to condoning a military coup. Brazil also raised questions about the US-Colombia military base agreement, although by 2010 it had resolved these differences sufficiently to reach a new mutual security agreement with the United States, for the first time in decades. And the two countries have clashed on a variety of economic issues, from intellectual property and pharmaceuticals to US subsidies for cotton growers and ethanol producers.

Differences are natural between large countries with diverse and complex interests, in which foreign policy on both sides is inevitably affected by conflicting domestic political imperatives and by mundane economic disputes. It is also understandable that these differences are sometimes magnified by presumptions or resentments that reflect antiquated mindsets. The fundamental challenge for US-Brazil relations at this stage, despite differences and history, is to build greater synergy on major global issues: strengthening regimes for trade, finance and investment; developing and implementing measures to cope with climate change; preventing and responding to pandemics; curbing nuclear proliferation; and reforming international governance arrangements. On all these questions, both Brazil and the United States have a lot at stake. Their interests are not identical but they are potentially compatible. The task of diplomacy is to smooth needless friction and focus sharply on how to strengthen cooperative efforts between the two countries while minimizing, mitigating and managing conflicts. It is increasingly recognized in Washington that this should be a strategic priority for US foreign policy in the coming years.

The countries of the Southern Cone are neither as connected to nor as integrated with the United States as its closest neighbors, nor are they as large, powerful and globally connected as Brazil. Chile is the Latin American nation most fully engaged in the world economy, with the strongest institutions, and the most entrenched democratic norms and practices. It has achieved broad consensus on many key public policies, undergirding a high degree of predictability that attracts investment, national and foreign, liberates energies of all sorts, and facilitates strategic planning, both by government and the private sector. Having overcome the deep polarization of the Allende and Pinochet years, Chile has now managed several successful political transitions, including the accession in 2010 of the first president drawn from the outside the Concertación that displaced Pinochet from power in 1989. Chile sends less than a fourth of its exports to the United States, and sends out few migrants, to the United States or elsewhere. Several internationally competitive Chilean corporations operate throughout Latin America and in Asia, the United States and Europe. Chile's international influence, based on its "soft power" and

concerted policies is greater than its size, military prowess or economic strength alone would command. It presents to the United States issues and opportunities comparable to those from long-time European allies, grounded upon broadly shared interests. Uruguay, a much smaller country but also one with strong political institutions, relates to the United States in similar ways. Argentina, by contrast, has had great difficulty over the years in building consensus, fortifying institutions, opening up its full economy to international competition and achieving the stability of expectations and clear rules of the game that are so important to overcome shorttermness (*cortoplacismo*) and facilitate economic development and consistent international engagement. Argentina has been active in international affairs for many years, first as a limited antagonist of the United States, then as a would-be close collaborator of the Reagan administration; then recovering its distance for some years; then switching once more to close voluntary alignment with Washington; and more recently returning to relative distance without undertaking consistent opposition. These fluctuations have much more to do with the rhythms of Argentine politics than with international causes or US policies; their net effect on the United States has been to diminish Argentina's stature to a level commensurate with its geographic distance and expected reliability. The best analogy in the international relations of the United States is with a mid-size European country that is often critical of Washington but has little international leverage.

The countries of the Andean ridge—Venezuela, Colombia, Ecuador, Peru and Bolivia— account together for about 22% of the total population of Latin America, just 13% of the region's GDP, less than 10% of US investment, less than 15% of legal US-Latin American trade (with most of that accounted for by oil from Venezuela), but nearly all the cocaine and heroin imported to the United States. All the Andean countries, to differing but high degrees are plagued by severe problems of governance, deeply challenged political institutions, and the need to integrate large numbers of historically excluded citizens, living in poverty or extreme poverty, in many cases from indigenous backgrounds. In these countries, the Washington-supported mantra that free markets and democratic politics naturally strengthen and support each other in a powerful virtuous circle has not applied. Extreme poverty, gross inequities, massive exclusion, rising ethnic and class consciousness, market economies and electoral politics are a volatile combination, and they have produced different and unstable outcomes in the various Andean nations.

- Colombia has struggled with deeply-entrenched narcotics syndicates, long-time guerrilla movements and para-military vigilante groups, all of which challenge the national government's effective sovereignty. National political and business elites have supported strong military efforts, backed by the United States, to reassert state authority, with mixed but on the whole positive results over time.
- Under charismatic strongman Hugo Chavez, Venezuela has moved in a different direction. Chavez bases his political appeal, internally and internationally, in large part on confrontational opposition to capitalist globalization and to the role of the United States. He has succeeded at mobilizing strong support from the previously disenfranchised, but has alienated most of his country's professional, business and technocratic sectors, and faces increasing difficulties in managing the economy, curbing crime, and preserving support.
- Bolivia has experienced the historic emergence of its previously excluded, mainly indigenous, highland population, which strongly supports the presidency of Evo Morales,

but at the cost of major regional divisions and considerable uncertainty about how to connect the new political model to economic realities.

- Ecuador, with extremely weak political parties and deeply discredited political institutions and elites, has turned to new leadership under leftist technocrat Rafael Correa, who appears to want to square the circle, criticizing global capitalism but simultaneously seeking its advantages.
- Peru has for some years faced powerful anti-system challenges by “outsider” political leaders, popular especially in the country’s economically stressed southern and eastern regions, but it has used foreign investment and international economic integration to produce enough growth to blunt their appeal, at least so far.

US relations with all five Andean countries have been problematic, although they have become mostly positive with Colombia and Peru in recent years. The challenge for US policy has been to deal with each of the Andean nations on its own terms, in order to avoid confrontations that would facilitate their becoming an antagonistic bloc. Watchful waiting, more than close engagement, is the pattern of US policy toward and relations with Venezuela and its ALBA associates, in the Andean region and elsewhere.

The United States is and will remain an important interlocutor for the countries of Latin America and the Caribbean so as long as it remains the world’s largest economy, its mightiest military power, the single most influential participant in multinational and international institutions, the new home of so many Latin American emigrants, and the source of so much “soft power.” The countries of Latin America and the Caribbean, meanwhile, will continue to be of considerable interest to the United States to the extent that they provide significant markets, important arenas for private investment, and prime sources of materials and labor; that they send labor and retain ties with growing demographic and politically participating sectors in the United States; that they represent testing grounds for democratic governance and market economies; and that they are active participants in the international community, able to affect issues from climate change to pandemics and nuclear proliferation.

Inter-American relations will continue to be shaped by global challenges and opportunities, by regional and sub-regional developments, and by domestic pressures and demands, both in the United States and in the diverse countries of Latin America—much more than by Hemisphere-wide grand designs, academic categories, or easy rhetoric. U.S.-Latin American relations are complex and multifaceted, not easily captured in broad phrases or simple paradigms. Neither an overarching partnership nor deep and general hostility characterizes inter-American relations today, nor is either extreme likely to prevail in the foreseeable future. U.S.-Latin American relations are much more varied and contradictory than they used to be. The day-to-day mutual importance of many countries in Latin America to the United States, and vice versa, has increased, while the official presence and leverage of the U.S. government in most countries of the Americas has significantly declined. This paradox will structure U.S.-Latin American relations in the years ahead.

## **“Policy Address on Opportunity In The Americas”**

Hillary R. Clinton, Secretary of State, United States of America

El Centro Cultural Metropolitano, Quito, Ecuador

June 8, 2010

**SECRETARY CLINTON:** Thank you very much, Mayor. Thank you for that introduction and for the great honor that this venerable city has given me today. It is such a personal pleasure for me to be here with all of you in a city that has been named by UNESCO as one of the cultural wonders of our world, and in such a beautiful country. President Correa told me four or five times that this is the most diverse small country in the world. And I am looking forward to returning in the future to see more of it for myself. (Applause.)

I am very grateful to the mayor and to all of you for joining me here today to discuss our vision of a shared partnership among our countries and the peoples of the Americas. Last April at the Summit of the Americas, President Obama pledged that the United States seeks an equal partnership with engagement based on mutual respect and common interests and shared values. Since then, we have been working to foster a truer community of the Americas, a community that truly does recognize that whether one lives in Quito or Los Angeles, in Ottawa or Buenos Aires, in many ways, we seek the same future for ourselves and our children.

Now, we have had – the United States and Latin America – at times a contentious history. I would never deny that. There have been real and perceived problems that have sometimes interfered with our working together. But I am here with a very clear message: That the United States, the Obama Administration, President Obama and I personally are committed to a community focused on improving the material conditions of people’s lives, a community that recognizes and lifts up the diversity that we enjoy here in the Americas and translates it into a force for progress, because our hemisphere’s potential is vast.

We’ve seen democratic governance become the norm and citizens have shown their commitment to democracy even when the process of building it has gone too slowly. Peoples and societies have embraced the values of tolerance and openness. The region’s economies have stabilized and grown, and poverty has fallen.

If I told you 10 years ago that the leaders in the United States and Europe would be taking some well-deserved advice on economic management from some of our Latin American counterparts, many people would not have believed me. But today, many of this region’s governments have navigated steadily and responsibly through the global economic crisis and are on their way to recovery.

So this is more than, at any time, a moment of opportunity for the Americas. But it is up to us to decide whether this moment will be seized or allowed to disappear. We have this moment of opportunity to consolidate democracy and economic growth, to play a role in solving regional and even global problems together, to deepen our progress and enhance our values, and to recognize we are interdependent and to use that interdependence to improve the future for our peoples. We want to elevate what is best about our shared past and rise above the acrimony that too often has interfered, even prevented us from moving forward.

So the promise is clear, but it is far from fulfilled. So although this may be a moment of opportunity, it is also one of paradox. Economies are growing, but still prosperity reaches too few. Trade is flourishing, but still extreme inequality persists. War, thankfully, is rare but some

neighborhoods are as dangerous as a combat zone. Democracy is taking hold, but still delivers too little for too many.

Yesterday at the OAS General Assembly in Lima, I had the chance to discuss one of the four pillars of our vision for the Americas – effective and accountable institutions of democratic governance. In two days, in Barbados with our Caribbean neighbors, I will discuss another of the pillars – physical security for our citizens. And two months ago at a meeting of the Energy and Climate Partnership of the Americas in Washington, I discussed how we can cooperate to move toward that future of clean, renewable energy, be better stewards of the earth as we continue to extract the fossil fuels that we still need, and tackle the climate change and environmental threats we face.

Today, I want to speak about the fourth pillar of our vision, and that is, as Simon Bolivar said, the fundamental basis of our political system hinges directly and exclusively upon the establishment and practice of equality. We are celebrating this year the bicentennial of the hemisphere's independence movements. That message has deep resonance because the independence may be 200 years old, but deep social and economic inequality is still too pervasive.

When I think about what I hope for my own daughter, it is what I hope for every child – the opportunity to fulfill his or her God-given potential. And that can only come when societies support the efforts of families and faith communities to create a structure of opportunity. That structure of opportunity must be at the core of a common vision that we work to achieve together, because we all share responsibility for advancing this vision. It is not only a moral imperative; it is also a strategic one. We cannot become productive and competitive economies without harnessing the potential of all of our people. We cannot eradicate violence if we do not build strong, inclusive communities. We cannot strengthen and sustain democracy when too many people face limited opportunities for themselves and their children.

In short, the Americas today have a historic, unprecedented chance to consolidate progress as never before. But we have to make it a shared commitment – not just a speech or not just a plank in a campaign platform, but a day by day work that involves not just governments, but the private sector, the not-for-profit sector, the university and academic community, the faith communities of our societies.

President Obama and I share a strategic vision for our engagement in the hemisphere. We are working to build a network of partnerships for expanding opportunity and increasing social mobility. Now, we could endlessly debate the root causes of the lack of equality, but the way forward lies not in re-litigating the past, but in recognizing what works today to ameliorate inequality, to provide a model of what we can do that will give people not just hope, but the reality of a better life.

We've learned what works. Sound economic management is such an important part of this. The positive impact of macroeconomic and monetary stability is clear. Expanding the pie, not just cutting it up into smaller slices, should be our goal. If hyperinflation wipes out salaries or social safety nets, our efforts are wasted. In studying what Brazil did to tame hyperinflation in their own country, I remember reading what one Brazilian leader said, which was so true: "Inflation is a tax on the poor, who always end up suffering the most." That's why sound economic management has to provide a starting point.

There are also important models about how to attack the lack of opportunity directly. Conditional cash transfer programs in countries around the hemisphere have used welfare payments to advance health, education, and other development goals. Mexico and Brazil have both brought

about significant reductions in poverty while raising school enrollment and improving health practices. Colombia has raised immunization rates and even increased the size of the average one-year-old in beneficiary households. And these programs are now being adapted for use in other countries, including my own, which has learned from the Brazilian, the Mexican, the Chilean, the Colombian experiences.

Governments have also begun to improve their tax and budget practices. In Chile, money from the country's copper fund has helped to pay for scholarships for children from the lower and middle classes. Peru has increased tax revenues to spend more on social programs and public goods like roads and schools. Brazil has one of the highest tax-to-GDP ratios in the world today, but the results speak for themselves. Brazil is an economy and a country on the move.

Progress depends on actions beyond government, of course. Microfinance organizations have helped expand access to credit for small businesses and aspiring entrepreneurs, particularly women and those without formal assets to use as collateral for credit. Here in Ecuador, the NGO Partners of the Americas is sending student leaders from low-income families on exchange visits to the United States to explore how to build social projects in their own communities.

And among private companies, corporate social responsibility is taking hold, in many cases thanks to innovative partnerships between the public and the private sectors. Costa Rica has promoted responsibility with its Certificate for Sustainable Tourism, which rewards companies that promote the country of Costa Rica in a way that is good for the environment. And these businesses proudly display these certificates to attract socially conscious consumers and tourists. Uruguay has just created a National Corporate Social Responsibility Council that will coordinate policies and best practices. In Brazil, there's a partnership between the United States and over 100 U.S. companies that operate in Brazil, to promote and advance worthy projects as part of corporate social responsibility.

These public and private efforts deserve credit for some gains against poverty that we have seen in recent years. But we all know that fundamental obstacles to opportunity and inclusion remain everywhere. And the first step in being able to address those obstacles begins with truly empowering people to take responsibility for their own lives and to be given the tools to do so. Uruguay's newly inaugurated President Mujica put it well in his recent inaugural address. "Allow me to emphasize," he said, "education, education, education. And again, education."

Now, economists would second that. Giving every child access to high-quality education that prepares him or her to chart a life filled with productivity and success must be the foundation of our efforts to narrow the prosperity gap. For ultimately, education, education, education is all about jobs, jobs, and jobs. Today more than ever, access to employment that can support a family in today's globalized economy depends on access to schooling. Too many children are denied are still denied access to even primary education. Now maybe on paper, they haven't. But in reality, the schools are substandard, the teachers are too few, the equipment and the materials are lacking. According to the World Bank, at the current rate, it will take an entire generation – a quarter century – to achieve universal basic education. That puts our region at a competitive disadvantage globally. Asia, the big engines of economic growth like China, like Vietnam, have made education a very high priority. We need to do the same.

Second, we also know that despite progress in some places, tax and budget systems are ineffective and inefficient in much of the hemisphere. This is partly due to how taxes are structured, with the burden falling too heavily on the lower classes and often hurting productivity. But in many places, including often in my own country, the simple fact is that the wealthy do not pay their fair share. We cannot mince words about this. Levels of tax evasion are

unacceptably high, as much or more than 50 percent in some of this region's economies when it comes to personal income tax.

Now, why does it matter? We have a long tradition in the United States of trying to make sure that you don't have to pay one more penny in taxes than necessary. But it matters because without a sufficient tax base, there are simply not enough revenues for the public sector to offer the services and the infrastructure needed to support social mobility and competitive economies – roads, power plants, airports, health systems, schools. Those economies that are investing today in those services and that infrastructure are preparing themselves for the future. And the real irony of this is that those kinds of investments traditionally help make the rich richer but at the same time build a middle class and lift more people out of poverty.

Acknowledging this is not class warfare. It is not even us-versus-them rhetoric. It is a matter of recognizing that this cannot be a zero-sum-game. We cannot have a winner-takes-all approach to our economic future that is shortsighted and obsolete. More inclusive growth will make our entire economies stronger and more competitive over the long run, which will benefit us all. We simply cannot support policies that reduce poverty and spread prosperity if the wealthiest among us are not doing our part. The same is true if governments allow corruption to flourish and do not work to guarantee the effectiveness of institutions, or if leaders treat the state as a private resource to benefit themselves and their supporters.

The third key is empowering women and girls. It is both the right and the smart thing to do. We have reams of evidence from many research projects around the world. And Jose Marti recognized this ahead of his time. He said, "The struggles waged by nations are weak when they lack support in the hearts of their women." Well, unfortunately, in too many places in our hemisphere, women are denied their rights and opportunities. Now, they may have them on the law books. They may be legally entitled, but they are not actually being able to access them. A growing proportion of the poor is made up of women and their children. And as long half the population is left behind, our hemisphere will be left behind too.

One of the best investments a government, a business, or a not-for-profit can make is in giving women access to credit. I have seen it in Nicaragua, I have seen it in Chile, I have seen it all over the world. Because when a woman is given the chance to make a little more money – maybe she's given access to livestock that not only will help to feed her children but then she can take the excess to market, or she's enabled to buy a sewing machine so she can take her talents as a seamstress into the marketplace. When women are given that opportunity, they reinvest in their families. All of the sudden, the children don't have to go out to work and drop out of school. All of the sudden, they can invest and build a better home for their family. It is a story that is being told over and over again. And it's a story that we need to amplify here in this region.

Fourth, we need to ensure that more workers and businesses have access to jobs in the formal economy, reversing a steady increase in informality. In some places, it's more than 50 percent. Now, informality means that workers remain isolated from credit and services. They often don't pay taxes, and on average, they earn less. Businesses remain outside of regulatory structures and the tax system. The burden for correcting this falls on both the public and the private sectors. The private sector cannot continue to keep employees outside the formal workforce. But governments must also make it easier for individuals to start and grow businesses. The red tape needs to be cut. The bureaucracy needs to be decreased. We cannot be stifling independent entrepreneurial energy by outdated bureaucratic controls.

Many of you have traveled throughout this region and elsewhere in the world. And it is amazing how hard people work. But often times, that work keeps them not in the economy but actually on the outside of the economy. And the society as a whole loses the benefits of that productivity.

Fifth, the private sector has to help us do more to overcome our hemisphere's legacy of conflict and mistrust. Corporate social responsibility can refer to many things – sound labor practices, environmental stewardship, community engagement. But at bottom, it is about the private sector accepting responsibility to help grow the pot for everyone – more mutual responsibility that will in the long run benefit sustainable enterprises. Because when we see what can be done for the entire economy, it really depends on a partnership. If you pit the government against the private sector, that's a lose-lose proposition.

My father was a small businessman, extremely independent, and very conservative. But he also understood that his business benefited from the roads he traveled on, from the utilities he had access to, from the labor that was educated. And we have to take a look at what we're doing now that undermines the win-win approach to growing our economic opportunities.

We also need to be sure that we protect basic rights of workers. Development, democracy, and human rights are inextricably linked. This hemisphere has made more than any other part of the world but for Europe and the United States and Canada, a historic bet on democracy. No other region facing the kind of social agenda we face has so completely committed itself to democracy. But democracy without results becomes self-defeating. We have to demonstrate that democratic governance delivers for people. The economies that are leading us into that future have to demonstrate that growth and reducing inequality are mutually reinforcing. Now, there are no magic solutions. There are no silver bullets or this would be very easy for all of us to do. But in fact, we can build the foundation of that sustainable opportunity structure, step by step. And we can make this journey together. As President Correa said recently in a speech he delivered at his alma mater, the University of Illinois, "In order to resolve our problems, we have to accept that the principal, although not the only, responsibility lies with ourselves." I appreciated President Correa's analysis of what he learned while in our country, how so often in the United States Americans are willing to accept responsibility because we are such a future-oriented society. And individuals often blame themselves for circumstances beyond their control as they try to figure out what to do to improve their lives. And President Correa said, "You know, we need in Latin America the same attitude. We are not victims; we are survivors. We are people who have within us the potential to chart our own destiny."

Governments need to put opportunity at the top of the agenda. And the United States will do its part. Traditional aid and assistance programs remains one part of our approach. We will continue to deliver almost \$2 billion in assistance to some of the most impoverished places in our hemisphere. We will continue our focus through the Millennium Challenge compacts with developing countries. But we will also work to enhance trade. Trade between the United States and our partners reached more than \$600 billion a year. And we have to continue to reduce barriers to commerce. Annual U.S. investment has reached \$60 billion a year. And our contributions to multilateral institutions like the World Bank and the Inter-American Development Bank also invest billions more in the region. And workers in the United States send more than \$50 billion a year back to the region in the form of remittances.

So how can we build on those facts? Well, we're looking at ways that we can use the leverage from remittances to help countries like Ecuador improve infrastructure and services. Now, on an individual level, remittances are sons and daughters that help mothers and fathers, the parents who sacrifice for their children. But taken together, that is a huge resource for a country. And so

we're looking at how we can develop new ways to enhance that money coming back, to give small businesses and communities a chance to prosper. We're building new ways to leverage remittances to expand credit for development and infrastructure projects without taking anything from the hard-earned dollars being sent back to the families.

We want to promote financial inclusion, and that's why we're using microfinance. We've seen microfinance not go just only to an individual but to provide innovative banking services in poor neighborhoods in Peru and providing health insurance and housing loans in Central America. Last year, President Obama announced a new Microfinance Growth Fund, which has committed more than \$100 million to provide credit to individuals and small businesses, especially women. And the U.S. Government has worked closely with multilateral institutions to expand financing for the small and medium-sized enterprises. But we also call upon the existing financial institutions – the banks, the credit unions – to do more to be creative about expanding credit to small and medium-sized businesses.

We're also working on reforms with the OAS to update what is called the "secured transactions law." Now put simply, that is to allow small businesses and entrepreneurs to use assets like refrigerators or sewing machines as collateral for loans. Many of these businesses could grow and employ more people, but they don't own the property that they work in or the home that they live in. But they have a refrigerator or a sewing machine, and we want to change the laws so that that can serve as collateral.

Credit bureaus can become more efficient and accessible, and we're partnering with the private sector to refine regulations for mobile banking, which allows people even in the most remote areas to join the formal economic system.

Our initiative called Pathways to Prosperity has already been working to help people in historically marginalized, indigenous, and Afro-Caribbean communities. And we're sharing information so that we can learn from each other. The Inter-American Social Protection Network that we launched last year is convening leaders to learn about innovative social protection programs. And we are starting in the United States something called the E-Mentor Corps so that small businesses who want advice can go online and get it from comparable businesses in the United States.

We have devoted more funding to education and investment that President Obama believes is an investment in our own future. We're increasing support for what we call the U.S. Bi-National Centers, which give children and adults the resources to study English. And we're launching a program that gives scientists around the hemisphere the opportunity to work in U.S. labs. And we're developing new science centers to help spur science education and provide a venue for interaction among innovators.

I happen to believe that talent is universal, but opportunity is not. There are many people in this country, like any country, who are innovative, entrepreneurial. They're solving problems every single day. And we want to give them more support to think even bigger. We're devoting \$25 million to gender-related programs to help enhance opportunity for women. And we're initiating a high-level policy dialogue among the hemisphere's governments on how to reach full economic participation of women. I can think of no better way to mark the Inter-American Year of Women. Now, all of these are part of the shared responsibility that we feel is at the root of our new partnership. This is not about patronage; this is about partnership.

Next year, we will celebrate the 50<sup>th</sup> anniversary of the Alliance for Progress. And in the past five decades, we have advanced together in some ways that I think even President Kennedy would have been surprised by – the spread of democracy, the growth of institutions like the OAS

and the Inter-American Development Bank, the increase in trade, commerce and remittances, in cultural ties and family relationships. So we have a lot to show for the last 50 years, but that should be a spur to do even more, not an excuse for resting on our laurels.

We have seen just this past year in Haiti how strong we are when we come together. Every single country in this hemisphere contributed something to the relief effort after the devastation in Haiti. When I visited after the earthquake, I watched as people from all over our hemisphere – indeed, all over the world, not just governments, but church groups and NGOs and so many others – came to give help to people in need. There was no talk of ideology or division. There was no arguments about the history or on the past. There was just pragmatism and unity around a shared purpose.

A crisis like Haiti instills an urgency in all of us that perhaps makes it easier for us to overcome the legacy of the past. But we need that same urgency to plan for and seize the future. So let us use this moment to meet the promise that is palpable around us. Let us work to tear down barriers to opportunity, to create more inclusion, more justice, more democracy that really delivers results for people who historically have been left on the margins of society. And this concept of shared responsibility means that the United States will do our part.

I'm well aware of the fact that President Obama and I come with this offer of partnership against a backdrop that goes way into the past, decade after decade after decade. I cannot change that and neither can President Obama. Sometimes, we in America are accused of not paying enough attention to our history. But the obverse can also be true. Sometimes people are captives of their history.

So let us resolve to meet in the present, to think about what we can do to understand one another better, to be more transparent to one another, to have candid, open exchanges of different points of view. As President Correa said in the press event we just did, he believes that if President Obama or I had inherited the issues that he did as president, we would be doing what he did.

We can't answer that question, but what we can say is let us work together, let us resolve that we can make that better future a reality. And let us look at every child whom we know and especially whom we love and think about what the world will be, because in this interconnected world, every child is going to have to play his or her part in ensuring that humanity continues to progress. Otherwise, we don't know what the future holds.

So this is indeed a moment of opportunity and a moment of paradox. I'm betting that we choose the route of opportunity. And the United States stands ready to work with you and to take those steps down that path toward the kind of future that would do justice and be worthy of our children. Thank you all very much.

*Environment*

**“International Climate Change Governance: Will Redefining ‘Insiders’ Enable Global Progress?”**

Nathan Hultman

The Brookings Institution

April 30, 2010

After the fizzle of Copenhagen, international climate change discussions entered a dull hibernation, in part because the intense and largely unsuccessful negotiations sapped the previous momentum of cooperation between governments, NGOs and other groups trying to strike a post-Kyoto global climate change bargain. Having envisioned yet failed to achieve such a grand compromise, many stakeholders retreated in subsequent months to analyze the causes of failure and to outline their next steps. After this convalescence, climate policy discussions are now restarting both internationally and in the United States.

Yet, despite some superficially obvious reasons for optimism—such as the global economic recovery, and the on-again, off-again prospect of U.S. climate legislation—there is still no clarity on the path toward a global climate agreement. Many vexing technical issues remain unresolved, such as reducing deforestation, reforming the Clean Development Mechanism, funding adaptation, transferring technology and more. But the major and familiar challenge that has re-emerged is the longstanding argument about who should be negotiating global climate policy.

In mid-April, climate negotiators reconvened at their regular half-year meeting in Bonn. While the usual technical issues were on the agenda, this year’s participants had to contend with an unusual set of tensions that precluded substantial negotiation on these technical details. Foremost among these was the challenge of quelling flare-ups between developed and developing country blocs and among the developing countries. While one might have hoped that any lingering tensions between these groups would have dissolved, a series of unfortunate missteps during and after Copenhagen left some of the smaller-economy developing country participants feeling marginalized. Three events in particular stand out:

First, many of the smaller developing countries were upset during the Copenhagen negotiations over the introduction of a compromise text, which they were never consulted on. The so-called “Danish text” was prepared by host country Denmark and was circulated to a number of key countries. However, it was not fully vetted and its premature introduction damaged the tenuous détente between developed and developing countries. India’s environment minister, Jairam Ramesh, even went on record asserting that the Danish text leak was the most important factor in undermining the negotiations, creating a “trust deficit” that has still not been fully redressed. Other heated discussions at Copenhagen focused on the seemingly trivial question over whether the next treaty would be a new treaty or simply a revision of the Kyoto Protocol. Many developing countries, including China, see Kyoto’s cleaving of the world into two groups as a central pillar of any future agreement. Others, however, view this as anachronistic and insufficiently flexible to allow for the diversity of interest across countries in taking climate-related actions. The recent events at Bonn underscore the continuing lack of resolution on these perspectives.

A second factor that exacerbated tensions was the method of negotiation of the Copenhagen Accord and the ensuing disagreement about its legal status. The Danish text drew valuable time and attention away from negotiations to the point where no draft agreements were ready when world leaders convened. Several world leaders took it upon themselves to set to paper a few key elements of agreement. While this effort succeeded in producing the Copenhagen Accord and in setting out some new areas of [agreement](#), many member states were not included in the discussions in order to reach agreement in the short time period. As a result, the usual procedures for consultation, plenary debate and discussion were not followed, and the resulting Accord was not a legally adopted text of the UN Framework Convention on Climate Change (UNFCCC).

A third factor underscoring tensions of climate governance is the sense that the U.S. may be pressuring reluctant countries to participate in the Copenhagen Accord. The Accord was always an agreement with President Obama's imprint since he exerted considerable effort in Copenhagen to solidify consensus around the document. However, not all countries have embraced it because of its unusual legal status with respect to the UNFCCC and its narrower scope of negotiation. To date, approximately 110 of 192 parties to the UNFCCC have reported goals to the Accord, signaling a type of accession. Nevertheless, a few countries have remained ambivalent, such as Ecuador and Bolivia, who indicated their opposition. In response, the U.S. has denied climate-related aid to these countries. The linking of aid to U.S. climate goals, particularly to the Copenhagen Accord, is a clear escalation of pressure from the Obama administration. The U.S. is arguing simply that the right to draw from funds stipulated in the Copenhagen Accord flows from accession to the Accord, but other countries rightly point out that the funding in the Accord was being discussed in the wider UN framework before it was co-opted by the late movement toward this alternative agreement.

These three elements all contributed to the sense of aggrievement at the recent climate meeting in Bonn. Indeed, tensions between the developed and developing country blocs have been embedded in climate negotiations since their beginning. But equally early—at the Rio Conference on Environment and Development in 1992—negotiators realized that a blanket insistence on cleaving the world into a simple dichotomous framing of “developed” and “developing” would be insufficient to tackle the complexity of national situations and national interests. As such, the central tenet of international climate negotiation was defined in the Rio Convention and in the UNFCCC as responding to “common but differentiated responsibility” to protect common resources.

While that principle remains a universally recognized pillar of climate negotiations, unfortunately there remains no guidance for “common but differentiated representation” in global climate talks. Moreover, the attempt to reach agreement flexibly at Copenhagen has had the unintended consequence of antagonizing the many countries who were not invited to negotiate, but who are now feeling that they are unfairly being asked to adhere to an agreement handed to them by the world's major economies. While sound arguments can be deployed about the desirability of negotiation on emissions targets within smaller groups—such as a cluster of the world's top 15 or 20 major greenhouse emitters—there remains a strong argument for retaining representation of all countries on those elements of climate policy that affect all parts of the world, such as adaptation, technology transfer and capacity building. As such, while the relatively narrow Copenhagen Accord was a reasonable bandage for an ailing meeting last

December, it should be seen less as an end in itself than as the basis for future negotiations in these areas.

However, of the many lessons from Copenhagen, these recent events have irritated a latent tension that must be acknowledged and addressed if there is to be the broad and comprehensive treaty that many in the climate community are hoping for. The tensions between the new, key-emitter group and smaller countries underscore the need for a governance structure that recognizes a voice for all interested parties but affirms the need for smaller clusters of countries to negotiate among themselves and grants them sufficient flexibility to do so. It must be recognized that the Copenhagen Accord arose out of relatively dire circumstances. Nevertheless, without acknowledging the interest of smaller or less-developed countries, the key emitters risk further vexing countries who have demonstrated their ability to throw the UN negotiating process into disarray. On the other hand, without flexibility for the key emitters, progress on medium and long-term emissions targets is unlikely; and if such flexibility is not granted within the UN negotiating process, the smaller countries risk pushing negotiations on emissions targets to other forums.

## **“The New Extraction: Rewriting the Political Ecology of the Andes?”**

Anthony Bebbington

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On June 5, two months of gathering indigenous protest across the Peruvian Amazon culminated in one of the country's most tragic moments in many a year.<sup>1</sup> Several thousand indigenous and non-indigenous people had assembled in the Amazonas town of Bagua, blocking the highway and demanding the derogation of executive decrees on which they had not been consulted and that they felt threatened their future access to land, and therefore their livelihoods, in the territories they have long occupied.<sup>2</sup> Also gathered were police forces, sent in by the central government to re-open the highway. In a still unclear sequence of events, shooting began.

By the end of the day, and though numbers are still disputed, five Awajún-Wampís indigenous people and five mestizo townspeople were confirmed dead, along with 23 policemen, 11 of whom were killed in retaliation by indigenous people as they were guarding a pumping station of the North Peruvian Oil Pipeline. One hundred and sixty-nine indigenous and mestizo civilians and 31 police were confirmed injured. A report issued in July by the national Ombudsman's office found that all the indigenous people involved in the conflict had been accounted for in the villages its representatives had visited and that no formal complaints of missing persons had been received. Indigenous leaders, however, said that many more remote villages had not been visited and that reliable figures on the missing or killed would not be available unless an independent commission were created to investigate the events.

While the roots of this confrontation run deep, the ticker on the time bomb was set more recently. On October 28, 2007, Peru's president, Alan García, published “El síndrome del perro del hortelano” (The Dog in the Manger

Syndrome), the first in a series of newspaper articles in which he laid out his interpretation of Peru's ills and his vision of how to cure them. The problem, he argued, was that Peru's immense natural resource endowments are not legally titled, and therefore cannot be traded, do not attract investment, and do not generate employment. The result: continuing poverty. This situation persists, he maintained, because of the “law of the dog in the manger, which says if I can't do it, nobody can do it”—a position argued by “the old anti-capitalist Communists of the 19th century, who disguised themselves as the protectionists of the 20th century and then changed T-shirts again in the 21st century to be environmentalists.”

García bemoaned that “there are millions of hectares for timber extraction that lie idle, millions more that communities and associations have not, and will never, cultivate, in addition to hundreds of mineral deposits that cannot be worked.” Oil development was being hampered because those who questioned the expansion of extractive industry had “created the image of the

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<sup>1</sup> This essay draws on research conducted during a fellowship on territories, conflict, and development funded by the U.K.'s Economic and Social Research Council ([www.sed.manchester.ac.uk/research/andes](http://www.sed.manchester.ac.uk/research/andes)). It owes a great debt to a long-standing collaboration with Denise Humphreys Bebbington and to the comments of María Luisa Burneo, Guido Cortéz, Fernando Eguren, Jennifer Moore, Francisco Rhon, Cynthia Sanborn, and Martin Scurrah.

<sup>2</sup> See Gerardo Rénique, “Against the Law of the Jungle: Peru's Amazonian Uprising,” *NACLA Report on the Americas* 42, no. 1 (January/February 2009): 5–8; see also Rénique, “Blood at the Blockade: Peru's Indigenous Uprising,” June 8, 2009, [nacla.org/node/5879](http://nacla.org/node/5879).

‘non-contact’ jungle native.” The solution, according to García, is to formalize property rights, offer up large swaths of land for sale, and attract large-scale investment and modern technology.<sup>3</sup> By June 2008, García had passed 99 decrees to act on this manifesto, easing processes that would effectively break up community land and territory. The people in Bagua were protesting some of these very decrees. As various commentators have argued, what lies behind García’s decrees (as well as parallel initiatives in the coastal valleys) is, in the words of anthropologist Richard Chase Smith, “a clear project of state reform oriented towards the concentration of land and natural resources in private hands.”<sup>4</sup> Meanwhile, Chase Smith notes, the government has failed to respond to any of the land-titling requests made by about 3,800 communities, some of which date back a decade and a half.

Notwithstanding the neoliberal credentials of García’s manifesto, its full significance lay elsewhere. “[T]he first resource is the Amazonia. It has 63 million hectares [almost 156 million acres] and abundant rain,” the president wrote, reiterating a long-standing vision of the Amazon as empty and awaiting development. His declaration, brimming with high-modernist sentiments, charted a route to a future mapped by faith in the infallibility of property rights, technology, and the potential of large-scale capital to transform Peru for the better.<sup>5</sup> Environmentalism, in this view, is not simply the product of a misguided, unreconstructed left—it is naive and mistaken.

Furthermore, García portrayed Peru’s countryside as a space to be once again colonized in order to extract, and profit from, the natural resources embedded in the fields and forests thought of as occupied, if at all, by technologically backward indigenous and mestizo small-scale farmers and nomads who are, quite simply, in the way. Just hours before the violence erupted in Bagua, García practically accused the protesters of holding the country hostage, making an insidious distinction between “natives” and “Peruvians” in a statement to the press:

“Enough is enough. These peoples are not monarchy, they are not first-class citizens. Who are 400,000 natives to tell 28 million Peruvians that you have no right to come here? This is a grave error, and whoever thinks this way wants to lead us to irrationality and a retrograde primitivism.”<sup>6</sup>

Yet García’s statements are only the most brazen expression of a continent-wide push to open up frontiers for extracting hydrocarbons, mining, producing biofuels, harvesting timber, and investing in agroindustry. The widening geographical and economic scope of these five sectors should be understood as linked to the Initiative for Integration of Regional Infrastructure of South America (IIRSA), a project agreed to in 2000 at a presidential summit in Brasília, under which a network of inter-oceanic roads, ports, waterways, hydroelectric plants, pipelines, and other major pieces of infrastructure are being built in order to integrate (but also open up) the continent.

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<sup>3</sup> Alan García Pérez, “El síndrome del perro del hortelano,” *El Comercio* (Lima), October 28, 2007, and “Receta para acabar con el perro del hortelano,” *El Comercio*, November 25, 2007.

<sup>4</sup> Richard Chase Smith, “Bagua: La Verdadera Amenaza,” *Poder* (Lima, July 2009): 48–53; “¿Quién decide sobre recursos naturales?” *La Revista Agraria* (Lima), no. 108 (June 2009).

<sup>5</sup> Such ideas are discussed in James Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (Yale University Press, 1998).

<sup>6</sup> “Presidente Alan García advierte a nativos: ‘Ya está bueno de protestas,’” Peru.com, June 5, 2009.

Hydrocarbons and mining in particular have recently seen significant hikes in capital investment. They have also triggered the most contentious arguments between the state, the private sector, and social movements over the territorial, environmental, and human implications of their expansion. The result for those who live near extractive enterprises has been tension and conflict.

“Under siege” may sound too strong, but in large parts of the continent, peoples and environments are increasingly being pressured from all sides. In the words of anthropologist Federica Barclay, who has spent a lifetime working on the Peruvian Amazon: “Everywhere there is increasing unrest. I have seen it in various places throughout the past two years. People are overwhelmed.”<sup>7</sup>

Much of Latin American economic and social history could be read as a long engagement with extraction. At times the emphasis has been on escaping the limits of the extractive economy—an important theme in the region’s import-substitution industrialization policies that lasted from mid-century through to the 1980s. At other times, denouncing extraction has mattered most, as in Eduardo Galeano’s classic *Open Veins of Latin America* and a long list of social protests that have challenged the relations of exploitation and dispossession that underlie the extractive economy.<sup>8</sup> Yet today, many governments of all political hues seem primarily concerned to make the very most of extraction.

Believing that with their different mixes of policies and politics they can escape the “resource curse”—i.e., the underperformance and pathologies said to accompany economic-development models that depend heavily on natural resources—governments as distinct as García’s in Peru and that of Evo Morales in Bolivia share an approach to extraction that can only be described as optimistic. Of course, the potential economic gains are very high, and more than one government in the region is financing its social policy with income from mining and hydrocarbons. But, as the recent violence in the Peruvian Amazon suggests, the human and political costs of such a development strategy can also be significant. Such costs, which rarely adorn the pages of environmental-impact statements, however important these may be, are the costs that come from rewriting the region’s political ecology.

To begin with, the extractive frontier is an aggressive one in all senses, not least the geographical. In Peru, some 64 hydrocarbon blocks (areas in which companies acquire the rights to explore for, and ultimately exploit, oil and gas) cover more than 70% of the country’s Amazonian territory. Eleven blocks overlay protected areas, 17 overlap reserves for indigenous peoples in voluntary isolation, and 58 overlap lands titled to indigenous peoples.<sup>9</sup> In Ecuador about two thirds of the Amazon is zoned for hydrocarbon expansion. Meanwhile in Bolivia, although the area so far contracted is less, 55% of national territory is considered to be of potential hydrocarbon interest. Indeed, under the current Morales administration, hydrocarbon operations have significantly expanded in the country’s northern Amazon basin, generating consternation among indigenous groups and tensions between them and the government.

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<sup>7</sup> Federica Barclay, “Un reclamo justo,” *Revista Ideele* (Lima), no. 193 (June 2009), [www.revistaideele.com/node/468?page=0,3](http://www.revistaideele.com/node/468?page=0,3).

<sup>8</sup> As discussed in *David Harvey, The New Imperialism* (Oxford University Press, Blackwell, 2003).

<sup>9</sup> Matt Finer, Clinton N. Jenkins, Stuart L. Pimm, Brian Keane, and Carl Ross, “Oil and Gas Projects in the Western Amazon: Threats to Wilderness, Biodiversity, and Indigenous Peoples,” *PLoS ONE* 3, no. 8 (2008), available at [plosone.org](http://plosone.org).

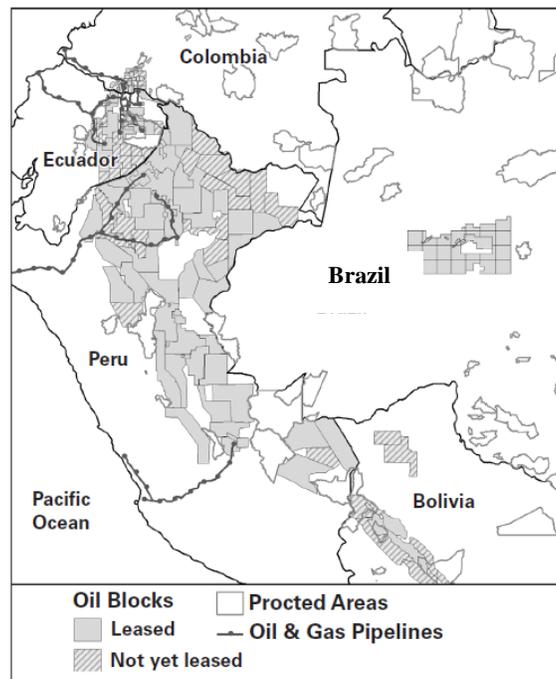


Figure 1: Hydrocarbon concessions in the Ecuadoran, Peruvian, and Bolivian Amazon

Figure 1 (above), drawn from a recent and influential inventory of hydrocarbon concessions and contracts in the western Amazon, shows the sheer physical extent of this process. Meanwhile, new hydrocarbon concessions have been carved out of the Central American isthmus, for example, in Mosquitia and the Pacific coast. Thus, García’s manifesto must be seen as part of a far larger set of policies and political commitments that have allowed this geographical transformation to occur. Likewise, Bagua has to be seen as part of a wider set of consequences and responses to this expansion—some of which have already occurred, many of which are yet to come, even as García and other presidents in the region argue that such protests are part of an international conspiracy rather than legitimate expressions of citizen concern.<sup>10</sup>

The image is similar for mining. At the beginning of the 1990s, Latin America received about 12% of global investment in mining; today the share is around one third.<sup>11</sup> Some estimate that more than half of Peru’s peasant communities are affected by mining concessions, while up until mid-2008 the geography of mining concessions in Ecuador suggested something similar.<sup>12</sup> Investment and exploration have likewise grown in Argentina, with a 740% increase in foreign

<sup>10</sup> See Alan García Pérez, “A la fe de la inmensa mayoría,” *Expreso* (Lima), June 29, 2009; for Evo Morales’s statement to the same effect, see Agencia Boliviana de Información, “Morales denuncia estrategias para evitar exploración de hidrocarburos en Bolivia,” July 10, 2009.

<sup>11</sup> José de Echave C., “Mining in Peru: Between the Transformation of Conflicts and the Programmatic Challenge,” paper presented at a seminar of the Programme on Territories, Conflicts and Development, University of Manchester, United Kingdom, October 22, 2007, [www.sed.manchester.ac.uk/research/andes/seminars](http://www.sed.manchester.ac.uk/research/andes/seminars).

<sup>12</sup> José de Echave C., “Los retos actuales del movimiento social vinculado a la lucha por los derechos de las comunidades frente a las industrias extractivas: el caso peruano,” paper presented at the conference “Rethinking Extractive Industry,” York University, Toronto, March 5–7, 2009.

investment since 2003.<sup>13</sup> The conflicts and socio-environmental preoccupations around the Marlin mine in Guatemala described in the interview with activist Gregoria Crisanta Pérez (see page 16) are part of this wider whole.

As with hydrocarbons, what matters about these mining concession geographies is not only their size but also the degree to which they overlap with other geographies. For example, they overlap with community and territorial claims, as well as with water resources. Many of the more promising mining concessions are located in headwaters. More generally, the granting of concessions and the strategic management of water resources seem to be two processes that, in many countries, move along parallel tracks. As a result, in Peru, between a quarter and two thirds of many of the country's main watersheds are covered by concessions. The three watersheds that supply greater metropolitan Lima, a chronically water-constrained metropolis of more than 8 million people, have 41%, 40%, and 30% of their area overlapped by mining concessions, respectively.<sup>14</sup>

This is a problem because modern mining requires large quantities of water for separating minerals from rock, a process that also often involves the use of toxic substances like cyanide. At the same time, by breaking up ground rock into far smaller parts, it increases the speed of naturally occurring chemical reactions that release toxic substances that can then be carried downstream in what is called acid mine drainage. The mining industry repeatedly insists that current technologies allow them to safely manage these hazardous materials and waste products, and thus protect water quality. It also insists that mining's water usage pales in comparison to that of agriculture, meaning that impacts on water quantity will not be great either.

Many people, however, remain unconvinced by these arguments, and concerns about water figure prominently in protests around mining. Indeed, while the issues of land and territory are of primary concern to peasant and indigenous populations, water also mobilizes urban populations, significantly broadening the base of social protest around mining—while also complicating the challenge of building alliances within the broader socio-environmental movement.

The extractive frontier is expanding in countries whose governments reflect a range of political options: Peru, Bolivia, Colombia, Ecuador, Chile, Nicaragua, and so on. At the same time, Latin America as a whole is an increasingly important source of foreign direct investment in extractive industries. This is most clearly the case for Brazil, home to both a hydrocarbons and a mining giant (Petrobras and Vale, respectively), but is also the case for Venezuela, whose state hydrocarbon company, PDVSA, entered into partnership with the Bolivian state company, YPF, to create a new joint venture called Petroandina in 2007.

This raises the question: How far does the ideological position of a government affect how relationships between extraction, environment, land, and territorial rights are handled? While approaches to the ownership of extractive industry clearly vary (witness recent efforts of Bolivia and Ecuador to increase the role and power of state-owned extractive enterprise), approaches to the environmental and social implications of extraction may be rather less different. Bolivia's

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<sup>13</sup> “La nota que los lectores de Los Andes en San Juan no pudieron leer,” *Los Andes On Line* (losandes.com.ar), June 14, 2009.

<sup>14</sup> Data from Anthony Bebbington and Jeffrey Bury, “Confronting the Institutional Challenge for Mining and Sustainability in Peru,” forthcoming, Proceedings of the National Academy of Sciences.

and Ecuador's governments seem just as likely as Peru's to tell activists and indigenous groups to get out of the way of national priorities, just as likely to allow extractive industry into fragile and protected ecologies, and just as determined to convince indigenous peoples that extractive industry is good for them too, without fulfilling their right to free, prior, and informed consultation (much less full consent).

As in Peru, hydrocarbon concessions in Bolivia overlap with protected areas and indigenous territories. In the departments of La Paz, Beni, and Cochabamba, significant parts of the Madidi and Isiboro Securé National Parks and of the Pilon-Lajas Biosphere Reserve are covered by hydrocarbon contracts. In the Gran Chaco of Tarija, most of the Aguaragüe National Park—co-managed by the Consejo de Capitanes Guaraníes de Tarija, who also deem it Guaraní territory—has been affected by contracts given to Petrobras and Petroandina that allow for exploratory seismic testing and drilling, while the Chinese company Eastern Petrogas is set to operate in the park's buffer zone. Plans to increase gas production have intensified since the Morales administration took power, and the emphasis is clearly on expanding such operations, even though government ministries have made overtures to the Guaraní, talking of remediating environmental damage caused by earlier periods of state-led oil extraction.

The Morales government's rationale for this expansion is that these resources belong to the nation and are needed to finance national social policy and cash-transfer programs for the poor, as well as broader public investment. In criticizing opposition to hydrocarbon expansion, Morales said in July:

“What, then, is Bolivia going to live off if some NGOs say ‘Amazonia without oil’? They are saying, in other words, that the Bolivian people ought not have money, that there should be neither IDH [a direct tax on hydrocarbons used to fund government investments] nor royalties, and also that there should be no Juancito Pinto, Renta Dignidad nor Juana Azurduy [cash-transfer and social programs].”<sup>15</sup>

As Morales's sharp comments illustrate, gas is emerging as a source of tension and conflict between the government and different groups in Bolivian society. While the debates around the question of regional autonomy in 2007–8 reflected a (real) argument between Morales's party, the MAS, and regionalists in the eastern Media Luna zone over the control and distribution of resource rents, equally significant arguments are emerging between the MAS government and lowland indigenous movement organizations. Many of these organizations do not categorically oppose extractive industry in Bolivia, but they are increasingly dismayed that their territorial concerns have been placed on the back burner while the government promotes extraction in precisely the areas where they have territorial claims.

In recent months, Morales and the Central de Pueblos Indígenas del Norte de La Paz exchanged harsh words when the latter requested a consultation process on Petroandina's proposed exploratory operations (FOBOMADE, the national environment and development forum, has also called for this right of consultation to be respected). Similarly, when the Asamblea de Pueblos Guaraní of ItikaGuasu (whose lands are home to a massive gas field operated by a

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<sup>15</sup> “Morales denuncia estrategias para evitar exploración de hidrocarburos en Bolivia,” Agencia Boliviana de Información, July 10, 2009.

consortium led by the Spanish company Repsol YPF) wrote to the government complaining about its failure to address its concerns, the response from the Morales administration was less than supportive.

Meanwhile, in Aguaragüe, Quintín Valeroso of the Asamblea Pueblo Guaraní Yaku Igua, based in Yacuiba, complained in May that the government had not recognized the APG Yaku Igua as the relevant indigenous organization for carrying out consultation processes. “There has been no consultation for any of these projects with indigenous people,” he said, adding: “We demand the government carry out the consultation process. We deserve respect.”<sup>16</sup> Increasing tensions between the Guaraní and MAS, above all around extraction, have sparked discussions within the national Asamblea de Pueblos Guaraní reconsidering its political options prior to the elections in December—calling into question any automatic allegiance to MAS and Morales.<sup>17</sup>

These expressions of concern are not only localized. In April, Adolfo Chávez, the executive secretary of the Confederation of Indigenous Peoples of Bolivia (CIDOB), a lowland indigenous organization headquartered in Santa Cruz, commented: “Now we have to talk about why it is that the permission of indigenous peoples is not being requested for hydrocarbons exploration in the Tierras Comunitarias de Origen.”<sup>18</sup>

In July, Bolivia’s principal national indigenous organizations met in La Paz for the First National Meeting of the Natural Resource Secretaries of Indigenous Campesino Organizations. Among the declarations of the meeting were that extractive activities in indigenous-campesino territories “violate our collective rights as recognized in the Political Constitution of the State (CPE), Laws and International Treaties,” and that this occurs because the ministries of hydrocarbons and mining do not allow for the “implementation of a process of prior, free, informed and obligatory consultation and participation.”

“We condemn the actions of the Ministry of Hydrocarbons in its visits to Mosenen and Lecos communities,” the delegates resolved in yet stronger language, referring to the government’s overtures to gain local support for YPFB-Petroandina’s Lliquimuni oil-exploration project.<sup>19</sup> Morales appears to interpret such issues as the effect of NGO manipulation: “Unfortunately some NGOs use some union leaders in order to oppose and obstruct the environmental licenses required to increase the number of wells and pump more oil.”<sup>20</sup>

Meanwhile, in Ecuador, environmentalists and the indigenous movement have likewise found themselves increasingly on the receiving end of harsh words and occasional police force, even though they had supported the electoral campaign of President Rafael Correa, as well as his campaign for constitutional change. Since passing in April 2008 a Constituent Decree on mining (the so-called Mining Law), which the environmental movement initially welcomed for the increased and stringent controls it would place on large-scale mining, the government has

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<sup>16</sup> Interview with Valeroso, Radio ABC (Tarija), conducted during a visit to Campo Sanandita, Gran Chaco, Tarija, Bolivia, May 12–14, 2009.

<sup>17</sup> I draw on the field research of Denise Humphreys Bebbington here.

<sup>18</sup> “CIDOB quiere dar permisos a las petroleras,” *La Razón* (La Paz), April 30, 2009.

<sup>19</sup> Pablo Cingolani, “Organizaciones indígenas y campesinas repudian las acciones del Ministerio de Hidrocarburos contra Mosenenes y Lecos,” BolPress.com, July 12, 2009.

<sup>20</sup> “Morales denuncia estrategias.”

worked closely with the industry (in this case dominated by Canadian companies) in the process of drawing up new legislation to replace the mandate.

Socio-environmental movement organizations felt largely excluded from this process—which culminated in a new mining law (passed in January) that they feel favors transnational companies and large-scale projects (see “Correa vs. Social Movements,” page 21). Meanwhile, Correa’s public position has shifted, and he increasingly lauds the benefits of socially responsible, large-scale mining, emphasizing that the revenues generated can be used for social development.<sup>21</sup> At the same time, his attacks on environmentalists have become sharper; he has referred to them variously as “extortionists,” “terrorists,” “infantile leftists and romantic ecologists.”<sup>22</sup> Echoing Morales’s association of extraction with national need, Correa has vowed that mining critics will not “impede the exploitation of the resources that the country needs.”

“It’s absurd to be sitting on top of hundreds of thousands of millions of dollars, and to say no to mining because of romanticisms, stories, obsessions, or who knows what,” he said in October 2008.<sup>23</sup>

Yet movement organizations’ dissent does not necessarily mean that they oppose all forms of extractive industry. In many instances their primary concerns are about *how* the expansion of mining and hydrocarbon activities is occurring—about the problems of rights, transparency, citizenship, environmental governance, and development raised in the process of expansion. By casting such dissent as forms of “terrorism,” “extortion,” or “neocolonialism,” which are inherently “anti-mining” and “anti-oil,” these presidents evade having to answer questions about their own arguably authoritarian political styles, at least on the question of extraction.

In sum, the García, Morales, and Correa governments each approach the domestic political ecology of extraction in a remarkably similar way. Put simply: *These resources belong to the nation, not to local or indigenous populations. They will be developed, consultation will be a managed process, and dissent will not be brooked.*

Yet dissent shows no sign of going away. The big question, then, is what will it achieve? What seems certain is that the conflicts around extractive industry have placed the relationships between economic development, environmental quality, territory, and human rights on the public agenda in new and powerful ways. Indeed, in the figure of Father Marco Arana, conflicts over mining in Peru have produced a potential presidential candidate for the 2011 elections, one whose platform draws heavily on his long history of work on environmental justice and mining.

This increased visibility of socio-environmental issues increases the possibility that various Latin American societies will begin a more inclusive debate on the relationships between the environment, economy, plurinationality, and social democracy (with or without extractive industry). Such a debate must address how well these countries are served by the mixture of large-scale infrastructure, private investment, export-oriented primary production, and modern

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<sup>21</sup> “Correa pone de ejemplo a Canadá para defender beneficios de minería,” *El Comercio* (Quito), February 21, 2009.

<sup>22</sup> Rafael Correa, Cadena Radial, December 2, 2007, available at [redamazon.wordpress.com/2007/12/05/ecuadorian-president-call-ecologists-terrorists](http://redamazon.wordpress.com/2007/12/05/ecuadorian-president-call-ecologists-terrorists).

<sup>23</sup> Joan Martínez-Alier, *El ecologismo de los pobres: conflictos ambientales y lenguajes de valoración* (Barcelona: Icaria, 2002).

technology that characterizes the elite-led development model embodied in initiatives like IIRSA.

Furthermore, this new debate must consider in practical, and not merely discursive, terms what other models of development might *feasibly* better serve Latin American societies—bearing in mind the fiscal constraints that limit governments’ room for maneuver, regardless of how relatively progressive their platforms may be.

The need for such debate is not trivial. IIRSA has been a massive initiative agreed to by presidents and international financial institutions with scarcely any public or parliamentary debate at all. With just a few exceptions (such as the Bank Information Center), social movements, NGOs, academics, and others became aware of it only very late in the day, in much the same way as the expansion of oil, gas, and mining concessions has crept up behind them. It was only in 2008 that the Andean Coordinator of Indigenous Organizations (CAOI), together with the Bolivian NGO CEADESC, presented a strategy for reorganizing IIRSA, eight years after it was launched.

Yet it remains unclear whether the sum of all this dissent constitutes an articulated socio-environmental movement, since one encounters a range of positions on the relationships between environment, rights, and development. We can divide these positions into five general currents: Some are motivated by (1) conservationist environmentalism and are concerned primarily about the impacts of extraction on biodiversity and environmental quality. Others express concerns that trace roots to (2) deep ecology, concerns that are also conservationist in intent, but are based on different reasons (a belief in the rights of the environment) and are wont to employ more radical political strategies (e.g., direct action).

Moving away from these more conservationist currents, other environmentalisms in the region draw their energy from commitments that are more social in character. Environmental justice (3), with its roots in human rights and social justice thought, emphasizes inequalities in how different social groups are exposed to environmental costs, risks, and benefits, and insists that there is a set of inalienable human and other rights that should be guaranteed prior to any development strategy based on exploiting natural resources. This position is related to, though differs from what the economist Joan Martínez Alier calls the environmentalism of the poor (4), in which the emphasis is on sustaining environments that in turn sustain lives and livelihoods.<sup>24</sup>

A final environmentalist current is concerned primarily with increased state access to and control over natural resources and the benefit streams they produce. This resource-nationalist environmentalism (5) critiques the foreign and private control of natural resources rather than extraction per se, and under certain circumstances (e.g., nationalized control over extractive industry) can accept that certain rights are infringed and some livelihoods threatened if the nation as a whole benefits. Finally, within these same mobilizations, there are also currents of thought that are not environmentalist at all, but rather emphasize the need for much more progressive redistribution of the benefits generated by extraction.

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<sup>24</sup> Apoyo Consultoria, “Cambios en legislación sobre tierras en la Amazonía no pondrán en riesgo el TLC Perú-EEUU en el corto plazo,” *Informe s@e* (Lima), June 16, 2009.

We have, then, a tangle of currents that coexist within socio-environmental protests, and they can and do pull movements in different directions. The tensions between the first two, more conservation-minded environmentalisms and latter three, more socially concerned positions are clear. Perhaps more thorny are the tensions that exist among the latter three, all of which might be associated with a broad “left” position in the region; while none is intrinsically opposed to extraction on environmental grounds, each allows for quite different trade-offs among environment, rights, and development, as well as between the local and the national. Arguably the fifth current, resource nationalism, is the most clearly expressed among the broad social bases of Correa’s Alianza País and Morales’s MAS. Conversely, indigenous and human rights movements tend to express positions that are far closer to the ideas that underlie environmental justice and the environmentalism of the poor.

How these differences are negotiated is critical. In some cases, negotiation has occurred through co-optation and corruption—movement leaders take favors of some sort and tone down their positions in return. Indeed, any commitment to these movements should not obscure a recognition that such corruption is serious and has affected how, for instance, the gas fields of Peru’s Camisea and Bolivia’s Chaco have developed. In other cases, negotiation is conducted through compensation—a similar mechanism to the first, except that benefits are transferred to a broader group than just the movement leadership. These mechanisms help neither to consolidate democracy nor to bring about institutions that could allow any sustained resolution of political difference surrounding the relationships between extraction, environment, and rights. In yet other cases, of which Bagua is an extreme example, “negotiation” occurs through violent conflict.

Ironically, one country where there has been some institutional innovation appears to be Peru—the least likely candidate on the face of things. The state has begun to take faltering steps toward stronger environmental regulation, while some regional governments and NGOs have begun to experiment with ecologically based land-use planning, and, following the tragedy in Bagua and other conflicts, conditions may now be in place for a more systematic debate on the rights of local populations to free prior and informed consent regarding economic activities on their lands and territories and for the passing of legislation to protect these rights. Indeed, the Bagua incident took place just as the Ombudsman’s office was pushing for such a debate.

Four factors seem to have made these inklings of “progress” possible. The first has been conflict itself, which has been sufficiently sustained to force government and industry to respond. While some responses have involved the use of force and ridicule, others have been more constructive. Indeed, all the evidence suggests that without popular mobilization and conflict, the rules of the game governing relationships between development and environment do not change, least of all when extractive industry is in question. Second, the mobilizations around García’s decrees of June 2008 appear to have contributed to a deepened sense of shared Amazonian and indigenous identities and rights, as well as to greater awareness among the non-indigenous population that these issues cannot be ignored. Third, a strong, independent, and professional government Ombudsman’s office (La Defensoría del Pueblo) has played a vital role in converting loosely stated and sometimes inchoate positions expressed during protest into concrete positions on how government policy and practice should change. To play this role, however, the Ombudsman must be autonomous of the executive and utterly committed to the constitution: Co-opted Ombudsman’s offices do not help. And fourth, there must be civil society organizations that can support

both the Ombudsman and socio-environmental movements in elaborating strategies and proposals.

In the end, whether such steps toward institutional change progress far will depend considerably on the geopolitical relationships in which the extractive economy is embedded. In Peru, the position that the United States takes on whether the decrees being protested in Bagua really *were* necessary to satisfy the government's free trade agreement with the United States will matter. Even if the Peruvian government's motivations are simply to facilitate extractive investment, it has used the free trade agreement to assert the need for some of these decrees (interestingly, a prestigious consultancy in Peru, Apoyo, issued a report in June suggesting that the decrees could be repealed without threatening the trade agreement).<sup>25</sup> Elsewhere the geopolitical weight of the United States is declining, as extraction becomes an increasingly important element of relationships with China, Russia, Brazil, India, Venezuela, and Canada. If, and how far, these governments worry about the environmental and social consequences of extraction will go a long way in determining the scope of progressive change.

The human cost of the Bagua incident was, of course, immense. Many hope, however, that the lives lost and rights violated will force the Peruvian government and industry to accept the need for legal and policy changes that give greater guarantees to human rights, self-determination, and environmental quality in territories where extractive industry takes place. If this *is* the final effect of Bagua, the question is whether the same sort of change can be secured elsewhere in the region—without any more Bagua.

## **“Reducing Poverty, Protecting Livelihoods, and Building Assets in a Changing Climate: Social Implications of Climate Change Latin America and the Caribbean”**

Excerpt, Chapter 11: Conclusions

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World Bank Publications

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Climate change is the defining challenge of our time. More than an environmental issue, climate change and variability threaten to reverse recent progress in poverty reduction and economic growth. This book links carbon dioxide (CO<sub>2</sub>) emissions and climate change to environmental degradation and to implications for social and economic opportunities for development.

Environmental degradation affects water availability, land, fisheries, and wildlife, with social implications affecting food security, livelihoods, health, and habitat. Excessive stress from these factors may cause additional impacts such as conflict, migration, and increased poverty and inequality. Hence, climate change is a threat to poverty reduction and if not addressed will further exacerbate the vulnerability of the poor.

Social implications of climate change are already being felt in Latin America and the Caribbean, and it is the poorest who are most affected. Even if national and global efforts to address climate change improve, current and future climate trends have considerable momentum, and they will dramatically affect economic, human, and social development for years to come. Poverty, inequality, water access, health, and migration are and will be measurably affected by changes in the climate. The study reported in this book found that many already poor regions are becoming poorer; traditional livelihoods are being challenged; water scarcity is increasing, particularly in poor arid areas; human health is deteriorating; and climate induced migration is already taking place and may increase.

In a vicious cycle, poverty makes people vulnerable to the effects of climate change, and in turn, climate change makes people vulnerable to poverty. The impact of climate change depends as much on socioeconomic vulnerability as on biophysical exposure. Biophysical impacts are superimposed on existing vulnerabilities determined by socioeconomic factors such as an individual's age, gender, and ethnicity; a household's asset base and degree of integration with the market economy; and a community's capacity to tap into social capital among local residents and to link to national support systems that will help build local resilience. In local communities with little resilience, climate change may compound existing vulnerabilities by eroding the asset base of the poor.

Good adaptation policy is good development policy. The policy recommendations offered in this volume focus on reducing social vulnerability to climate change and variability by (a) enhancing good governance and technical capacity on key issues at the local and national levels; (b) developing social capital in local communities to provide for the exercise of voice, representation, and accountability; and (c) strengthening the asset base of the poor by building strong and lasting physical infrastructure, safeguarding the natural resource base, expanding access to financial services, investing in human capital, and supporting the development of social and cultural assets in the community.

This chapter first presents an overview of the social implications of climate change in the key areas addressed in each chapter. Second, it outlines the main recommendations for incorporating climate change adaptation measures into development planning at the government, community, and household levels, as summarized in table 11.1. It concludes with perspectives for future research on the social dimensions of climate change.

**Table 11.1 Summary of Policy Recommendations** (continued)

<i>Building the asset base of the poor: Enhancing local livelihoods and access to public services</i>		
<i>Objective</i>	<i>Policy action</i>	<i>Level of implementation</i>
Create local, national, and regional vulnerability maps, including hazard-prone areas, and increase knowledge about vulnerable communities.	Carry out vulnerability analysis at the local, national, and regional levels, taking into account asset availability and distinctions between long-term trends and natural hazards. The vulnerability analysis should apply a context-specific framework to ensure a strong match between the needs of target groups and planned interventions.	Local government, NGOs, and universities
Increase social knowledge.	Undertake poverty and social impact analysis to understand the social implications of climate change, including violent and nonviolent conflict, migration, inequality, and poverty across social groups (age, gender, ethnicity, location).	Central and local government, NGOs, and communities
Improve dialogue.	Implement policies that promote synergistic relationships between vulnerable groups and institutions.	Local government
Improve relationship between local institutions and indigenous peoples.	Develop programs and capacity building to increase and improve the dialogue between indigenous communities and local governments.	Local government, indigenous peoples
Enhance state capacity to deal with conflict.	Implement crime-, violence-, and conflict-prevention programs. Develop plans for deploying military and police forces.	Central and local government, NGOs, and communities
<b>Actions to strengthen cultural capital</b>		
Implement policies that ensure long-term-sustainable solutions to improve and strengthen cultural capital.	Catalogue traditional knowledge and broaden access to the information.	Local governments and NGOs
Improve livelihood resilience and adaptation.	Draw on local knowledge when devising adaptation measures.	Central and local government

Enhance the use of traditional knowledge in indigenous communities.	Mobilize the use of traditional indigenous peoples' institutions (as distinct from indigenous formal, political organizations). Develop strategies and concrete support oriented toward helping indigenous communities adapt to climate change and variability that capture the diversity of livelihood strategies and the role and efficiency of cultural institutions. Development agencies and national meteorological services must begin with respect for traditional knowledge and use it as a starting point for their projects. Extend technology and agricultural advice that take local cultures into consideration.	Local government, NGOs, and community
<b>Actions to strengthen natural capital</b>		
Improve livelihood resilience and adaptation.	Improve integrated natural resource management and tailor it to local circumstances through formulation of location-specific policies and institutional arrangements.	Central and local government
Increase water sources and access to them.	Increase conservation of water supplies or implement water pricing in urban areas. Shift to less-water-intensive agriculture in rural areas. Create new highland reservoirs. Facilitate workshops to create local cooperation on water management.	Central and local government, communities
Preserve the natural resource base.	Strengthen agricultural practices to account for timing and location of crop activities; improve crop protection practices to include crop rotation and diversification of farm activities. Alter inputs such as crop varieties, fertilizer rates, or irrigation. Use technologies that harvest and conserve water and soil moisture. Manage water to prevent flooding, waterlogging, erosion, and nutrient leaching. Use weather forecasting to reduce production risk. Conserve entire hillsides and watersheds rather than individual plots. Prevent deforestation in indigenous territories.	Central and local government, NGOs, communities, individual farmers
Improve land and soil quality.	Create awareness and build sense of stewardship among farmers. Raise risk awareness regarding the quality of land.	Central and local government and NGOs
Build environmental resilience.	Strengthen policies that protect natural resources. Expand protected areas, such as marine protected areas or parks, using integrated coastal zone management principles.	Central and local government and NGOs

**Table 11.1 Summary of Policy Recommendations** (continued)

<i>Building the asset base of the poor: Enhancing local livelihoods and access to public services</i>		
<i>Objective</i>	<i>Policy action</i>	<i>Level of implementation</i>
Prevent climate impacts on crop productivity in indigenous communities.	Enhance research on the potential effects of increased migration, such as diseases affecting crops and decreased productivity.	Universities and community
Support agricultural livelihoods.	Improve agricultural research capacity taking into account climate change. Implement long-term-sustainable solutions to improve quality and access to land, soil, water, and nutrients and improve information systems.	Central government
Improve land and soil to enhance agricultural productivity in indigenous communities.	Promote alternative productive systems that can better cope with climate change and variability.	Local government, NGOs, and community
<b>Actions to strengthen financial capital</b>		
Create alternative livelihood opportunities.	Establish marine protected areas and train and employ local populations as rangers, researchers, guides, and park managers. Create programs that offer training in alternative livelihoods to populations at risk, such as fishermen. Develop marketing plans that include activities such as cultural and community tourism, as alternatives to natural resources-based tourism. Increase access to credit and land titles for the local population. Increase local agriculturists' market access by applying small-scale fair trade principles. Ensure sustainable aquaculture by employing stringent environmental legislation. Build safeguards against climate change into aquaculture, for example, by building deeper ponds and identifying climate-resilient species.	Local government, private sector, local communities, and NGOs
Strengthen indigenous peoples' management of natural resources.	Enhance government policies that place legal requirements on national institutions (including local governments) to increase access to land titles for indigenous peoples' territories, so that the territories are left in the hands of indigenous peoples to control and manage.	Central and local government

## The Social Implications of Climate Change

The findings in this book suggest that climate change may push the poor in Latin America and the Caribbean (LAC) beyond their ability to cope. Poverty, inequality, water stress, disease incidence, and migration patterns are and will be measurably affected by climate change, which will affect people's livelihoods in unprecedented ways.

The LAC region is one of the most ecologically diverse regions in the world, and the close proximity of different eco-zones means that climate change will affect local communities in different ways. Social implications will differ significantly between—and even within—communities, as the vulnerability context may vary greatly from neighborhood to neighborhood. Some households will be able to rely on remittances to cope and rebuild following a disaster; others may rely on educational attainment in taking preventive, adaptive measures against climate change; and still others may use their mobility to their advantage and seek new economic opportunities elsewhere.

Climate change presents both threats and opportunities for existing and new livelihoods. The poor, who lack the necessary resilience to withstand climate shocks, may see their asset base depleted and their livelihood models threatened with extinction. However, households and communities with disposable assets that they can reallocate and invest in adaptation are better placed to improve their livelihoods in the face of climate change. By turning challenges into opportunities, they are more likely to experience the potentially positive effects of climate change.

Policy makers have an obligation to address underlying social issues that exacerbate the effects of climate change on the poor. Adaptation initiatives alone will not be enough to protect the livelihoods of poor communities against climate change in the future. Equally important will be to fully consider climate change and strategically incorporate it in social development programs, as well as to ensure that social dimensions are included in planning and implementing climate adaptation and mitigation initiatives.

### ***A Dynamic Overview: From Climate Change to Social Implications***

Communities across Latin America and the Caribbean are already experiencing adverse consequences from climate change and variability. Precipitation has increased in the southeastern part of South America and now often comes in the form of sudden deluges, leading to flooding and soil erosion that endanger people's lives and livelihoods. Southwestern parts of South America and western Central America are seeing a decrease in precipitation and an increase in droughts. Increasing heat and drought in northeast Brazil threaten the livelihoods of already-marginal smallholders and in the eastern Amazon threaten to turn parts of the rainforest into savannah. The Andean intertropical glaciers are shrinking and expected to disappear altogether within the next 20–40 years, with large consequences for water availability.

Rising atmospheric temperatures have major social impacts in the LAC region. They are already causing the melting of tropical glaciers, with implications for the amounts of water available for farming and livestock husbandry, domestic use, agriculture, power generation, and industrial use. Warmer air temperatures affect the geographical range of disease vectors such as malarial

mosquitoes, with severe implications for human health. They also affect the range and yields of crops, with implications for the viability of traditionally grown crop varieties and for agricultural practices, food production and trade, and food security. In adults, temporary malnutrition reduces body mass, immunity, and productivity, but the results are rarely permanent. In children it can stunt growth, impede brain development, or cause death. Hence, risk is increased that climate change may cause an intergenerational downward spiral in human potential. Higher air temperatures also cause human health problems directly, including raising mortality rates among infants, the elderly, and other vulnerable groups. Further, higher temperatures combined with decreases in soil moisture lead to deforestation, adversely affecting people's livelihoods in multiple ways.

Rising sea-surface temperatures and higher levels of carbon in seawater affect the size of fish populations, the viability and migration patterns of fish stocks, and the health of coral reefs and mangroves. Damaged ecosystems affect the livelihoods of people who depend on their sustainable exploitation.

Increases in the intensity of natural hazards such as hurricanes, and changes in their geographical distribution, lead to higher death tolls and more damage to livelihoods, property, and production systems. Weather-related disasters affect human health not only through encouraging the transmission of diseases but also through higher incidences of food insecurity, caused by the erosion of crucial environmental and physical assets. Changes in the predictability of seasonal weather patterns have big implications for both commercial and subsistence agriculture, sometimes rendering traditional routines obsolete and wiping out crops, with implications for food prices, nutrition, and food security.

Changes in precipitation amounts and patterns lead to more droughts—affecting rural livelihoods and food security—and more floods—affecting livelihoods, property, production systems, and food security for both rural and urban populations. Already the widening incidence of drought has been a key reason why one-third of the region's rural young people have migrated to towns and cities over the past 20 years. Both droughts and floods also augment the risk of water- and vector-borne diseases.

Rising sea levels lead to more floods and storm surges, affecting livelihoods, property, and production systems; more beach erosion, affecting the habitability of coastal settlements; salinization of soil, limiting or eliminating its use for agriculture; and the intrusion of saltwater into aquifers relied on for drinking water.

Clearly, the social impacts of climate change depend not just on biophysical exposure but also on the vulnerability of people and institutions to shocks. Vulnerability is shaped by the wider political economy of resource use, and as would be expected, is particularly pronounced among the region's poor.

Below are reported the main dimensions of the social impact of climate change in Latin America and the Caribbean. For each dimension, the starting point is the climatic changes outlined above. Each section reviews the trends and dynamics and summarizes the key policy recommendations that also appear in table 11.1.

## ***Water Scarcity***

Although abundant in the region as a whole, water is scarce at the local level in the same areas. Increased glacier melt, reductions in rainfall, rising sea levels, and more frequent extreme weather events reduce both the availability and quality of water for human use. Water scarcity in turn has three major social implications: first, it affects domestic water use and agricultural output, thereby increasing the risk of food insecurity; second, it affects the range and transmission of vector- and waterborne diseases, which adversely affects health; and third, it disrupts entire livelihood models, which may lead to migration and conflict. The social impacts of water scarcity are growing and are being felt at a local level.

By 2050, the number of people facing water scarcity in Latin America and the Caribbean could rise from more than 20 million today to more than 75 million. Some areas are particularly vulnerable to water scarcity. Arid or semiarid rural subregions in northeast Brazil, Bolivia, Argentina, and Chile will experience a 20 percent reduction in water run-off due to reduced rainfall by 2050. In the Andean region, the melting of intertropical glaciers will severely restrict water availability, putting close to 40 million people, or 70 percent of the Andean population, at risk of losing water supply for drinking, farming, and energy generation by 2020. In urban centers with high concentrations of poverty, where freshwater availability is already low, population growth and dense urbanization patterns, along with growing pressure for economic development, push up the demand for existing water. In many downstream rural communities, it is not uncommon for contaminated waters to be tapped for household uses and irrigation, and as water becomes scarcer, more water will be withdrawn from low-quality sources.

Concerted action is needed to devise integrated water resource management methods through decentralization and community participation. Because both water scarcity and its social impacts are local, integrated solutions should be tailored to local circumstances and should give voice and representation to marginalized groups, whose livelihoods are affected the hardest by climate change. Greater technical and institutional cooperation is needed between water managers and climate and development specialists to devise better solutions to local water scarcity. Specific policy recommendations to address water scarcity include the following:

- Invest in canals, dams, and water-saving technologies and improve institutional arrangements, including water rights, user associations, and pricing.
- Improve mechanisms for purifying and storing water in local communities.
- Increase conservation of water supplies, and shift to less-water-intensive agriculture.
- Support interventions to create new highland reservoirs.
- Implement integrated water resources management at the river basin level.

## ***Natural Disasters***

The incidence of natural disasters is rising, and poor areas are hit the hardest. The incidence of major floods, droughts, and storms in Latin America and the Caribbean has been rising, from roughly 100 in 1970–79 to more than 400 in 2000–08. Patterns of actual and predicted natural hazards show that disasters are more likely to develop in poor areas, even if the hazard frequency there is lower. While weather-related hazards are more frequent in South America, they cause disproportionately more fatalities in Central America and particularly in the Caribbean.

Poverty makes people vulnerable to natural disasters, and natural disasters make people vulnerable to poverty. More than 8.4 million people in the LAC region live in the path of hurricanes, and roughly 29 million live in low-elevation coastal zones, making them highly vulnerable to sea level rise and saline intrusion into groundwater supplies, storm surges, and coastal flooding. On one hand, the impacts of natural disasters are socially differentiated, and the poor are most affected by fatalities and injuries because they tend to live in areas with high risk of floods, landslides, or droughts; because the quality of their housing is too poor to withstand severe weather events; and because they lack resources to help them quickly recover lost assets. The high density of urban slums makes the urban poor more susceptible to disease outbreaks following natural disasters, while the rural poor are vulnerable because of their high dependence on natural resources. On the other hand, natural disasters erode the asset base of poor households by destroying natural and physical assets, diverting human capital, depleting financial resources, and straining social assets, pushing the poor deeper into poverty. Thus, the impact of disasters is superimposed on existing vulnerabilities and may compound the difficulties faced by the poor.

Disaster adaptation policies should combine a mix of hard and soft adaptation measures to strengthen public infrastructure and protect the asset base of the poor. Supporting the infrastructure needs in essential public service areas, such as schools, hospitals, and police buildings, as well as safeguarding access to water, electricity, and sewerage connections, will help build resilience in local communities and thus prevent natural hazards from turning into disasters. In addition, applying a strategic focus to the infrastructure needs of the poorest, for example, by building food and feed storage and safe livestock facilities, will help protect their asset base during extreme weather events. In particular, hazard risk management frameworks should focus on developing social capital in the community by incorporating participation and voice coalition in the design of natural disaster adaptation initiatives. Key policy recommendations include the following:

- Decentralize decision making, draw on local knowledge, and involve communities in planning local responses to natural disasters.
- Apply asset-based vulnerability analysis to both long-term climate trends and natural hazards at the local, regional, and national levels.
- Enhance policies that place legal requirements on national institutions and local governments to keep updated emergency and disaster risk reduction plans.
- Upgrade public buildings, such as schools, so that they can serve as storm shelters when needed; hurricane-proof government buildings such as hospitals and police stations.

- Increase awareness of disaster risk and risk reduction through television and radio broadcasting.

### ***Rural Livelihoods***

The rural poor are particularly vulnerable to climate change because of their high dependence on natural resources. Environmental deterioration of the natural resource base—for example through global warming, which affects crop yields and viability as well as fish migration patterns—will directly affect families and communities that depend on these food sources for nutrition as well as income generation. For the rural poor, who often lack the human and financial capital to diversify their livelihoods, the depletion of existing assets increases the risk of poverty and internal migration. Particularly vulnerable are agrarian communities and artisanal fishermen, as well as communities dependent on ecotourism.

***Agrarian communities.*** The expected impacts of climate change and climatic variability will directly affect food supplies, and for millions they will endanger food security. By eroding natural resources and physical assets, climate change will make farming more difficult and unpredictable. Poor small-scale cultivators, pastoralists, and day laborers tend to live in arid and semiarid regions, mountain slopes or plateaus, and tropical rainforests, all fragile environments that often suffer from environmental degradation. Poor dryland farming is particularly at risk. Some of the major effects will come from increased frequency and severity of droughts and floods, which degrade farmland through erosion and desertification and damage farm property as well as public infrastructure such as roads and irrigation channels, with consequences for production capacity and market access. Reduced water availability will particularly affect grain crops and livestock production in Central America (Costa Rica, Mexico, and Panama), the Andes, and parts of Argentina, Brazil, and Chile. Floods may also damage facilities for food and feed storage, with immediate effects on food security and safety.

Atmospheric warming will affect crop yields and viability. For cereal crops, an analysis of global production shows that yields in most of the region will be reduced with increasing temperatures. Changes in the range of crops can also be expected, so that some crops and crop varieties will no longer be viable in areas where they have traditionally thrived. These expected changes will directly affect food supplies and endanger food security. Within a larger vulnerability context, climate change may also affect food security indirectly by increasing demand for bioenergy to replace fossil fuels, affecting world food prices. Key policy recommendations to support climate change adaptation in agrarian livelihoods include the following:

- Raise risk awareness among farmers and build a sense of stewardship to strengthen social capital in local communities.
- Implement water conservation systems, and promote alternative productive systems with higher resilience to climate change.
- Support transport infrastructure to improve market access for local farmers.
- Enhance agricultural research capacity, taking into account climate change.

**Artisanal fishing.** Climate change and variability, in the form of storms, increasing sea surface temperatures, and rising sea levels, will significantly worsen current environmental problems that threaten the livelihood and sometimes the food supply of artisanal fishing communities. Changes in the migration patterns of fish stocks due to changing sea-surface temperatures, and the destruction of fishermen's physical capital during natural disasters threaten the livelihoods of artisanal fishermen. The particular vulnerability context of small-scale fishermen relates to their lack of access to insurance and property rights, as the globalization of trade and the privatization of access rights undermine their reliance on traditional areas for fishing. In addition, early warning systems often do not reach the remote location of small-scale fishing communities, leaving fishing villages and their assets vulnerable to sudden extreme weather events.

Better planning and improved management of natural resources can help build the resilience of small-scale fishing communities. Aquaculture—if designed to be pro-poor, sustainable, and environmentally friendly—can potentially provide an important source of livelihood for fishermen losing their jobs. Compared with what is typical at present, however, such aquaculture projects require the establishment of much clearer land rights that support the interest of indigenous and impoverished communities, and they should ensure that the local community holds the right to manage production. Marine protected areas offer another alternative livelihood for communities previously dependent on fishing, while at the same time safeguarding coastal marine habitats. Key policy recommendations to support climate change adaptation in artisanal fishing communities include the following:

- Manage fish stocks better by means of tradable quotas, and so forth.
- Protect aquaculture against climate change by building deeper ponds and selecting species resilient to saltwater intrusion, temperature changes, and sea level rise.
- Establish marine protected areas and support local livelihoods by retraining and employing former local fishermen in safeguarding coastal marine habitats.

**Ecotourism.** The fastest-growing segment of the tourism industry, with 6 percent annual growth, ecotourism is especially vulnerable to climate change because of its close reliance on the integrity of ecosystems. Particularly popular among poor communities, ecotourism offers an alternative to farmers and fishermen whose livelihoods may already be threatened by climate change. While promoted for its pro-poor focus and local ownership, development of ecotourism projects is too often implemented without consideration for safeguarding the investment against climate change and variability. In the case of an extreme weather event, that could put entire communities at risk of losing their jobs and their investment.

Development of sustainable ecotourism will require the timely implementation of specific environmental measures to protect natural assets, physical infrastructure, and local jobs against climate change. Building the resilience of poor communities economically dependent on ecotourism will call for better zoning for new developments, the consistent application of environmental impact assessments, and the involvement of local communities in protecting the

natural resource base. Key policy recommendations to support climate change adaptation in the tourism sector include the following:

- Develop and implement new building codes and policies to restrict development in near-shore zones and areas at high risk of damage from climate change.
- Incorporate detailed environmental impact assessments to identify climate risks and assess viability of planned resorts.
- Strengthen the protection of environmental resources with the support and assistance of local communities.

### ***Urban Livelihoods***

Their housing conditions make the urban poor vulnerable to extreme weather events, especially hurricanes. Incoming migrants typically settle in flimsy housing in densely packed shantytowns, on marginal lands such as floodplains, unstable slopes, and low-lying coastal land, which other people consider too risky for settlement. The location of the 20 largest cities in the LAC region near coasts, slopes, swamps, and other areas prone to flooding exposes them to natural hazards. Hurricanes, torrential rainfall, floods, landslides, and other climate-related events may cause severe damage to shantytowns or destroy them altogether. The same disasters may also destroy vital roads and utilities, cutting off poor neighborhoods from help. As discussed in the section on health, after such disasters, lack of clean water and sanitation may provoke disease outbreaks. Warmer mean temperatures also raise the risk of disease.

The vulnerability of the urban poor is exacerbated by their lack of assets and public services needed to cope with climate change. In the megacities of Latin America and the Caribbean, few of the poor have education beyond the primary level. Often lacking regular jobs, most make their living in the informal sector. They typically lack adequate access to public services such as piped water, sanitation, and electricity— some because connection is not available, others because connection is too expensive.

Although the urban poor do not directly depend on natural resources for a living, their poor housing conditions, job insecurity, and lack of human and other assets put them at risk. For example, large shares of the urban poor use their dwellings for productive activities and income generation. Today more than one in four people in the region (27 percent), or 65 percent of all the region's poor, live in urban slums, and the number is expected to rise as the threat to rural livelihoods forces more and more people to migrate to urban areas in search of new ones.

Thus far, urban authorities in Latin America and the Caribbean have been slow to adopt measures for adaptation to climate change. City authorities need to identify and map where climate hazards are greatest, target the most vulnerable groups, and design adaptation measures accordingly. In the short term, policies that focus on disaster preparedness will help build local resilience to natural hazards. In the long term, policies that address building the asset base of the poor through improved housing, education, health, and infrastructure will develop the adaptive

capacity needed to protect livelihoods affected by climate change. Key policy recommendations include the following:

- Enhance human capital of the urban poor, notably the provision and quality of education, health care, and other social protection services.
- Improve property rights of the poor.
- Upgrade high-risk housing and utilities infrastructure such as safe water supply, sanitation, and electricity, and enforce proper building codes.
- Update disaster preparedness plans to establish roles and responsibilities, and develop plans of action for immediately before and after an extreme weather event.
- Implement relocation programs to safe, alternative housing, with clean water, sanitation, and electricity at affordable prices. Programs should inform residents of the importance of vacating high-risk areas, while being sensitive to the costs borne by the people affected, especially if they have to move away from current income opportunities.

### ***Human Health***

Changes in temperature, precipitation patterns, and extreme weather events have growing direct and indirect impacts on health. Climate change is likely to expand the geographic range of vector-borne diseases and lengthen their transmission season. Dengue fever could become one of the major health risks resulting from climate change and variability, and new, more virulent strains are emerging. This disease is already extending its reach in Mexico and central South America, and by the 2050s its transmission rates are likely to have grown two to five times in most parts of South America, putting many cities at risk, including São Paulo, Caracas, and Mexico City. The risks from malaria are particularly serious when it spreads into new areas where immunity levels are low. Local changes in temperature, rainfall, and humidity are expected to cause malaria to advance into areas not previously affected, while the disease is projected to become less common in some areas where it is currently endemic.

The expected increase in the incidence of floods will lead to more outbreaks of waterborne diseases, and increasing temperatures will create conditions allowing pathogens to multiply faster. Waterborne diarrheal diseases, including cholera, thrive where the lack of safe drinking water and sanitation makes good hygiene difficult. This situation is much exacerbated in the chaotic conditions following natural disasters. These are by far the deadliest group of diseases associated with the environment, killing almost 20 times as many people in the LAC region in 2002 as malaria and dengue fever combined.

Projections of the biophysical effects of climate change and variability suggest that an additional 1 million people in Latin America and the Caribbean could be short of food by 2020. Malnutrition in the region will be affected by droughts as well as by floods, which not only destroy croplands but also cause vector- and waterborne diseases that increase the risk of malnutrition. Malnutrition is the main source of mortality from both malaria and diarrhea; a body

weakened by malnutrition is more susceptible to disease. Conversely, malaria and diarrhea can inhibit the body's ability to absorb nutrients, causing malnutrition. In Guatemala natural disasters were found to have permanent effects on child development. Poor health and malnutrition can decrease human capital by affecting learning ability and labor productivity, increasing the risk that asset-poor households will fall into poverty, while making it more difficult for others to escape poverty.

Looking ahead 50 years, the simulated effects of climate change on life expectancy in five countries are mixed. In Peru, they suggest a reduction in average life expectancy of about 0.2 years. This average, however, hides a dramatic difference: Peru's currently poor and cold highland regions would benefit, while the currently hotter and richer coastal regions would lose, narrowing overall health inequality among Peruvian districts. In Brazil, the simulated average loss of life expectancy is 1 year, and it is expected to widen the inequality of health outcomes across municipalities, while in Chile climate change is estimated to reduce overall life expectancy by six months and to reduce health inequality. Bolivia appears to be the least affected by expected climate change, and Mexico also appears quite insensitive.

Health risks from climate change and variability differ depending on the locality. Small changes in temperature and precipitation can have a large impact on public health, and factors such as inadequate health infrastructure, migration, lack of safe water and sanitation, and poor water storage practices exacerbate the risks. Populations at increased risk tend to live (a) in border regions with endemic diseases that are sensitive to climate, (b) in regions with an observed correlation between epidemic diseases and weather extremes such as El Niño episodes, (c) in areas where multiple climate-change impacts are projected to affect health simultaneously (for example, stress on food and water supplies and risk of coastal flooding), and (d) in areas with high socioeconomic stress and low adaptive capacity (for example, areas with poor land use or underdeveloped health infrastructure).

Education seems to be a very effective, "no-regrets" policy to counter adverse health effects from climate change. Regression analyses show that the relationships between climate and health are outweighed by strong, unequivocally positive relationships between education and health. In Brazil, for example, the estimated adverse health effects of climate change over the next 50 years could be countered by an increase in average education level of just 1.1 year. Building adaptive capacity and reducing health risks, especially among asset-deprived groups, are together an important development issue facing the region today. Policies to reduce climate-induced health risks should focus on improving capacity to monitor and predict disease patterns, building the asset base of the poor, and reducing the vulnerability of groups facing the greatest health risks:

- Develop models for projecting disease patterns, and research the relationships among health outcomes, climate variables, and socioeconomic factors.
- Implement functioning health surveillance systems to monitor the incidence and spread of diseases and guide the development and evaluation of adaptation strategies.
- Combat water scarcity by preventing groundwater from being contaminated by the use of sewage or wastewater for irrigation or by runoff during floods and heavy rain.

- Implement simple, community-based mechanisms for purifying and storing water that prevent parasites from thriving.
- Implement low-cost programs to promote household hygiene, and expand nutritional programs for poor households at risk of malnutrition.
- Improve access to health care for migrant populations, and improve access to safe water and sanitation in urban shantytowns.

### *Migration*

Internal migration in response to climate change is already occurring in the LAC region and seems likely to increase. Across the region during 1988–2003, one-third of the rural population aged 15–29 migrated to urban areas. The widening incidence of drought has been a key factor. Currently most of the LAC region’s migrants are young men, but the region now also has one of the world’s highest migration rates for women. Climate change projections indicate that many communities across Latin America and the Caribbean—from poor rural areas to city slums—are at risk of being forced to move because their environment no longer supports their livelihoods. However, physical and natural assets constitute only two aspect of a person’s vulnerability to environmental hazards; many other economic, political, and social factors at the individual, community, and national levels are considered in the decision to migrate.

An econometric analysis of current migration patterns between Bolivian municipalities suggests that about 2,000 internal migrants per year can be attributed to climate change over the last 50 years. People abandon both the coldest and the hottest rural areas, but rather than move to areas with more pleasant climates, they move to urban areas, where economic opportunities are less climate sensitive. Migration is lowest from the richest and poorest municipalities (people in the latter may be unable to afford the expense of migrating), highlighting the risk of some poor people being trapped in areas with increasingly adverse climates and diminishing economic opportunities.

An econometric analysis of international migration between Mexico and the United States did not indicate that the expected gradual climate change over the next 50 years would increase migration flows. However, given the complexity of the decisions involved in planned or distress migration, it was not possible to estimate the flow or intensity of future international migration patterns that climate changes may induce in the LAC region as a whole. Specific policy recommendations to address future climate-induced migration include these:

- Discourage settlement in areas prone to persistent climate hazards by replanting unstable slopes, redirect settlers to safe zones, and employ custodians to prevent settling and denuding of unstable slopes.
- Support agrarian livelihoods by implementing policies to improve agrochemicals, genetic diversity, water conservation, energy use, and infrastructure in ways that ensure long-term, sustainable solutions.

- Educate local populations about climate change and create programs that offer training in alternative livelihoods to populations at risk of migration.
- Develop strategies to help indigenous communities adapt to climate change and variability; the strategies must capture the diversity of their livelihood strategies and respect the role and efficiency of their cultural institutions.
- Enhance research on the potential effects of increased migration, including diseases affecting crops and decreased agricultural productivity.

### *Conflict*

Climate change may exacerbate existing risks of conflict rooted in socioeconomic factors. That may happen for several reasons, for example, if climate change diminishes the supplies of food, water, forests, energy, and land or encourages migration. Other dangers will occur if climate change undermines the capacity of the state, for example, by raising the costs of infrastructure in remote areas, thus limiting the reach of the state; by eroding fiscal resources; or by weakening the legitimacy of a state if it cannot provide basic needs for affected populations. If natural disasters are more frequent and severe, chaotic conditions may provide opportunities for rebel groups to challenge the government's authority.

Whether violent conflict is induced by climate change will likely depend on how scarcities are perceived and communicated by key political actors. Though most LAC countries are relatively strong, middleincome societies with accountable governments, the adverse impacts of climate change and variability are likely to put further stress on those already suffering from high income inequality and crime rates. That could lead some factions within weak political systems to exploit the situation rhetorically and mobilize groups for conflict over scarce resources.

The political economy should be considered to the same degree as environmental degradation as an underlying reason for violent conflict due to climate change. Adapting effectively to climate change and avoiding violent conflict will require both local and national governments to be inclusive of the most vulnerable groups in society, ensuring that they are heard and represented in dialogues with other stakeholder groups. Addressing underlying political tensions and socioeconomic inequalities constitutes a “no-regrets” policy that will allow local communities and individual households to build resilience against climate change and conflicts that it might induce. Key policy recommendations to prevent violent conflict from climate change include the following:

- Decentralize decision making in preparations for climate change and extreme events, to increase community participation, voice coalition, and local governance.
- Improve integrated natural resource management and tailor it to local circumstances through formulation of context-specific policies and institutional arrangements.

- Develop capacity-building programs to increase and improve the dialogue between indigenous communities and local governments.
- Implement crime, violence, and conflict prevention programs, and develop plans for deploying military and police forces to maintain security during natural disasters.

### *Poverty and Inequality*

Climate change will undoubtedly affect the livelihoods of poor people and may increase poverty rates in Latin America and the Caribbean. Using municipality-level regressions to analyze the climate-income nexus over the next 50 years in five large LAC countries, researchers found that climate change would tend to cause a reduction in average income levels in Brazil, Chile, and Peru and cause an increase in the poverty levels (all else equal). However, the climate-income relationships differ substantially from country to country, implying that the likely impacts of climate change on incomes, poverty, and inequality also differ substantially from country to country.

In Bolivia, where consumption levels in the coldest regions are as much as 40 percent lower than the national average, consumption is estimated to increase by an average of 3 percent because of climate change, while inequality declines. In Brazil, people in the warmest regions, i.e., the North and Northeast, have the lowest income levels, at 50 percent lower than the average. Simulating the effects of projected climate change indicates that the North and Northeast will likely bear the brunt of negative climate change effects with a decrease in income of 20 percent to 23 percent, compared to a national average decrease of 12 percent. For Peru, where people currently living in a moderate climate earn 30 percent to 90 percent more than those living in the hot or cold extremes, no effect on income distribution is detected, only a relatively small decline in income levels (about 2 percent) by 2058. In Chile, the most prosperous people live in the cold regions. Over the next 50 years, income distribution is not expected to change because of climate change, but simulations suggest that climate change will cause average incomes to fall by about 7 percent (all else equal). For Mexico, no systematic relationship was found between climate and income levels, implying that Mexico will be quite insensitive to the expected moderate changes in average temperatures.

Addressing the long-term effects of gradual climate change on poverty and inequality is most effectively done by building a resilient human capital asset base through the established development practices of increasing access to, and quality of, education, health care, and social protection. The impacts from climate change indicated by this analysis could easily be overcome by the positive effects of increases in education over the next 50 years. In Brazil, a 2-year increase in average education level is estimated to cause a 94 percent increase in incomes, whereas in Chile, it would take less than 0.2 years of additional education to counteract the estimated negative effect of climate change over the next 50 years. “No-regrets” policy recommendations to reduce poverty and inequality include these:

- Improve access for the poor to quality education, health care, and social safety nets.

- Undertake poverty and social impact analysis to understand the social implications of climate change, including violent and nonviolent conflict, migration, inequality, and poverty across social groups (age, gender, ethnicity, location).
- Implement policies that promote dialogues between vulnerable groups and local and national government institutions.
- Expand the agricultural research agenda to account for the impact of climate change on agricultural output and productivity.

### **Adaptation: Good Governance, Social Capital, and Local Assets**

Right now, families in southern Belize are concerned with how to rebuild their homes after an earthquake in May 2009. Rural populations in the high Andes are considering how to adapt their livelihoods to a future with disappearing glaciers, and small fishing communities in the Amazon are deciding whether to stay another season or try their chances in the big city.

This book provides evidence of the social implications of climate change. Even though the debate about the scale and impact of climate change may not be settled, the case is very strong for immediate action to prevent both immediate and longer-term social costs from escalating. As this book has documented, climate change threatens especially to overwhelm the local adaptive capacity in poor communities. Societies will bear the burden of individuals, families, and communities who suffer the negative impacts of climate change.

To increase resilience by reducing vulnerability to climate change is typically seen as the responsibility of households and communities, through livelihood adaptation and asset collection and allocation. This book shows that local decision making, social capital, and partnerships are essential to building resilient communities. But increasingly, climate change adaptation requires a greater role for national and global structures to support local processes—thereby making climate change adaptation an integral part of future development work.

### ***Good Adaptation Policy Is Good Development Policy***

Policies to address the social consequences of climate change are not limited to the social sector. Many issues must be addressed as “hard adaptation issues,” with solutions found in infrastructure, technology, and finance. In the following, however, emphasis is placed on incorporating social aspects of climate change adaptation into existing development policies and practices.

Social development tools can prove indispensable in the formulation of adaptive measures because they tend to be context specific, multidimensional, and disaggregated across groups and are often conducted upstream. This is an advantage when dealing with the social impacts of climate change, as the design and implementation of adaptation measures rely strongly on the integration of inclusive and participatory approaches. In particular, this volume recommends the use of community-specific social analysis focusing on improving livelihood outcomes, careful

attention to building social assets within and between stakeholder groups, and strengthening resilience through asset-based adaptation at the local level.

Good adaptation policy is also good development policy. Across different sectors and communities, the overarching advice for building livelihood resilience through adaptation is the same: complement national-level efforts by scaling down policies and participation to the local level; rely on different types of community social capital to do so; draw on local knowledge when devising adaptation measures; and devise measures that take into account the specific local context.

### ***A Three-Pronged Approach to Reducing Social Vulnerability to Climate Change***

Successfully addressing social vulnerabilities to climate change requires action and commitment at multiple levels. In a three-pronged approach, this book offers key operational recommendations for strengthening the commitment and broadening the scope of climate change adaptation at the government, community, and household levels. Emphasis is on enhancing good governance and technical capacity in the public sector, building social capital in local communities, and protecting the asset base of poor households.

*Prong 1. Enhance good governance and technical capacity in the public sector.* At the government level, specific attention should be paid to building both the institutional and the human capacity to better identify and address the needs of populations highly vulnerable to the effects of climate change. By strengthening the institutions and infrastructure designed to respond to rapid-onset and slow-onset climate-related disasters, along with enhancing the human capital involved, the government is better equipped to protect citizens and their assets, as well as the country's recent development gains and future prospects.

Better targeting of populations at risk is critical to addressing the needs of those who are the most vulnerable. While different groups may be equally exposed to natural hazards, they are not equally affected. Vulnerability is as much a function of socioeconomic indicators as of biophysical exposure, and for that reason resilience to climate change varies between and within communities. The unequal distribution of vulnerability to disasters within and across communities is visible even at the household level. Therefore interventions to help people adapt to the effects of climate change and rebuild following a disaster need to focus not just on areas and numbers of people at risk, but on who is at risk and the types of risk they face. One promising approach is the development of climate indicators to be applied to conditional cash transfer programs.

Strengthening governance and responsiveness in the public sector is required especially to address the needs of the most vulnerable groups. These groups often suffer disproportionately from weak and unresponsive public institutions. One key aspect concerns governments' disaster preparedness. Although many community-driven adaptation projects are successful in building local resilience, the best practices urgently need to be scaled up. The necessary institutional framework for developing and implementing such initiatives is often lacking. It is therefore important to promote a synergistic relationship between vulnerable groups and both formal and informal state and local institutions, thereby developing the linking social capital required for

more equitable access to local, national, and international institutions and their resources. Another key aspect of effective responsiveness relates to innovation in financial products that give social protection for climate change–affected households and communities. Elaborated in more detail in the section on financial capital below, these products enhance the policy options available to local and national governments to help families rebuild their livelihoods after a natural disaster. Finally, an equally critical aspect of good governance is related to slow-onset disasters, such as increasing water scarcity. What is often needed is a comprehensive strategy to build technical capacity across key public actors, especially to enhance the ability to integrate climate change aspects into sectoral approaches such as integrated water resource management. By analyzing the institutional integration of, for example, water issues and the impact of climate change on water resources in different areas of government, it is possible to identify what gaps need to be filled in human resource skills, technical capacity, and organizational processes. International donors can support this learning process to improve governance and facilitate improved decentralization and development of partnerships.

Infrastructure must be developed that is designed to withstand climate-induced tension, such as increased soil erosion or mudslides, to secure emergency access, and to protect health and assets. Building lasting physical infrastructure is a fundamental element in any national and local adaptation plan and is essential to fulfilling the objectives of reaching the target groups and delivering an effective response. Given the scarcity of resources, the urgency of the matter, and the longevity of large-scale infrastructure projects, the World Bank and other donors can effectively incorporate participatory climate adaptation into projects in water and sanitation, roads and bridges, and electricity, whether these are already in progress or in the pipeline.

*Prong 2. Develop social capital in local communities: voice, representation, and accountability.*

The ways in which individuals and groups within a community interact with each other constitute the community's social capital and influence how vulnerable a community is to climate shocks and variability. Although often overlooked or underestimated, social assets provide the foundation that allows other assets to be generated and allocated appropriately. Just like any other asset, social assets are often too weak to withstand the pressure of a natural disaster, which may unravel the bonds that hold a community together and allow for risk sharing, mutual assistance, and collective action. However, social capital can also be used to build resilience that may enable a community to strengthen its response to climate change. This is effectively done by empowering people and the community itself, drawing on local knowledge, and encouraging local participation.

People and communities should be empowered to give voice not only to their challenges, but also their solutions. The augmented sustainable livelihoods framework, with a particular focus on social capital, is helpful as the basis for planning because when applied to a given setting, the findings provide an understanding of which groups are vulnerable and why; to what extent they can rely on their relatives, neighbors, and government agencies as a coping mechanism; which assets will provide the greatest resilience and adaptive capacity; and how needs are likely to evolve over time. Community-based risk assessment projects are valuable for their ability to involve local participation in adaptation while helping to create social capital. Local institutions can provide communities with a forum to voice their concern and seek representation and accountability; they function as facilitators for households and social groups to inform, design,

and implement adaptation practices. However, for local institutions to function effectively, strong institutional ties with the national government are required to ensure a continued exchange of information. For example, incorporating the data and knowledge collected at the local level into regional and national adaptation strategies is contingent on integrating power down through the system, while at the same time keeping governance efficient.

Drawing on local knowledge and institutions in designing adaptation measures is essential to achieving sustainable adaptation. The findings in this book repeatedly emphasize the importance of actions that are conceived and executed locally, using area-based, decentralized approaches to enhancing resilience where livelihoods are irrevocably changed. Social capital is essential to facilitate this kind of representation of local interests and knowledge, yet it is also an outcome of the process. Although tensions between different types of social capital can develop, often in rural and traditional settings, the goal is to address underinvestment in social assets by regenerating bonding social capital among stakeholders at the local level.

Involving local stakeholders in adaptation initiatives is a practical means to increase institutional and project accountability while building the local asset base. At the institutional level, local civil society organizations can play a key role in tracking the allocation of funding for adaptation projects at the regional and local level. At the project level, retraining local agents to fill jobs in project management and field monitoring and evaluation can provide a safety net by promoting climate-resilient jobs while working toward reducing community risk from climate change. This holds potential to strengthen the physical and financial capital of those whose livelihoods are threatened by climate change. It will also build the social capital needed for communities to voice and represent their own interests, so that national institutions can be made more responsive to, and accountable for, the needs of local communities.

*Prong 3. Build household resilience through asset-based adaptation: a “no-regrets” approach.* People living in poverty are particularly vulnerable to the erosion of their asset base. During a sudden decline in assets, such as during a climate-related disaster, poor households often cannot achieve even low consumption levels without having to deplete productive assets even further, whether livestock, family health, or children’s education. Hence, building the asset base of the poor is a “no-regrets” approach to good adaptation while working toward local development goals.

As part of an asset-based vulnerability analysis, it is helpful to distinguish between the asset protection needed during a natural disaster and the asset building needed to withstand projected long-term, gradual climate changes. Different constellations of assets are needed during different stages of an impact of climate change: before, during, in the immediate aftermath, and for long-term recovery and adaptation. For instance, early warning systems and training are crucial elements of enhancing livelihood resilience, whereas financial capital, such as credit or insurance, is vital for recovery and long-term adaptation. Interventions should focus on enhancing the specific mix of livelihood assets that will provide the greatest resilience and adaptation in the local climate-related vulnerability context.

Table 11.1 provides a summary of policy recommendations regarding how to build the asset base of the poor and enhance local livelihoods and access to public services. Highlights of the

recommendations are presented below in each of the following asset categories: physical, human, social, cultural, natural, and financial. All these categories are interconnected, and actions aimed at the same adaptation objective will be seen to overlap.

### ***Physical Capital***

Recommended actions to strengthen physical capital focus on improving public works and infrastructure, with the wider goal of creating access to services for the most vulnerable people. They include preventing erosions and landslides, particularly for urban settlers; decentralizing water management to the local level; protecting productive infrastructure such as tourist areas and storage facilities for local harvest; separating sewer and storm drain systems and increasing their capacity; and devising early warning systems to save lives. Such efforts will have multiple effects and will help protect against the spread of diseases and the loss of jobs and other productive means, as well as increase food security and integration with agricultural markets. An often overlooked dimension of adaptation is the transfer of technology. Climate-smart communication technologies offer opportunities to implement innovative adaptation measures for resource-strained or geographically isolated communities.

### ***Human Capital***

Improving the health and education of a population is the safest “no regrets” approach to enable long-term adaptation to climate change. As seen above, studies from Brazil show that an extra two years of schooling can mitigate the negative effects of climate change on income. As a short-term coping strategy, the use of climate indicators in conditional cash transfer programs can help ensure adequate nutrition levels in chronically poor populations affected by climate change. Other programs to strengthen human capital include raising awareness of climate change and its associated impacts, as well as of the adaptation programs that are available to families.

### ***Social Capital***

Building and preserving social capital are ongoing processes. As an intangible asset, social capital can be difficult to measure and document. Yet investments in social capital should be a priority because they can be a foundation for the allocation of other assets and can create important positive spillover effects. Building social capital is a “no-regrets” approach to ensure that an adaptation measure chosen for implementation is targeted, timely, and effective. Through participatory approaches that facilitate the dialogue among local communities and the sharing of local concerns with local and national institutions, social capital can develop within and among stakeholder groups (bonding and linking). And it can help to ensure that local concerns are considered in devising the appropriate resources and strategies. Existing institutional frameworks can assist in promoting this asset, for example, through poverty and social impact analysis, which helps achieve a deeper understanding of how local climate change affects inequality, poverty, and migration among different socioeconomic groups. Establishing partnerships with local stakeholders will help promote the sustainable implementation of an adaptation project.

### ***Cultural Capital***

Drawing on cultural capital is critical to designing adaptation strategies with sustainable outcomes. Cataloguing traditional knowledge, broadening access to that information, and mobilizing its integration with local adaptation plans is a win-win activity for both traditional

communities and national climate change planners: it serves to strengthen livelihood resilience as well as to promote sustainable outcomes through local participation.<sup>1</sup>

### ***Natural Capital***

Preserving the natural resource base must be part of both urban and rural adaptation strategies. While this objective covers a broad and important field, certain priorities are worth highlighting for their direct effect on livelihood resilience: water, agriculture, and environmental resilience. First, to conserve water as an asset requires action to implement water pricing, switching to less-water-intensive agriculture, and creating new highland reserves. Second, to sustain livelihoods that depend on agricultural production, adaptation measures should seek to improve crop rotation and diversification of farm activities. Farming techniques that promote adaptation to new environmental circumstances should complement traditional farming methods. Finally, promotion of sound environmental policies, particularly for watersheds, marine protected areas, and coastal zones, is needed to support the development of the environmental resilience on which natural capital depends.

### ***Financial Capital***

Expanding access to financial services must be a priority in adaptation programs. In Nicaragua, for example, a conditional cash transfer program was introduced with a productive investment grant as part of a package with basic nutrition and education. This enabled recipients to begin adapting their livelihoods to the growing threat of drought. The innovative part of the program consisted of adding a climate-risk dimension to social protection programs that traditionally focus on the chronically poor. The same principle can be applied to other adaptive measures, such as making transfers contingent on the recipients' dwelling in less-exposed or less-vulnerable areas. Other noteworthy approaches to strengthening financial capital include social funds and support for community-driven adaptation, safety nets for coping with climate risks and natural disasters, improving access to credit and land titles, and microinsurance and indexed insurance. Finally, offering local people training geared toward employment in climate-resilient jobs will help support the development of much-needed alternative livelihoods. A successful program in Belize trained local fishermen who could no longer make a living from fishing as rangers, researchers, tourist guides, and park managers, with the added benefit of building resilience for their entire communities.

### **Perspectives on Future Research**

Conventional indexes of water well-being often fail to fully measure the complexity of water scarcity, which encompasses not only water availability and use, but also water quality and environmental demand. Data problems and constraints tend to be the most important limitation on the development of more comprehensive and useful indexes. Particularly concerning climate change, scaling remains a severe challenge for converting data from global climate models and scenario results into information for operational use at the local level. New research initiatives should aim at developing more sophisticated water indicators to address the limitations of relying on single-factor indicators and to capture water stress and vulnerabilities at the subregional and local levels. To develop a set of best-practice indicators of specific relevance to Latin America and the Caribbean, it would be worthwhile

to focus future case studies on how integrated water resource management (IWRM) can be tailored to local circumstances and how scientific knowledge about climate change and IWRM principles is being applied on the ground.

Current research on rural livelihoods tends to focus on how extreme events affect poor rural households. An increasing need exists to better understand how climate change and variability affect the long-term sustainability of agricultural systems in marginal environments. Research should focus on how complex agrarian and livestock systems can adapt to climate changes and variability and assess the coping capacity of rural communities in different regions. Such research will not only improve knowledge of social impacts but, most importantly, aid in building adaptive capacity at all levels within the farming community.

A need exists to strengthen interaction between research teams and local communities. Many farming communities in the LAC region, including indigenous groups, rely on knowledge of the local environment for their livelihoods, and their capacity to cope and adapt to climate change and variability depends on how quickly their knowledge can be adjusted to reflect the changing climate. That stresses the need for better education of rural populations and the need to target research and knowledge development and dissemination more toward them. It may also be advantageous to involve rural communities in developing new ways of learning that better incorporate both traditional knowledge and science based results and that compensate for the poor conventional learning skills associated with high illiteracy rates.

The impact of climate change on coastal livelihoods remains severely understudied. Research is also needed for different subregions and sectors to better understand the impact of climate change on the urban poor. For coastal industries such as fisheries and tourism, up-to-date time-series statistics on employment and value added are vital to developing adaptation measures to help safeguard these industries against climate change.

In regard to fisheries, more detailed analysis is needed on the potential for small-scale aquaculture as well as the vulnerability context for small fishing villages. Particular attention should be paid to understanding the needs and sensitivities of artisanal fishing communities, some of which are more accepting of ideas from outside than others. Given the speed at which the tourist industry is growing in Latin America and the Caribbean, research is needed on how to safeguard the industry and how to establish best-practice examples for the region on protecting natural resources and preventing job losses. Ecotourism has received surprisingly little attention in the context of climate change, and more research is needed to understand the specific adaptation needs of the often impoverished communities that depend on it.

The analyses reported in this book of the effects of climate change and variability on health, poverty, and inequality only considered changes in mean temperatures and precipitation. Research the effects of increased climate variability, extreme weather events, and disasters on population well-being and income distribution is also urgently needed. While those are much harder to quantify with the limited information currently obtainable, future research should focus on building better data sets and frameworks to improve modeling of disease and poverty.

The analysis of climate-induced migration has shown that it is possible to quantify the amount of internal and international migration attributable to climate change. Yet to get an overall sense of future climate induced migration, similar types of analyses should be repeated for other countries in the LAC region and beyond. Great variations in climatic conditions, levels of vulnerability, and projected climate change among different countries and subregions will require that future research focus on the specific dynamics of the local context. The study reported in this book did not consider migration due to changes in extreme events because the impacts of extreme events at the municipal level are hard to quantify. Yet research inclusive of this level of detail would be valuable in designing better policies.

Climate change and variability may undermine human security for certain groups, but whether they will lead to violent conflict will depend on other key socioeconomic and political conditions—and most importantly on how they are perceived and communicated by key political actors. Most studies of climate-related factors have focused on physical consequences such as soil degradation, deforestation, and water scarcity. Inasmuch as these physical consequences seem inevitable, it would be beneficial to expand the focus to encompass the political economy conditions that might perpetuate conflict. Also, instead of stressing the environmental scarcity aspect, a fruitful social research perspective would place more emphasis on opportunities posed by environmental change as well as on the sociopolitical channels that translate environmental consequences into different outcomes across various groups.

Perhaps the greatest challenge in capturing the social implications of climate change is to analyze the comprehensive effects of the interacting social dimensions affected by it. For example, research initiatives on rural livelihoods are hindered by the lack of appropriate frameworks to account for the complex dynamics of changes in precipitation and the effect on food security, and the resulting implications for future migration patterns. Whereas this book has looked in depth at various social dimensions of climate change, the challenge remains to address deeper systemic and structural dynamics of human well-being in a changing climate context for future generations.

## Note

1. For a deeper look at the impact of climate change on indigenous people and on the use of traditional knowledge systems and institutions in adaptation planning, see J. Kronik and D. Verner, *Indigenous Peoples and Climate Change in Latin America and the Caribbean* (Washington, DC: World Bank, 2010).

Migration

**“Remarks by the President on Comprehensive Immigration Reform”**

Barack Obama, President of the United States of America

Speech Presented at American University School of International Service

Washington, D.C.

July 1, 2010

Thank you very much. Thank you. Thank you. (Applause.) Everyone please have a seat. Thank you very much. Let me thank Pastor Hybels from near my hometown in Chicago, who took time off his vacation to be here today. We are blessed to have him.

I want to thank President Neil Kerwin and our hosts here at American University; acknowledge my outstanding Secretary of Labor, Hilda Solis, and members of my administration; all the members of Congress -- Hilda deserves applause. (Applause.) To all the members of Congress, the elected officials, faith and law enforcement, labor, business leaders and immigration advocates who are here today -- thank you for your presence.

I want to thank American University for welcoming me to the campus once again. Some may recall that the last time I was here I was joined by a dear friend, and a giant of American politics, Senator Edward Kennedy. (Applause.) Teddy's not here right now, but his legacy of civil rights and health care and worker protections is still with us.

I was a candidate for President that day, and some may recall I argued that our country had reached a tipping point; that after years in which we had deferred our most pressing problems, and too often yielded to the politics of the moment, we now faced a choice: We could squarely confront our challenges with honesty and determination, or we could consign ourselves and our children to a future less prosperous and less secure.

I believed that then and I believe it now. And that's why, even as we've tackled the most severe economic crisis since the Great Depression, even as we've wound down the war in Iraq and refocused our efforts in Afghanistan, my administration has refused to ignore some of the fundamental challenges facing this generation.

We launched the most aggressive education reforms in decades, so that our children can gain the knowledge and skills they need to compete in a 21st century global economy.

We have finally delivered on the promise of health reform -- reform that will bring greater security to every American, and that will rein in the skyrocketing costs that threaten families, businesses and the prosperity of our nation.

We're on the verge of reforming an outdated and ineffective set of rules governing Wall Street -- to give greater power to consumers and prevent the reckless financial speculation that led to this severe recession.

And we're accelerating the transition to a clean energy economy by significantly raising the fuel-efficiency standards of cars and trucks, and by doubling our use of renewable energies like wind and solar power -- steps that have the potential to create whole new industries and hundreds of thousands of new jobs in America.

So, despite the forces of the status quo, despite the polarization and the frequent pettiness of our politics, we are confronting the great challenges of our times. And while this work isn't easy, and the changes we seek won't always happen overnight, what we've made clear is that this administration will not just kick the can down the road.

Immigration reform is no exception. In recent days, the issue of immigration has become once more a source of fresh contention in our country, with the passage of a controversial law in Arizona and the heated reactions we've seen across America. Some have rallied behind this new policy. Others have protested and launched boycotts of the state. And everywhere, people have expressed frustration with a system that seems fundamentally broken.

Of course, the tensions around immigration are not new. On the one hand, we've always defined ourselves as a nation of immigrants -- a nation that welcomes those willing to embrace America's precepts. Indeed, it is this constant flow of immigrants that helped to make America what it is. The scientific breakthroughs of Albert Einstein, the inventions of Nikola Tesla, the great ventures of Andrew Carnegie's U.S. Steel and Sergey Brin's Google, Inc. -- all this was possible because of immigrants.

And then there are the countless names and the quiet acts that never made the history books but were no less consequential in building this country -- the generations who braved hardship and great risk to reach our shores in search of a better life for themselves and their families; the millions of people, ancestors to most of us, who believed that there was a place where they could be, at long last, free to work and worship and live their lives in peace.

So this steady stream of hardworking and talented people has made America the engine of the global economy and a beacon of hope around the world. And it's allowed us to adapt and thrive in the face of technological and societal change. To this day, America reaps incredible economic rewards because we remain a magnet for the best and brightest from across the globe. Folks travel here in the hopes of being a part of a culture of entrepreneurship and ingenuity, and by doing so they strengthen and enrich that culture. Immigration also means we have a younger workforce -- and a faster-growing economy -- than many of our competitors. And in an increasingly interconnected world, the diversity of our country is a powerful advantage in global competition.

Just a few weeks ago, we had an event of small business owners at the White House. And one business owner was a woman named Prachee Devadas who came to this country, became a citizen, and opened up a successful technology services company. When she started, she had just one employee. Today, she employs more than a hundred people. This past April, we held a naturalization ceremony at the White House for members of our armed forces. Even though they were not yet citizens, they had enlisted. One of them was a woman named Perla Ramos -- born and raised in Mexico, came to the United States shortly after 9/11, and she eventually joined the

Navy. And she said, “I take pride in our flag and the history that forged this great nation and the history we write day by day.”

These women, and men and women across this country like them, remind us that immigrants have always helped to build and defend this country — and that being an American is not a matter of blood or birth. It’s a matter of faith. It’s a matter of fidelity to the shared values that we all hold so dear. That’s what makes us unique. That’s what makes us strong. Anybody can help us write the next great chapter in our history.

Now, we can’t forget that this process of immigration and eventual inclusion has often been painful. Each new wave of immigrants has generated fear and resentments towards newcomers, particularly in times of economic upheaval. Our founding was rooted in the notion that America was unique as a place of refuge and freedom for, in Thomas Jefferson’s words, “oppressed humanity.” But the ink on our Constitution was barely dry when, amidst conflict, Congress passed the Alien and Sedition Acts, which placed harsh restrictions of those suspected of having foreign allegiances. A century ago, immigrants from Ireland, Italy, Poland, other European countries were routinely subjected to rank discrimination and ugly stereotypes. Chinese immigrants were held in detention and deported from Angel Island in the San Francisco Bay. They didn’t even get to come in.

So the politics of who is and who is not allowed to enter this country, and on what terms, has always been contentious. And that remains true today. And it’s made worse by a failure of those of us in Washington to fix a broken immigration system.

To begin with, our borders have been porous for decades. Obviously, the problem is greatest along our Southern border, but it’s not restricted to that part of the country. In fact, because we don’t do a very good job of tracking who comes in and out of the country as visitors, large numbers avoid immigration laws simply by overstaying their visas.

The result is an estimated 11 million undocumented immigrants in the United States. The overwhelming majority of these men and women are simply seeking a better life for themselves and their children. Many settle in low-wage sectors of the economy; they work hard, they save, they stay out of trouble. But because they live in the shadows, they’re vulnerable to unscrupulous businesses who pay them less than the minimum wage or violate worker safety rules — thereby putting companies who follow those rules, and Americans who rightly demand the minimum wage or overtime, at an unfair [dis]advantage. Crimes go unreported as victims and witnesses fear coming forward. And this makes it harder for the police to catch violent criminals and keep neighborhoods safe. And billions in tax revenue are lost each year because many undocumented workers are paid under the table.

More fundamentally, the presence of so many illegal immigrants makes a mockery of all those who are going through the process of immigrating legally. Indeed, after years of patchwork fixes and ill-conceived revisions, the legal immigration system is as broken as the borders. Backlogs and bureaucracy means the process can take years. While an applicant waits for approval, he or she is often forbidden from visiting the United States — which means even husbands and wives may be forced to spend many years apart. High fees and the need for

lawyers may exclude worthy applicants. And while we provide students from around the world visas to get engineering and computer science degrees at our top universities, our laws discourage them from using those skills to start a business or power a new industry right here in the United States. Instead of training entrepreneurs to create jobs on our shores, we train our competition.

In sum, the system is broken. And everybody knows it. Unfortunately, reform has been held hostage to political posturing and special-interest wrangling — and to the pervasive sentiment in Washington that tackling such a thorny and emotional issue is inherently bad politics.

Just a few years ago, when I was a senator, we forged a bipartisan coalition in favor of comprehensive reform. Under the leadership of Senator Kennedy, who had been a longtime champion of immigration reform, and Senator John McCain, we worked across the aisle to help pass a bipartisan bill through the Senate. But that effort eventually came apart. And now, under the pressures of partisanship and election-year politics, many of the 11 Republican senators who voted for reform in the past have now backed away from their previous support.

Into this breach, states like Arizona have decided to take matters into their own hands. Given the levels of frustration across the country, this is understandable. But it is also ill conceived. And it's not just that the law Arizona passed is divisive — although it has fanned the flames of an already contentious debate. Laws like Arizona's put huge pressures on local law enforcement to enforce rules that ultimately are unenforceable. It puts pressure on already hard-strapped state and local budgets. It makes it difficult for people here illegally to report crimes — driving a wedge between communities and law enforcement, making our streets more dangerous and the jobs of our police officers more difficult.

And you don't have to take my word for this. You can speak to the police chiefs and others from law enforcement here today who will tell you the same thing.

These laws also have the potential of violating the rights of innocent American citizens and legal residents, making them subject to possible stops or questioning because of what they look like or how they sound. And as other states and localities go their own ways, we face the prospect that different rules for immigration will apply in different parts of the country — a patchwork of local immigration rules where we all know one clear national standard is needed.

Our task then is to make our national laws actually work — to shape a system that reflects our values as a nation of laws and a nation of immigrants. And that means being honest about the problem, and getting past the false debates that divide the country rather than bring it together.

For example, there are those in the immigrants' rights community who have argued passionately that we should simply provide those who are [here] illegally with legal status, or at least ignore the laws on the books and put an end to deportation until we have better laws. And often this argument is framed in moral terms: Why should we punish people who are just trying to earn a living?

I recognize the sense of compassion that drives this argument, but I believe such an indiscriminate approach would be both unwise and unfair. It would suggest to those thinking about coming here illegally that there will be no repercussions for such a decision. And this could lead to a surge in more illegal immigration. And it would also ignore the millions of people around the world who are waiting in line to come here legally.

Ultimately, our nation, like all nations, has the right and obligation to control its borders and set laws for residency and citizenship. And no matter how decent they are, no matter their reasons, the 11 million who broke these laws should be held accountable.

Now, if the majority of Americans are skeptical of a blanket amnesty, they are also skeptical that it is possible to round up and deport 11 million people. They know it's not possible. Such an effort would be logistically impossible and wildly expensive. Moreover, it would tear at the very fabric of this nation — because immigrants who are here illegally are now intricately woven into that fabric. Many have children who are American citizens. Some are children themselves, brought here by their parents at a very young age, growing up as American kids, only to discover their illegal status when they apply for college or a job. Migrant workers — mostly here illegally — have been the labor force of our farmers and agricultural producers for generations. So even if it was possible, a program of mass deportations would disrupt our economy and communities in ways that most Americans would find intolerable.

Now, once we get past the two poles of this debate, it becomes possible to shape a practical, common-sense approach that reflects our heritage and our values. Such an approach demands accountability from everybody — from government, from businesses and from individuals.

Government has a threshold responsibility to secure our borders. That's why I directed my Secretary of Homeland Security, Janet Napolitano -- a former border governor -- to improve our enforcement policy without having to wait for a new law.

Today, we have more boots on the ground near the Southwest border than at any time in our history. Let me repeat that: We have more boots on the ground on the Southwest border than at any time in our history. We doubled the personnel assigned to Border Enforcement Security Task Forces. We tripled the number of intelligence analysts along the border. For the first time, we've begun screening 100 percent of southbound rail shipments. And as a result, we're seizing more illegal guns, cash and drugs than in years past. Contrary to some of the reports that you see, crime along the border is down. And statistics collected by Customs and Border Protection reflect a significant reduction in the number of people trying to cross the border illegally.

So the bottom line is this: The southern border is more secure today than at any time in the past 20 years. That doesn't mean we don't have more work to do. We have to do that work, but it's important that we acknowledge the facts. Even as we are committed to doing what's necessary to secure our borders, even without passage of the new law, there are those who argue that we should not move forward with any other elements of reform until we have fully sealed our borders. But our borders are just too vast for us to be able to solve the problem only with fences and border patrols. It won't work. Our borders will not be secure as long as our limited

resources are devoted to not only stopping gangs and potential terrorists, but also the hundreds of thousands who attempt to cross each year simply to find work.

That's why businesses must be held accountable if they break the law by deliberately hiring and exploiting undocumented workers. We've already begun to step up enforcement against the worst workplace offenders. And we're implementing and improving a system to give employers a reliable way to verify that their employees are here legally. But we need to do more. We cannot continue just to look the other way as a significant portion of our economy operates outside the law. It breeds abuse and bad practices. It punishes employers who act responsibly and undercuts American workers. And ultimately, if the demand for undocumented workers falls, the incentive for people to come here illegally will decline as well.

Finally, we have to demand responsibility from people living here illegally. They must be required to admit that they broke the law. They should be required to register, pay their taxes, pay a fine, and learn English. They must get right with the law before they can get in line and earn their citizenship -- not just because it is fair, not just because it will make clear to those who might wish to come to America they must do so inside the bounds of the law, but because this is how we demonstrate that being -- what being an American means. Being a citizen of this country comes not only with rights but also with certain fundamental responsibilities. We can create a pathway for legal status that is fair, reflective of our values, and works.

Now, stopping illegal immigration must go hand in hand with reforming our creaky system of legal immigration. We've begun to do that, by eliminating a backlog in background checks that at one point stretched back almost a year. That's just for the background check. People can now track the status of their immigration applications by email or text message. We've improved accountability and safety in the detention system. And we've stemmed the increases in naturalization fees. But here, too, we need to do more. We should make it easier for the best and the brightest to come to start businesses and develop products and create jobs.

Our laws should respect families following the rules -- instead of splitting them apart. We need to provide farms a legal way to hire the workers they rely on, and a path for those workers to earn legal status. And we should stop punishing innocent young people for the actions of their parents by denying them the chance to stay here and earn an education and contribute their talents to build the country where they've grown up. The DREAM Act would do this, and that's why I supported this bill as a state legislator and as a U.S. senator -- and why I continue to support it as president.

So these are the essential elements of comprehensive immigration reform. The question now is whether we will have the courage and the political will to pass a bill through Congress, to finally get it done. Last summer, I held a meeting with leaders of both parties, including many of the Republicans who had supported reform in the past -- and some who hadn't. I was pleased to see a bipartisan framework proposed in the Senate by Senators Lindsey Graham and Chuck Schumer, with whom I met to discuss this issue. I've spoken with the Congressional Hispanic Caucus to plot the way forward and meet -- and then I met with them earlier this week.

And I've spoken with representatives from a growing coalition of labor unions and business groups, immigrant advocates and community organizations, law enforcement, local government - all who recognize the importance of immigration reform. And I've met with leaders from America's religious communities, like Pastor Hybels -- people of different faiths and beliefs, some liberal, some conservative, who nonetheless share a sense of urgency; who understand that fixing our broken immigration system is not only a political issue, not just an economic issue, but a moral imperative as well.

So we've made progress. I'm ready to move forward; the majority of Democrats are ready to move forward; and I believe the majority of Americans are ready to move forward. But the fact is, without bipartisan support, as we had just a few years ago, we cannot solve this problem. Reform that brings accountability to our immigration system cannot pass without Republican votes. That is the political and mathematical reality. The only way to reduce the risk that this effort will again falter because of politics is if members of both parties are willing to take responsibility for solving this problem once and for all.

And, yes, this is an emotional question, and one that lends itself to demagoguery. Time and again, this issue has been used to divide and inflame -- and to demonize people. And so the understandable, the natural impulse among those who run for office is to turn away and defer this question for another day, or another year, or another administration. Despite the courageous leadership in the past shown by many Democrats and some Republicans -- including, by the way, my predecessor, President Bush -- this has been the custom. That is why a broken and dangerous system that offends our most basic American values is still in place.

But I believe we can put politics aside and finally have an immigration system that's accountable. I believe we can appeal not to people's fears but to their hopes, to their highest ideals, because that's who we are as Americans. It's been inscribed on our nation's seal since we declared our independence. "E pluribus unum." Out of many, one. That is what has drawn the persecuted and impoverished to our shores. That's what led the innovators and risk-takers from around the world to take a chance here in the land of opportunity. That's what has led people to endure untold hardships to reach this place called America.

One of the largest waves of immigration in our history took place little more than a century ago. At the time, Jewish people were being driven out of Eastern Europe, often escaping to the sounds of gunfire and the light from their villages burning to the ground. The journey could take months, as families crossed rivers in the dead of night, traveled miles by foot, endured a rough and dangerous passage over the North Atlantic. Once here, many made their homes in a teeming and bustling Lower Manhattan.

It was at this time that a young woman named Emma Lazarus, whose own family fled persecution from Europe generations earlier, took up the cause of these new immigrants. Although she was a poet, she spent much of her time advocating for better health care and housing for the newcomers. And inspired by what she saw and heard, she wrote down her thoughts and donated a piece of work to help pay for the construction of a new statue -- the Statue of Liberty -- which actually was funded in part by small donations from people across America.

Years before the statue was built -- years before it would be seen by throngs of immigrants craning their necks skyward at the end of long and brutal voyage, years before it would come to symbolize everything that we cherish -- she imagined what it could mean. She imagined the sight of a giant statue at the entry point of a great nation -- but unlike the great monuments of the past, this would not signal an empire. Instead, it would signal one's arrival to a place of opportunity and refuge and freedom.

“Here at our sea-washed, sunset gates shall stand,” she wrote,

A mighty woman with a torch...  
From her beacon-hand  
Glow world-wide welcome...  
“Keep, ancient lands, your storied pomp!”...  
“Give me your tired, and your poor,  
Your huddled masses yearning to be free...  
Send these, the homeless, tempest-tossed to me,  
I lift my lamp beside the golden door!”

Let us remember these words. For it falls on each generation to ensure that that lamp -- that beacon -- continues to shine as a source of hope around the world, and a source of our prosperity here at home.

Thank you. God bless you. And may God bless the United States of America. Thank you.

## Trade and Finance

### **“A Bullish Country in a Bearish World”**

Felipe Ortiz de Zavallos

The Financial Times

September 22, 2010

Two decades ago, the global economy was booming while Peru was merely trying to survive, fighting back against hyperinflation and Shining Path terrorism. Now, instead, most analysts look rather pessimistic regarding the overall perspectives of world growth, but are quite optimistic regarding Peru's potential, whose economy may be growing by 7% on 2010, with less than 3% of annual inflation. How did this amazing turnaround occur?

First, it has been the consequence of some sustained sound macroeconomic policies in a previously rather unpredictable country. During the last three governments, belonging to opposing political organizations, their ministers of Finance have followed similar prudent, open, pro-market, privatizing guidelines; and the Central Bank has had sufficient autonomy from the Treasury, in spite that its Board is renewed completely every five years, with every new government. Altogether, this main macro stability has been very fruitful. Between 1992 and 2010, Peru's economic growth has exceeded the world's rate by maybe 40%, while during the 70's and 80's Peru's growth was only 60% of the global average.

Commodity prices have definitely contributed some. Peru has a quite diversified export economy but is still mainly a competitive mining country. And among many other metals, its current main export is gold. Logically, trade surpluses during the recent years have contributed for a significant accumulation of international reserves.

At a time of financial global over exposure, the current level of indebtedness in Peru –of its families, companies, banks and public sector institutions- is rather low. The domestic financial sector is, therefore, in an adequate shape and has a significant potential to grow with the current process of modernization and formalization in the economy. Main local firms are currently expanding their operations abroad and have suffered very little from the global financial crisis. Local bonds issued with 30 years maturity are providing opportunities completely unavailable in past years. An expansion of micro financing is stimulating entrepreneurship among the very poor.

Like in other countries in Latin America, demographic dynamics have also given a hand. Population growth has fallen to a smoother rate than in the past decades and this allows lesser social pressure and a greater space for improving the standards of living for the population. Some social analysts are also talking about a subtle change in values which in the past were more static, colonial and top-down, and may be now more dynamic, plural and emergent. The self-esteem of ordinary Peruvians –expressed in matters like the sense of quality of its gastronomy and culture- has improved significantly during the last years and this may turn to be a special social strength for the future. Currently, 95% of Peruvians are proud of being so, and the percentage of its youth that would prefer to migrate abroad is falling down.

Politics in Peru, however, do not look as rosy as its economics. First, its administrative organization is rather baroque. The country is divided into too many regions (25), provinces (195) and districts (1,838). The city of Lima alone has 42 districts. To complicate this more, in spite that as many as 25 groups call themselves national political parties, almost none really deserve that name. During the coming regional elections, on October 3, as much as 90,000

candidates in the entire country are running for regional and local office. Some optimists talk of an ebullient civic awakening. Others may be afraid of a potential balkanization. Even in San Isidro, the high income main residential district of Lima, as much as 11 different candidates are running for mayor.

In comparison with Colombia and Chile, two Andean and Pacific neighbors of comparable size, Peru has two strong weaknesses: an overcrowded and inefficient political system and the lack of a strong and capable civil service in the administration of the State, including obviously the Police and the Judiciary, a complicated matter in a country that needs strong law and order to fight against drug trafficking. Probably most benefits of first-generation reforms –those that can be adequately managed by a competent team at the Ministry of Finance and the Central Bank– are by now over. Second-generation reforms require a better management of the public sector and sounder politics. But Peruvians are, nevertheless, surprisingly optimistic about their future. A recent survey among Peru's top private managers projected a 6% annual average growth for the coming years as well as a more stable political situation. For a country that two decades ago looked hopeless –gas prices needed to be multiplied 30 times to balance the fiscal deficit in 1990– it is a surprising and much welcomed turnaround.

## **“In South America, a Mine of Riches and an Economic Sinkhole”**

Alexei Barrionuevo

The New York Times

September 11, 2010.

This week, [Chile](#) will mark the bicentennial of its independence with pride in how far it has come in 200 years, but with a shadow over the celebration. Unforgotten will be 33 miners who have been trapped a half-mile underground by a shaft collapse for more than a month. Copper mining has always helped to define Chile, and the country has united in its determination to save these men.

But they most likely will not see the light of day for three more months, until a rescue shaft can reach them, and so they stand as a constant reminder, just off center stage, of how dependent Chile remains on exports of natural resources as the principal engine of its economy.

This is a core problem, now and into the future, that Chile shares with its South American neighbors — the inability to break free of the shackles of commodities exploitation, which provides their livelihoods but leaves them perennially vulnerable to boom-and-bust cycles and wild currency fluctuations. It also consumes capital that might be used to develop higher-revenue, and more stable sources of wealth, like manufacturing.

And in some ways, the recent breakout development of other lands, principally China, may only make the trap harder to escape. As it rapidly industrializes and becomes a sophisticated exporter of manufactured goods, China has developed a seemingly insatiable appetite for the kinds of raw goods that South America produces — soybeans from Brazil and Argentina; iron ore from Brazil; copper from Chile; oil from Brazil, Venezuela and others.

Those purchases held the region’s economies in a tight grip as they swung widely in the past two years because of the global economic crisis. Latin American exports to China fell in the first half of 2009, then shot up by 45 percent the first six months of this year, according to the Economic Commission for Latin America and the Caribbean.

And, more ominously, meeting these demands is causing the region to retrench in its efforts to diversify.

In the 1980s, raw materials made up half the value of goods exported from Latin America and the Caribbean, before dipping to under 27 percent in 1999. But that number has been climbing back up over the last decade, and last year reached nearly 39 percent, the economic commission said.

The exports that increased most were natural resources from South America, and their production came at the expense of manufactured products and services with varying degrees of technology, [the commission found in a study released earlier this month](#). The report showed, in fact, that South America’s exports looked much like they had 20 years ago, in their balance between raw materials and manufactured goods. Alicia Bárcena, executive secretary of the regional economic commission, called the trend “a re-primarization of the economy,” and the

commission said it was especially strong in Chile, where export sales (much of them of copper) are expected to grow 33 percent this year.

Mining made up 57.8 percent of Chile's total exports in 2009, up from 54.4 percent in 2005, government figures show. And it made up 15.5 percent of Chile's gross domestic product.

"Of course this is a concern," [Sebastián Piñera](#), Chile's president, said in an interview in Santiago earlier this month. He noted that in the past two decades, Chile had made some progress in diversifying its economy by building up wine, salmon and fruit industries geared for export. But a recent tripling of the price of copper obscured that progress, and Mr. Piñera said Chile needed to do more.

"I want to lead a new chapter in the development of our exports," he said, vowing to push harder than ever to promote enterprises that would take products like copper and turn them into value-added goods before exporting them..

Doing that, he said, will require a "great leap forward" in investment in science and technology. He set a goal of doubling Chile's public investment in the area from 0.5 percent of gross domestic product to 1 percent by 2014, when his four-year term is up.

More developed Western countries already spend 2.5 percent of their gross domestic product on science and technology, and some Asian countries, including Japan and South Korea, spend more than 4 percent, Ms. Bárcena said.

But Latin America faces trade barriers for value-added products like ethanol and chocolate, and the pull of the market for the raw materials from which they come — sugar and cacao — has been strong. "As long as commodity prices remain reasonably high — and they should, unless there is a hard landing in Asia — reliance on exports of primary goods appears to be the region's future, for better or worse," said Riordan Roett, the head of the Latin American studies program at [Johns Hopkins University](#).

The key for the region, Mr. Roett said, will be to "sock away" export earnings for a rainy day and use a sizable part of the earnings to "move in the direction of a knowledge-based society."

Ms. Bárcena agreed. "The lesson of the 1990s and 2000 decades is there has to be an active public policy," she said. "There has to be the role of the public sector to bring up the level of the people in the schools, to invest in education and science and technology."

Chile, under previous governments, did save well. Now it falls to Mr. Piñera, a former corporate strategist who became a billionaire by making shrewd investments in an airline and a credit card processing company, to use some of those savings to further modernize the country. Mr. Piñera has already demonstrated an ability to draw on his entrepreneurial spirit and globally oriented outlook in his handling of the trapped miners.

When the San José Mine caved in on Aug. 5, he quickly mobilized his government to search for the men. "I had a very strong conviction, very deep inside of me, that they were alive," he said, and it was vindicated on Aug. 22 when a note came up, through a relief hole bored into the mine, that all 33 were alive and unharmed.

Since then Mr. Piñera has consulted experts from around the world on how best to build a rescue hole at an unprecedented depth of 700 meters — nearly half a mile. And he has sought advice from [NASA](#) and others on how to keep the miners physically and mentally healthy in a windowless and confined space for so many weeks.

“Every night I thought, ‘What can we do beyond what has already been done?’ ” he said. The question could also describe the economic challenges ahead in Chile’s next hundred years.

*Pascale Bonnefoy contributed reporting from Santiago, Chile.*

## **“What's Next for Latin America After the Global Crisis?”**

Mauricio Cárdenas

The Brookings Institution

May 2010

Time Magazine recently named Luiz Inácio Lula da Silva as one of the world's 100 most influential people for helping Brazil become the first Latin American power to matter in world affairs. The fact that Brazil will become the world's fourth largest economy in 2050, together with Lula's personal charm and self-confidence, has brought Brazil an unprecedented level of diplomatic influence. Other countries in the region have also gained status and credibility based on sound economic policies. But, whether this reflects a fundamental transformation for Latin America is still an open question. Can other Latin American leaders, including Brazil's presidential candidates, shape global policies while at the same time succeed in changing economic and social conditions?

Latin America has undergone radical political, economic and social changes during the last two decades. The region is no longer the stereotype of populism and economic mismanagement, to which Alan Greenspan devoted an entire chapter in his memoirs. As the world's center of gravity moves east and south, and as emerging economies and their multinationals take the lead, global corporations cannot overlook Latin America. But it would also be a mistake to argue that the region has entered a smooth path toward development. Many problems remain, including social tensions, imperfect political systems and structural constraints on economic growth.

In addition, Latin America is perhaps the only region of the world where an ideological race is alive. Alternative development models are still competing in a way that is somewhat reminiscent of the Cold War, including its corollary of an arms race. While some countries are committed to market orthodoxy and responsible social policies, others proclaim a new form of socialism. In this latter group, anti-market policies and populism have become effective political strategies, especially when combined with swelling revenues from commodity exports.

But the region shares more than just a common culture. A combination of factors, of which culture is probably the least important, resulted in Latin America's "development problem", which is essentially the combination of low economic growth and high inequality.

Economic historians, including the late Angus Maddison, agree that around 1700 incomes were relatively similar in the U.S. and Latin America, but the 19th century was disastrous for Latin America. During most of the 20th century output per capita in Latin America remained at 30 percent of the U.S. level. But during the 1980s and 1990s the income gap widened, bringing relative incomes in Latin America to 20 percent of the U.S. level by the end of the century. The comparison with the Asian tigers is even more appalling. This group was well behind Latin America for most of the 20th century, but a rapid expansion beginning in the 1960s led income per capita in Asia to exceed that of Latin America in the late 1970s. Today, the tigers' per capita income is more than twice the level for Latin America.

However, low growth is not the only problem. Of the 15 most unequal countries in the world, 10 belong to Latin America.<sup>1</sup> Compared to Latin America, the average income Gini is 8 points lower in Asia, 18 in Eastern Europe and Central Asia and 20 in the developed countries. More relevant, the level of inequality in Latin America is higher than predicted by its GDP per capita: the Gini coefficient is around 10 points higher in Latin America than in the rest of the world, after controlling for per capita GDP.

There is wide debate on when the region became so unequal. Some authors, such as Jeffrey Williamson of Harvard University, believe that inequality in Latin America was not higher than in other parts of the world from the post-conquest decades following 1492 to the mid-19th century. Here again the 19th century appears to be culprit, especially the first decades after independence. This fact is often ignored in the bicentennial celebrations currently taking place throughout the continent. Two centuries of entrenched inequality suggest that change will be slow and not necessarily easy.

Another feature that is particularly relevant and not independent from the previous discussion is Latin America's high dependence on commodities. As stated in a forthcoming World Bank publication, "the mural of the economic history of Latin America and the Caribbean has been painted in the colors of its commodities<sup>2</sup>." From the gold and silver that attracted the conquistadores, to the sugar and coffee plantations, copper and coal mines, to the "black gold," commodities have defined the fortunes of the region and will continue to do so in the foreseeable future. Whether this is part-effect, part-cause of the development problem continues to be debated, but the profession is gradually leaning towards the view that natural resources may indeed have a positive impact on growth, when properly managed. There is little doubt that commodities have been more a blessing than a curse in the last decade, which explains much of the favorable recent economic performance in the region.

The dependence on commodities explains why Latin America is highly influenced by events in China. In fact, the correlation between export prices in Latin America and industrial production in China is close to 60 percent. The greater dependence on China has some risks, not only because the Chinese economy can overheat, but also because Latin American governments are losing degrees of freedom in their interaction with China. Recent threats by China to end its imports of Argentinean soy oil in response to anti-dumping measures adopted by Buenos Aires give a sense of the problems that lie ahead. Also, Latin American governments are becoming increasingly aware that the appreciation of their domestic currencies vis-à-vis the U.S. dollar is a serious problem mainly because China's currency does not appreciate.

One final commonality impacting Latin America is the fact that the political systems have become more open and pluralistic. During the last two decades most countries reformed their constitutions to increase political participation and representation, including Chile and Brazil

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<sup>1</sup> According to the UNU/WIDER database.

<sup>2</sup> The share of commodities in total exports is between 50 and 60 percent in Argentina, Brazil, and Colombia. It is 77 percent in Chile, Ecuador and Peru, and 97 percent in Venezuela. The US is the main market for many countries. Exports to the US represent 80 percent of total exports in Mexico, 58 percent in Venezuela, 44 percent in Ecuador, and 35 percent in Colombia.

(1989); Colombia (1991); Paraguay (1992); Peru (1993); Argentina, Guatemala and Nicaragua (1994); Venezuela (1999); Ecuador (2008); and Bolivia (2009). Although the effects of these reforms on institutional performance have been varied, social policies and social expenditures have gained preponderance across the region. There have been successes, such as increased enrollment rates in primary and secondary schools, but many problems remain such as low educational quality and low enrollment rates in pre-primary and tertiary education, especially for the poor. On the positive note, a large number of Latin American countries have implemented social interventions through programs based on conditional cash transfers (CCTs), which have become a model for the rest of the world. The existing evaluations suggest that these programs, however small, are effective ways of redistributing income to low-income households, while at the same time providing the incentives for investing in human capital.

But it is important to go beyond these commonalities, which do not provide much insight for a nuanced assessment of the region. As mentioned, the ideological divisions have resulted in differences in the way governments define their role both internally and externally. With some oversimplification, two camps can be distinguished:

1. Countries with market-driven economies, strong political and economic ties with the U.S., and where democratic governance prevails. This group has full access to international financial markets and includes, among others, Chile, Colombia, Mexico and Peru.
2. Countries with increased state presence and control over their economies, where the anti-American rhetoric resonates loud, and where tolerance to criticism from the media and civil society is increasingly low. The core members of this group are the ALBA countries (Venezuela, Bolivia, Ecuador, Nicaragua and Cuba), but with some qualifications the group can be extended to include Argentina and Paraguay. No leader in this group uses incendiary rhetoric and anti-imperialist demagoguery more effectively than Hugo Chavez, who has greater degrees of freedom than his followers.

Brazil is a separate category in itself. The Cardoso (1994-2002) and Lula (2003-2010) administrations have brought politics to a sensible center and have made Brazil more self-conscious of its status as a global power. Foreign policy is not fully aligned with the U.S., favoring alliances with other emerging powers. While Brazil shares the same approach on economic management as the first group, it often sides with the expanded ALBA countries on political matters. This has been exemplified in Brazil's approach to issues like the crisis in Honduras, the lack of political rights in Cuba, and the use of military bases in Colombia by the U.S. This serves Brazil well in its role as an independent global player, but generates some frictions regionally.

Inflation targeting has kept inflation rates low in Brazil, Chile, Colombia, Mexico and Peru, while exchange rate flexibility has been an absorber of external fluctuations. In contrast, the extended ALBA countries either experience high inflation or are highly dollarized. However, the real differentiation between these countries is their degree of integration with world financial markets. Given the long history with default and restructuring, countries like Argentina and Ecuador have been cut-off from international lending. As a result, they must tap into every

domestic resource available in order to increase public expenditures, which occurred in Argentina with the privately held pension assets.

Industrial policies are another area of interesting differences. They range from the very timid in market-friendly economies fearful of past mistakes and excesses to outright nationalization of key sectors and industries in the extended ALBA countries. However, a new paradigm has emerged in Brazil, where industrial policies have been effective in promoting the development of new sectors and leveraging the global outreach of some key Brazilian corporations. The more interesting result is the emergence of the Brazilian multinational or *multilatina* that typically has more business abroad than in Brazil, such as Gerdau and JBS. The advent of these corporations explains why Brazil is now the world's fourth largest agricultural exporter, and the world's biggest exporter of several food commodities, including beef, chicken, orange juice, green coffee, sugar, ethanol, tobacco and soya complex. Brazilian *multilatinas* are not just in agriculture, but also in construction and manufacturing, as exemplified by Odebrecht and Embraer. Led by corporations such as Vale and Petrobrás, Brazil's outward FDI surpassed inward FDI in 2006, and the stock of FDI is fourth among emerging economies.

To a large extent, these multinationals are the creation of the Brazilian state. They not only have privileged access to long-term financing from the government-owned BNDES, but they also receive subsidies in various areas, including research and development. According to a recent study by IPEA, the BNDES has outstanding loans with all the top 30 Brazilian corporations and has equity positions in 17 of them, while the partly government-owned Petrobras has equity stakes in seven of them. What is unique about Brazil is the extraordinary capacity to combine social largesse with heavy handed support to private enterprise. As Lula himself says, "It's not about ideology anymore, it's about doing things right."

Brazil's strategy is paying off. The Brazilian middle class, families earning between R1,100 and R4,800 per month, represented 42 percent of the population in 2003. Today that share is 52 percent. In a country of 191 million inhabitants this means that nearly 20 million people entered the middle class in less than a decade. By 2014, the middle class will represent more than 55 percent of the population given current economic trends. Brazil's future, in addition to high commodity prices, will be shaped by the expansion of the domestic market. Growth will be constrained by public infrastructure, especially in transport, but nonetheless will range between 5-6 percent per year.

The trends observed in Brazil will not be easy to replicate elsewhere in the region partly because state capacity and domestic demand are instrumental in creating and expanding new industries. In smaller economies, growth will rely on the expansion of resource-based exports by attracting new FDI, as in Chile, Colombia and Peru. As incomes grow in these economies, the population will demand greater financial services and other non-tradable goods and services, which will continue to grow at a faster pace than the economy as a whole. Low financial intermediation is a constant throughout the region—even after controlling for income differences. This means that in the next two decades the catch-up effect in financial services will bring interesting opportunities to this industry, especially in the context of low inflation and macroeconomic stability. These economies will try to diversify their export base by engaging in as many free trade agreements as possible. Chile leads by example with nearly 33 bilateral free trade pacts.

Mexico is an interesting case because it has experienced subpar economic growth --even before 2008- 2009 global financial crisis—despite its pro-market economic strategy. Although a full discussion of this deserves more space, the conventional wisdom is that the state monopoly in the energy sector is turning out to be a very costly strategy. Mexico needs to increase its oil production and it is clear that PEMEX cannot do the job alone. In addition, many in Mexico complain about the lack of competition in key sectors, such as telecoms, public utilities and other services. The current and past administrations have tried to reform matters, but political gridlock has prevented significant progress. More worrisome is the lack of consensus on the political reform that will improve the workings of Mexico's nascent democracy. However, Mexico's adherence to sound macroeconomic policies will please international financial markets, which will continue to provide funds to the private and public sectors at relatively low rates.

At the other extreme is Venezuela, where a freefall of its economy has started. Despite high oil prices, ongoing forced nationalizations have stamped out private capital, which is now seeking refuge in assets abroad. With the government no longer able to meet the demand for dollars, a new law was enacted last week criminalizing foreign currency transactions in the parallel market. The exchange rate is now out of control and so is inflation. In this scenario, the economy is expected to contract once again this year. However, no one expects a smooth transition of power in Venezuela any time soon. Although Bolivia and Ecuador are experiencing somewhat better economic outlooks, their demise is only a matter of time. Low private investment is eroding productive capacity in these countries, where the rule of law and the protection of property rights is also receding according to the World Bank's governance indicators.

In Argentina, in order for the government to sustain high public expenditures, it needs to reach an agreement with bondholders that did not participate in the 2005 restructuring and simultaneously come to terms with the IMF on the issue of Article IV consultations. This will not mean a Greektype program, but will bring transparency to economic policies and data. However, a shift in policies --including the return to a more market-friendly development strategy--will have to wait until the change in government in 2011.

To conclude, Latin America is rapidly becoming an attractive investment destination. Households, firms and governments are not excessively leveraged, explaining the very limited contagion in the aftermath of the Lehman debacle. The same applies to recent events in Europe, which until now have not had a significant impact on spreads on Latin American sovereign and corporate bonds. This suggests that the region is now perceived as a better asset class than a decade ago. However, countries in the region will follow divergent economic growth paths in the next few years. Some countries will consolidate growth with equity while others are heading to economic disaster, repeating a cycle of short-lived economic expansions followed by protracted contractions that is well known to Latin America.

## Media

### ***“The Role of the Media in Foreign Policy: A Decision-Making”***

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### **Abstract**

The media remain low-key and timid in their reporting on the political crisis. The paper discusses how media is involved in all stages of foreign policy formulation processes and that political leaders take the media into consideration in its national and international aspects. Moreover, the paper argues that this double-edged media environment is considered mainly in the publication, or media management stage. The involvement of the media in this decision-making process is complex. This information is processed through various image components and then the policy or decision-formulating process is set in motion. Media advisors and PR professionals participate in the process; officials consult with them and consider their advice. Past studies of foreign policy decision-making neglected to deal with this complex role of the media. They described the media for the decision-making process. Actual reality demonstrates that this perspective minimizes the place of the media and therefore it should be dealt theoretically as well as in applied research case studies using a more complex approach emphasizing the crucial role of the media in foreign policy. The paper develops and presents a framework for the analysis of foreign policy decision-making which tries to compensate for some of the flaws of existing models in the field, incorporating the complex processes of media input into decision-making, as well as reflecting the role of the press and TV in the formulation stage of policy-making.

### **Introduction**

There is a great debate about the relationship between the news media and the foreign policy decision-making process, and the impact the former may have on the latter. Two theories have risen to explain this matter, the so-called "CNN effect" and the "manufacturing consent" thesis. But these theories are in conflict, thus, agreement about the direct impact of the media on foreign policy is yet to be achieved. Even though for "many journalists, policy-makers and scholars, there really is little doubt that media profoundly affect the foreign policy process" (Livingston, 1997), recent research about the effects of the media on Western Governments in response to humanitarian interventions "fails to clarify whether or not the news media has (or has not) triggered recent 'humanitarian' interventions" (Robinson, 1999).

This paper will start by analyzing foreign coverage and foreign policy making. The reason for this is that foreign events are dealt by the media through coverage and by foreign policy makers

through the creation, modification and implementation of policies. Further on, the findings<sup>1</sup> of several authors, like Livingston (1997), Livingston and Eachus (1995), Jacobsen (1996 and 2000), Gowing (1994) and Mermin (1997) will be reviewed in order to set grounding for the perceived conclusions about the impact of the news media on the foreign policy decision-making process.

## **MEDIA-FOREIGN POLICY DECISION MAKING RELATIONSHIP**

In order to illustrate how the news media have revolutionized the foreign policy making process, the image of the Soviet missile crisis in Bay of Pigs, during John F. Kennedy's government is often mentioned (Hoge, 1994; Livingston, 1997). During the first six days of the crisis, Kennedy and his advisers had the chance to deliberate in secrecy about which course of action they were to take. The capability of keeping the situation in secret kept foreign policy makers from dealing with "public hysteria" (Livingston, 1997) or media pressures.

Nonetheless, the context has changed considerably since 1962. Firstly, due to technological developments, real time news coverage allows information to be broadcasted 24 hours a day from anywhere in the world, with no regards for diplomatic secrecy. Secondly, since the end of the Cold War, the world is no longer bipolar, leading towards a lack of definition of American national interests, for they are no longer constructed around the idea of stopping the spread of communism. The latter leads towards the third point: there is policy uncertainty about foreign affairs. These contextual changes have re-defined; it is argued, the relationship between the news media and the foreign policy decision-making process in the West, though there is great debate about its reaches and limitations.

On the one hand is the so-called "CNN effect", which is understood in a variety of ways. It comes from being understood as the capability of the news media (television in particular) to "shape the policy agenda" (Gowing, 1994); the "power" of news journalism "to move governments" (Cohen, 1994); "the idea that real-time communications technology could provoke major responses from domestic audiences and political elites to global events" (Robinson, 1999); the argument that "the media drives Western conflict management by forcing Western governments to intervene militarily in humanitarian crises against their will" (Jacobsen, 2000); "elite decision makers' loss of policy control to news media" (Livingston and Eachus, 1995); to the argument that the term "CNN effect" has been used imprecisely, for there are several types of media effects, deriving from different types of policies (Livingston, 1997).

On the other hand, "the manufacturing consent theory" argues that the media does not create policy, but rather that news media is mobilized (manipulated even) into supporting government policy" (Robinson, 1999). There are two ways in which manufacturing consent may take place: the executive version, in which there is framing that conforms to the official agenda; and the elite version, in which news coverage is critical of executive policy as a consequence of elite dissensus.

## **MEDIA, FOREIGN POLICY AND EVENTS**

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<sup>1</sup> Because of space constraints, emphasis will be given to their conclusions rather than their overall research.

However, in my opinion, the first question to be asked regarding the impact of the media on foreign policy making decisions concerns how each of these actors, the media and policy makers, relate to foreign events.

This paper tries to overcome the obstacle of excluding the mass media from the foreign policy process and suggests an analytical framework which focuses on the role of the media in this process. This framework perceives the mass communication networks as parts of the environments in which the international actor (mainly nation-states) exists and acts. The media have a twofold role in such environments. First, they provide input into the process as an independent variable added to environments described in the former models of Snyder et al., Brecher and Papadakis and Starr. Here the leaders react to the perceived reality as constructed by the press and take it into consideration (i.e., the “CNN effect”). Second, it is part of the environment which foreign policy makers try to affect or influence by making their decisions. This means that leaders who perform in an environment which includes the media take political decisions to solve problems, but at the same time try to make such decisions that will improve their image or develop a campaign that will affect the media dealing with the relevant international events and interactions. This is the output environment component of the environment. This incorporates the media into the framework as an environment which encircles the decision-making process while serving as an input for decisions as well as a sounding board for the output – the policy.<sup>2</sup>

## **COVERAGE**

The media relate to events through coverage (or lack of coverage one may add). However, when it comes to foreign news, there are mixed trends. On the one hand, there is a tendency towards cutting back the amount of it as a response to little public interest (Hoge, 1994: 143). But on the other, some media are "expanding their foreign coverage" (idem.). Either way, the attention that media gives to foreign news seems to be focused to "the unusual and the violent". "Film footage of violence is the element of foreign news most likely to leap the hurdles barring entry to the evening news shows' 22 precious minutes of airtime" (Hoge, 1993: 3). Bias against peaceful news is noted.

Jacobsen (2000) divides conflicts in three phases: pre-violence, violence and post-violence. His findings are that during the pre and post-violence coverage is negligible; "Since coverage of conflicts that might explode in violence is unlikely to boost ratings, these conflicts are usually ignored". In the post-violence phase coverage is also minimal, as an example of this, Jacobsen notes "Mine clearing is only news if Princess Diana is doing it". The coverage during the post-violence phase, however, tends towards the negative; failed projects, corruption, mismanagement, etc. The broad of coverage of a conflict, hence, happens during the violent phase, however, it is decided by "a host of different factors, most of which have nothing to do with humanitarian need such as: geographic proximity to Western countries, costs, logistics,

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<sup>2</sup> The individual level of international relations assumes that individuals can make a difference in the foreign policy process of a given state, that the governmental structure, as well as the processes of policy-making, permits individuals to have an impact on foreign policy. Presidents, secretaries of states, prime ministers, foreign ministers, revolutionary leaders and dictators can strongly influence the foreign policy process of their own state and others" (Russett and Starr, 1992:269).

legal impediments (e.g. visa requirements), risk to journalists, relevance to national interest, and news attention cycles" (Jacobsen, 2000: 133).

Thus, foreign news may be concluded, are subject to coverage in relation to its level of violence and general news making and newsworthiness concerns. Girardet (1996) notes that there is a multiplicity of violent conflicts that have not received coverage at all. Conflicts are covered also in relation to their international implications, "It is doubtful that the media would have reported on Rwandans had it "just" been a case of Rwandans killing Rwandans". He explains the lack of coverage of violent conflicts comes from the need of the international community to justify concerns "by reacting to something more morally abhorrent than the mundane killing of ordinary human beings -just as Afghans killing Afghans, Sudanese killing Sudanese, or Angolans killing Angolans is apparently insufficient to mobilize more consistent coverage."

Girardet (1996) also points out that there is an obsession with the medium, rather than the purpose. The "technological conveniences" that news ICT's bring constitute a threat to quality journalism, since "All too often, information is confused with understanding, and high technology with journalism, so fascinated are the people by the vehicle rather than the purpose". The consequence is an obsession with immediacy, which shortens the journalist's "time to fully research and understand the issues at hand", encouraging "laziness and an over reliance on existent data".

Gowing (1994) believes that "There is far more real-time war than ever before" (81). Whatever is transmitted is determined by its graphic potential, "the main principle is: no pictures, then no serious coverage of a conflict" (idem.).

So far it is understood that foreign news is focused on conflicts; yet, only a few conflicts are covered, and such coverage is determined by a variety of factors independent to their level of humanitarian concerns, such as routine news making and newsworthiness considerations; the quality of the coverage, just as well, is influenced by the use of technologies at hand. However, what drives the attention of journalists in the first place towards a specific conflict? Hoge (1993: 2) believes that "the new media's task has been made more difficult by an absence of clear, steady cues from Washington (...) the press traditionally has covered international affairs from the perspective of America's perceived interests". As Mermin (1997) notes, "American journalists turn to politicians and government officials for guidance in deciding what constitutes news". Furthermore, Washington constitutes a place "where newsworthy information is made public everyday". The same point is made by Livingston and Eachus (1995: 415) when they say that reporters "have been found to routinely turn to officials as news sources (Gans, 1979; Paletz & Entman, 1981; Said, 1981; Sigal, 1973), particularly in foreign affairs and national security reporting (Entman, 1991; Hallin, 1989; Livingston, 1994)." Mermin's research entitled "Television news and American intervention in Somalia" reveals that Washington's decisions were the key to the subsequent coverage of the events, which fluctuated in amount and importance in relation to what was going on in Washington. Just as well, he notes that coverage was also drawn in relation to the priority Somalia played in the American agenda, as an example, he points out that during July of 1992, Somalia was never in the top of the news because it was not in the top of the foreign policy agenda (1997: 395).

In short, the coverage of a foreign conflict is determined by a variety of factors sometimes tangential to the event itself. However, the quality of the coverage, and by this we mean the way reports are fashioned, is also subject of external determinants. News reports about humanitarian crises are claimed to move governments towards action as the CNN effect presumes, or to frame contents in conformity to executive or elitist interests, as suggested by the manufacturing consent theory.

## **FOREIGN POLICY DECISION MAKING PROCESS**

Foreign policy in Western democracies, as is the case of the United States, is drawn upon the idea of a predetermined national interest. With the end of the Cold-War the main concern of USA's national interest, stopping the spread of communism, was over, yet the challenge is now that of a new definition of national interests. As Hoge (1993: 2) describes, "there is not yet an articulated official framework for U.S. foreign policy in a still new post-Cold War world". The Cold War, Hoge (1994: 137) argues, provided a "gauge for determining the importance of events by how much they affected America's security versus its superpower rival". In other words, the Cold War provided Americans with a defined ideological stigmata, and this was revealed in the media: "The parameters of press coverage tended to be those of the country's foreign policy (...) The press was often critical, but of the execution of policy more than the aims." (Hoge, 1994: 137).

Joseph Nye (1999: 22) describes that the collapse of the Soviet Union challenges the way America conceives its national interests, since "'national interest' is a slippery concept, used to describe as well as prescribe foreign policy". Samuel P. Huntington argues that "without a sure sense of national identity, Americans have become unable to define their national interests, and as a result sub national commercial interests and transnational and non national ethnic interests have come to dominate foreign policy" (quoted in Nye, 1999: 22)<sup>3</sup>.

Nye describes national interests in a democracy as follows: "national interest is simply the shared priorities regarding relations with the rest of the world" (1999: 23). Nye (1999) argues that policy making is more difficult today because of power complexities; he conceives power as a three dimensional chessboard: the first dimension is the military and it is unipolar, with the USA on top of the world; the second dimension is the economic, which is multipolar, with the USA, Europe and Japan having the biggest shares; the third dimension is that of transnational relations, with a dispersed structure of power. In conclusion, the USA "is preponderant, but not a dominant power" (Nye, 1999: 24). Therefore, the world did not exactly become unipolar after the Cold War; hence, national interests and foreign policies ought to take other variables into account, like the level of risk U.S. national security faces. Nye establishes three categories in the hierarchy of risks to U.S. national security. The "A" list constituted by threats to American survival (like the one the Soviet Union represented); the "B" list, constituted by imminent threats to U.S. interests (but not to its survival), and the "C" list, formed by "contingencies that indirectly affect U.S. security but do not directly threaten U.S. interests", like Kosovo, Bosnia, Somalia, Rwanda and Haiti (Nye, 1999: 26).

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<sup>3</sup> Jacobsen, 1996, pag. 206

Nowadays, Nye (1999) argues, the "C" list predominates in the foreign policy agenda, one explanation of this comes from the disappearance of the threat of the Soviet Union as an "A" list, but another one is that the "C" list is the main concern of media foreign coverage. However, he argues, "A human rights policy is not itself a foreign policy, it is an important part of a foreign policy (...). In the information age, humanitarian concerns dominate attention to a greater degree than before at the cost of diverting attention from "A" list strategic issues" (1999: 31).

However, as many researchers argue, this intrusion of the "C" list in foreign policy priorities is a product of media coverage, which is one way to describe the CNN effect, is a consequence of the lack of policy clarity (Gowing, 1994; Freedman, 2000; Hoge, 1994; Robinson, 2001). Just as policy clarity is perceived as necessary in determining the way media and foreign policy makers would react to a certain international contingency, political leadership is seen as paramount (Hoge, 1994, 144; Livingston, 1997: 1; Gjelten, 2002, Kohut and Toth, 1994: 58)).

In short, in the USA, foreign policies are drawn around a set of priorities determined in relation to the degree of importance of the perceived national interests, which are also determined by levels of risk to national security. In the post-Cold War world, however, those interests are not clearly defined, in consequence, policies are difficult to determine. The media is believed to raise importance of tangential matters over more substantial concerns in cases of policy uncertainty, as well as lack of political leadership. Power concentration varies according to the dimension of concern, yet one dimension has repercussions on the other. When it comes to policy-making, those involved in the process possess a different level of power, and to create a policy they must be subjected to a bargaining interaction "between a set of subsystems in the government" (Robinson, 2001: 534).

The relevance of the relationship between the news media and foreign policy makers goes beyond the fact that the former cover foreign events and the latter make policies regarding foreign events. The importance of this relationship, thus, relies on two claims about it: firstly, the claim that the coverage of certain events has the potential to drive the policies that foreign policy makers conduct regarding the events covered (the CNN effect), secondly, the claim that foreign policy makers are the ones who drive media attention towards certain foreign events, and even determine the way those events are being framed (Manufacturing consent).

### **Media Foreign Policy Decision Making and CNN**

When trying to understand the relationship between the media and foreign policy decision-making, both theories, the CNN effect and the manufacturing consent come into contest. In this part of the paper, the conclusions that different researchers have reached regarding this topic will be reviewed, in order to present a wide scope of the dimensions of their findings.

Jacobsen (2000), as previously mentioned, studied the impact of media coverage on foreign conflict management in relation to the phases of violence of the conflict. He concludes that the direct impact of the media on foreign policy making is negligible in the pre and post-violence phases, and limited during the violence phase. He notes that the CNN effect is necessary for interventions, but insufficient to cause them, for they are decided by other factors: action perceived as quick, with low risk of casualties and a clear exit strategy. The "direct impact of the

media on Western conflict management is negligible because coverage is limited to a small number of conflicts in the violence phase". The consequent shifting of funds from "cost effective, long-term measures to short-term relief efforts leading to a high ineffective allocation of resources" is the "invisible and indirect" impact that the media actually have on Western conflict management. This impact, he argues, "exceeds the direct impact generated by the CNN effect by far since the latter only affects a very small number of conflicts" (Jacobsen, 2000).

On the other hand, Livingston (1997)<sup>4</sup> suggests a three-way typology of likely CNN effects. These are conditional on the kind of intervention that is being conducted, of which he recognizes eight types. The three CNN effects are described as follows:

**First effect** is media as accelerants, in this modality, media are presumed to shorten the time of decision-making response. Yet, the media can also become a "force multiplier", a "method of sending signals" to the opponent (1997: 2-4). This effect is most plausible to appear in conventional warfare, strategic deterrence, and tactical deterrence.

**Second effect** is media as impediment; this takes two forms, as an emotional inhibitor, and as a threat to operational security. One likely manifestation of the emotional inhibitor effect is the "Vietnam syndrome" (Livingston, 1997: 4), in which, it is presumed, public support is undermined by the media coverage of casualties. As a threat to operational security, the media are said to compromise the success of an operation by broadcasting it and, thus, revealing strategic information to the enemy, frustrating the success of the operation. This kind of effect, Livingston notes, is likely to appear during conventional warfare, tactical deterrence, SOLIC, peace making and peace keeping operations.

The **Third effect** of the media on foreign policy making that Livingston (1997) mentions is that of the media as an agenda setting agent. It is presumed that the coverage of humanitarian crises puts the issue in the foreign policy agenda and drives intervention.

Livingston's typology of likely CNN effects is supported by the findings of other authors, however, the true existence of such effects still remains undetermined, though Livingston (1997) scepticism is more focused towards questioning the ability of the media to set the agenda.

Hoge (1994: 137) describes the quality of media as accelerants as a pressure for politicians to "respond promptly to news accounts". However, Hoge foresees a negative effect of media as accelerants, due to the fact that news accounts "by their very immediacy are incomplete, without context and sometimes wrong".<sup>5</sup>

The "Vietnam Syndrome", denominated "body bag effect" by Freedman (2000) is an important consideration for intervention, even without the media; as Jacobsen (1996) describes, one of the requirements for intervention is a low risk of casualties. Therefore, it can be concluded that is the

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<sup>4</sup> See Livingston (1997) "Clarifying the CNN effect: An Examination of Media effects According to Type of Military Intervention

<sup>5</sup> This refers to Mermin's (1997: 399) findings regarding the 21 /November/1992 news reports.

fact of the casualties, not the broadcasting of them that has an effect on policy (Luttwak, 1994; Hoge, 1994), since casualties are "unacceptable if suffered for no purpose" (Freedman, 2000)<sup>6</sup>.

When it comes to operational security, from a military point of view, Maj. Lafferty, et. al. (1994) finds that during a conflict, media reports increase enemy effectiveness, but only to a certain climatic point, after this, the effectiveness will start decreasing as an outcome of information overload; "Therefore, the U.S. Military must recast its relationship with media and pursue a strategy of information overload to decrease enemy effectiveness".

The ability of the media to function as an agenda setter is the most questioned by Livingston (1997) since the so-called CNN effect has been overestimated. "The majority of humanitarian operations are conducted without media attention (...). Furthermore, the eventual media coverage itself was the consequence of official actions." (Livingston, 1997: 7) In the case of Somalia, Livingston (1997), Livingston and Eachus (1995) and Mermin (1997) conclude that the media were used by powerful elites to put pressure over other officials, and that coverage followed policy makers' actions.

However, Gowing (1994) by interviewing diplomatic and policy insiders finds that they often felt pressured and influenced by media coverage in their performance of foreign policy making. This fact reveals that the relationship between policy makers and the media is not a "one-way", rather it is one of reciprocal influence. Despite the influence of media over policy makers, Gowing (1994; 83) notes that media reports "shape the policy agenda, but do not dictate responses. They highlight policy dilemmas, but do not resolve them." In other words, the prerogatives on policy making belong to policy makers, media does not decide for them. Gowing (1994: 84, 85) concludes that in the future real-time television coverage will make no difference to policy making, the most likely situation is that a minor action would be taken just to show that "something" is being done; ultimately, events are what are important to policy makers, not the coverage of them. The likely changes on policy strategy product of television coverage would be tactical, but not on the overall strategy.

One final consideration to review in this part of the paper corresponds to the circumstances under which Western governments are more likely to intervene during humanitarian crises. Jacobsen (1996) finds five conditions for intervention: first, a clear case of humanitarian need where the UN would give its authorization<sup>7</sup>; second, domestic support to the operation<sup>8</sup>; third, CNN effect, which is recognized as necessary but not sufficient to cause an intervention; fourth, linkage to national interests; and fifth, feasibility of success, which also includes a low risk of casualties (the greater the domestic support, the more casualties they are willing to take).

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<sup>6</sup> Luttwak (1994) describes this as "mammismo". The groundings of this phenomenon are the change of demography, since families in the era of the "Great Powers" used to be larger (four, five, six or more children), and child mortality was high, therefore families were more used to the idea of losing young members. Nowadays, however, families are smaller and every member receives a large share of emotional economy.

<sup>7</sup> This point seems a bit confusing, if there was not a clear case of humanitarian crisis, why would anyone want to intervene advocating humanitarian reasons?

<sup>8</sup> Kohut and Toth (1994: 57) find that public opinion tendencies towards intervention are fashioned in the following typology: interventionists, 31% of the public, those who would use force to protect oil as well as for humanitarian purposes; noninterventionists, 29% against both missions; U.S.-centrics, 19% who would use force to protect oil, but not for humanitarian aid; and one-worlders, 21%, who would use force for humanitarian aid only.

Livingston (1997: 9) suggests that when looking more closely to "post-Cold War U.S. "humanitarian" interventions, one is likely to find equally compelling geo-strategic reasons for the intervention.", like it happened during the Kurdish refugee crisis in 1991, where Scowcroft notes that it was the sensibility towards Turkey's anxiety about allowing the Kurds to stay" what fundamentally motivated the action (quoted in Livingston, 1997: 10). Apart from geo-strategic concerns, Livingston mentions that a series of strict conditions must be met before the deployment of force, regulated by the Presidential Decision Directive 25 (PDD25), these include "a clear statement of American interests at stake in the operation, the approval of Congress, the availability of funding for the operation, a fixed date of withdrawal of U.S. forces, and an agreed upon command and control structure" (Livingston, 1997: 10).

In short, what researchers have found the CNN effect to be is the ability of the media to function as accelerants, impediments or agenda-setters. However, the reaches of each of these effects have counterarguments and the implications of these effects, by this we mean how positive or negative they are for foreign policy making, are not yet defined. Just as well, the ability of the media to impact foreign policy is inextricably related to coverage, thus, the greater the coverage, the more direct the impact, however, the indirect impact of the media is also relevant for foreign strategy, since it could deviate efforts from the long-term, cost-effective, high priority concerns towards the short-term, cost-ineffective, low priority contingencies. Finally, humanitarian intervention is decided by a multiplicity of factors, out of which the CNN effect may be but one.

## **Conclusion**

To summarize the theory, the foreign policy decision-making process takes place within an environment partly created by the media. Media performance in this environment is dictated by the state's political communication regime, government communication policy, the political economy structure and by the specific communication channels which perform the relevant media functions. This media-created atmosphere reflects foreign-policy events through the agenda setting perspective, influencing decision-makers and compelling them to respond through the media, with their specific characteristics. It is necessary to mention that the concept of media environment includes the feedback process, which in this context means media-oriented foreign policy decisions on the press (like censorship, etc.)

The process of media involvement is complex, but it is mainly twofold: first, the media as an input source for decision making, second, the media as an environment which leaders must consider and relate to when they make decisions and consider promulgating them. Leaders and foreign policy decision-makers are influenced by the media. They learn about many international events from the press, and many of the messages incoming from the international arena penetrate via public communication channels through the processes described in this paper. At this stage the media serve as a source, part of the input environment of the decision-making process, supplying leaders with information and data. This part of the process is often summarized with the concept of the "CNN effect".

As a not clearly defined phenomenon, the so-called CNN effect appears like a rather simplistic cause and effect explanation of media-foreign policy decision making relationship; almost like a

hypodermic needle theory taken to the sphere of policy making. On the other hand, the manufacturing consent theory implies some obscurity, even conspiracy behind the relationship between policy makers and the media. Not only does this imply that both media and audiences are passive entities, easy to manipulate, but also ignorant of the "reality" behind the framing and indexing of the coverage, since critical coverage is conceived only in cases of elite dissensus. Both these theories are in clear confrontation, and they invalidate each other. But as Robinson (2001) notes, the debate about effect vs. non-effect is unconstructive. Rather, new approaches towards understanding more clearly the relationship between media and foreign policy making are to be achieved.

Just as news media coverage is not limited to foreign events, foreign policy making is not limited to the foreign events covered by the media. Thus, it is not likely that the media could drive overall foreign policy for the mere fact that coverage is limited to a selected subset of events. However, it is likely that the media have the potential to lead towards the modification of the policies being conducted regarding the events covered. One way to explain this likely effect of the media on foreign policy is understanding it as a cycle of dialectic influence in which media reacts to policies and policy makers react to coverage in a continuum. In the long run, however, there is the possibility that dramatic changes would occur; yet the empirical evidence so far is that the policy makers' reaction to coverage of humanitarian crises is usually that of emergency relief. The perceived impact of the media is inextricably related to policy certainty, the greater the certainty the lesser the impact of the media. This points out other indirect effects of the media, such as those detailed by Jacobsen (2000) and Nye (1999).

The main conclusion of this paper is that news media and foreign policy making process influence one another, sometimes directly, others indirectly. The degrees of their mutual influence are proportional to other circumstances, such as newsworthiness from the media point of view, and policy uncertainty, from the foreign policy making perspective. However, the research reviewed is made from a Western point of view, and it is focused on cases of humanitarian intervention, hence it is insufficient to draw general conclusions about the impact of the media on foreign policy making as a whole. Furthermore, the conclusions achieved may not be accurate in the context of non-Western and/or non First World countries. As hinted before, new research is needed that would consider cases different to humanitarian intervention, and contexts outside Western countries in order to draw more accurate conclusions about the impact the news media and foreign policy making have (or may not have) in one another.

This complex process is described in the following framework: When an external international event occurs, leaders learn about it from the media (the input process, CNN effect, etc.), information is processed via the various image components, and the policy or decision formulating process is set in motion. Media advisors and PR professionals participate in the process, and officials consult with them and consider their advice. When a decision is made, or a policy is formulated (the output phase), leaders take into consideration the media environment (national and international) in the decision itself, and mainly in the publication (MM) process. Moreover, it should be noted that in the background national and international public opinions influence the processes, and are involved in them, but their roles will not be analyzed at this stage.

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## **Excerpt: “Media Use and Political Predispositions: Revisiting the Concept of Selective Exposure”**

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### **Abstract**

Today, people have ample opportunity to engage in selective exposure, the selection of information matching their beliefs. Whether this is occurring, however, is a matter of debate. While some worry that people increasingly are seeking out likeminded views, others propose that newer media provide an increased opportunity for exposure to diverse views. In returning to the concept of selective exposure, this article argues that certain topics, such as politics, are more likely to inspire selective exposure and that research should investigate habitual media exposure patterns, as opposed to single exposure decisions. This study investigates whether different media types (newspapers, political talk radio, cable news, and Internet) are more likely to inspire selective exposure. Using data from the 2004 National Annenberg Election Survey, evidence supports the idea that people’s political beliefs are related to their media exposure—a pattern that persists across media types. Over-time analyses suggest that people’s political beliefs motivate their media use patterns and that cable news audiences became increasingly politically divided over the course of the 2004 election.

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In the summer of 2003, questions about the situation in Iraq abounded: Where were the weapons of mass destruction? Was there a link between Saddam Hussein and Al Qaeda? Though facts do not favor either of these contentious explanations for the invasion of Iraq, beliefs that Hussein had weapons and that he was linked to Al

Qaeda existed. Intriguingly, some Americans were more likely to express these beliefs than others. In particular, those viewing FOX news were more likely to believe in both the link and the weapons while those watching PBS and listening to NPR were less likely (Kull et al. 2003-4). The implications of this finding are troubling: Different patterns of news exposure may lead people to develop different impressions of what is happening in the world around them. Without a shared base of information, it is difficult to imagine citizens agreeing on matters of public policy and it is easy to envision citizens developing highly polarized attitudes toward political matters. As media exposure predicts both beliefs and attitudes, the question emerges: what predicts media exposure?

One possible answer is that people engage in selective exposure, the selection of media outlets that match their beliefs and predispositions. The concept of selective exposure is not new—research on the topic surged in the 1960s and then declined in subsequent decades following influential reviews of the literature that did not support the phenomenon (Freedman and Sears 1965; Sears and Freedman 1967). Given changes in the contemporary media environment, however, it is important to return to the study of selective exposure. Today, it is far easier to engage in selective exposure; which is in contrast to times past, when it was “often difficult to get information even on one’s own side and ...almost inevitably more demanding to find information on the opposite side should one ever be motivated to look for it” (McGuire 1968, p. 799). With respect to political information seeking, people can use today’s media to avoid politics altogether (Aatre and Katz 2005; Baum and Kernell 1999; Prior 2005, 2007a) or to seek out information on particular issues (Galston 2003; Sunstein 2001). A person also can engage in

partisan selective exposure, the selection of media sharing one's political predispositions. As people's media options increase and they find outlets offering more congenial perspectives, the potential for selective exposure arguably increases; Mutz and Martin (2001) note that "As the number of potential news sources multiplies, consumers must choose among them, and that exercise of choice may lead to less diversity of political exposure" (p. 111). The mere opportunity to engage in selective exposure in the modern media environment, however, does not mean that people necessarily will seek out congenial media. On the contrary, prior research on selective exposure has produced inconsistent results. In returning to the topic, this article aims to clarify prior research on selective exposure and to investigate the phenomenon with contemporary data.

### **Selective Exposure**

Admittedly, selective exposure is a debated topic. Early researchers were divided in their impressions of the evidence (Donohew and Palmgreen 1971; Klapper 1960; McGuire 1968) and contemporary researchers seem no less at odds regarding whether they should embrace or dismiss selective exposure (Jonas et al. 2005; Kinder 2003; Zaller 1992). While Klapper (1960) noted that "The tendency of people to expose themselves to mass communications in accord with their existing opinions and interests and to avoid unsympathetic material, has been widely demonstrated" (pp. 19–20), McGuire (1968) charged that "The survival of the human race for a period that even the most conservative estimates place at a minimum of 6,000 years suggests that people seek information on some basis less primitive than seeking support of what they already know and avoiding any surprises" (p. 800). The debate on selective exposure persists today. Kinder (2003) argues that "despite all of the early confidence, the evidence for selective exposure turns out to be thin. We now know that people do not, for the most part, seek out mass communications that reinforce their political predispositions" (p. 369). Along similar lines, Zaller (1992) claims that selective exposure is not prevalent; he notes that "Most people...are simply not so rigid in their information-seeking behavior that they will expose themselves only to ideas that they find congenial. To the extent selective exposure occurs at all, it appears to do so under special conditions that do not typically arise in situations of mass persuasion" (p. 139). On the contrary, Jonas et al. (2005) contend that "When searching for new information, people are often biased in favor of previously held beliefs, expectations, or desired conclusions" (p. 978). These different conclusions about selective exposure warrant attempts to clarify the concept.

The democratic implications of partisan selective exposure also justify further research. If partisan selective exposure is widespread, the public may develop more polarized, or extreme, attitudes in the direction of their political predispositions (Mutz 2006; Sunstein 2001). And, as the Iraq-weapons-Al Qaeda example suggests, people may develop different beliefs about the world. Further, people's impressions of which issues should be prioritized by the government may diverge due to partisan selective exposure. Without shared priorities, allocation of limited resources, such as time and money, becomes more difficult. Partisan selective exposure, therefore, may stunt the ability of government officials to create policies that are responsive to the public's needs. On the other hand, partisan selective exposure may be a myth, as Zaller and Kinder suggest. When confronted with a multitude of options in the contemporary media environment, people may elect to expose themselves to diverse viewpoints and learn more about perspectives with which they are unfamiliar (Stromer-Galley 2003). Of course, the flip side of a world without selective exposure is that people may be less energized to participate in politics—recall that political participation in the United States flourished during the era of the partisan

press (Schudson 1995). Reconciling these normative implications critically depends on whether or not partisan selective exposure occurs.

Dramatically different conclusions about the existence of selective exposure stem from a rich history of conflicting research findings. Several studies document a correspondence between people's beliefs and the information to which they are exposed (Best et al. 2005; Chaffee et al. 2001; Clymer 2004; Ehrlich et al. 1957; Lazarsfeld et al. 1948; McCroskey and Prichard 1967; McGinnies and Rosenbaum 1965; Schramm and Carter 1959; Stempel 1961; Ziemke 1980). Whether people's beliefs motivate their exposure, however, is unclear. Rather, the observed match between people's beliefs and the viewpoint of the information to which they are exposed could be due to other factors, such as the availability of information in their immediate environment (Freedman and Sears 1965; Sears and Freedman 1967). Experimental studies that have tried to determine whether people are motivated to select congenial options yield mixed support for selective exposure. In some instances, individuals do tend to choose information supporting their beliefs (Adams 1961; Barlett et al. 1974; Chaffee and McLeod 1973; Donsbach 1991; Mills 1965a; Redlawsk 2002; Taber and Lodge 2006), but not always (Feather 1962; Freedman 1965; Meffert et al. 2006; Mills et al. 1959; Rosen 1961). These conflicting results point to the possibility of a number of contingent conditions that influence whether people engage in selective exposure to news media (Cotton 1985; Frey 1986). Following this line of research, this study also investigates contingent conditions, including whether different media types (e.g. newspapers, political talk radio, etc.) are more/less likely to motivate selective exposure and whether selective exposure changes during an election season. Specifically, certain media types may facilitate selective exposure based on their availability and the diversity of content they provide. Further, as partisanship is emphasized during presidential campaigns, people may increasingly select congenial outlets as an election approaches. Though a recent meta-analysis provided only modest support for selective exposure (D'Alessio and Allen 2002), early reviews of the literature that argued against selective exposure (e.g. Freedman and Sears 1965) continue to influence current research (see, for example, Kinder 2003; Zaller 1992).

An important reason that selective exposure studies may have produced conflicting patterns of results is the diversity of topics that have been studied. Research on selective exposure has been conducted on topics as diverse as cars (e.g. Ehrlich et al. 1957), parenting techniques (e.g. Adams 1961), personal care products (e.g. Mills 1965b), and political preferences (e.g. Schramm and Carter 1959). In summarizing the research on selective exposure, reviews have tended to group all studies of selective exposure together irrespective of their topic (Cotton 1985; D'Alessio and Allen 2002; Freedman and Sears 1965; Sears and Freedman 1967).<sup>1</sup> Different topics, however, may influence people's propensity to engage in selective exposure. Political topics, as will be discussed shortly, may be particularly likely to inspire selective exposure.

### **Selective Exposure and Political Predispositions**

Theoretically, selective exposure occurs when people's beliefs guide their media selections. Not every belief can guide every media selection, however—if one considered all of the beliefs that would favor exposure to a media outlet, for example, and all of the beliefs that would not favor

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<sup>1</sup> Note that the test for moderators in the meta-analysis performed by D'Alessio and Allen (2002) narrowly missed marginal significance ( $p = 0.13$ ). The studies included in the meta-analysis, however, warrant some qualification: D'Alessio and Allen only included experimental studies that involved making a choice ( $n = 16$ ). In addition, 15 of the studies included in the meta-analysis had nothing to do with politics. Even if politics were an important moderator, therefore, it is unlikely that it would have been detected in this study.

exposure to the outlet, one would be at an impasse. Some beliefs, therefore, must be more likely to guide exposure decisions compared to other beliefs.

One possibility is that personally relevant beliefs, those beliefs related to a person's interests or self-identity, are more likely to influence exposure decisions (Donsbach 1991). If one cared little about politics, for example, s/he would have little motivation to seek out congenial media. From a cognitive perspective, personally relevant beliefs are more readily activated from memory and hence, are more likely to guide our thoughts – and, as advanced here, our media selections. As Price and Tewksbury (1997) explain, certain constructs are chronically accessible—irrespective of the situation, they are more likely to be used as a basis for processing information. They note that “Chronic accessibility may come from a variety of sources...One example would be the degree to which a given construct is linked with a person's self-concept” (p. 190). Political partisanship represents one such construct (Green et al. 2002; Lau 1989). In contrast to other topics, those with strong political leanings may be particularly likely to engage in selective exposure because their political beliefs are accessible and personally relevant. The second possibility is that topics and beliefs inspiring an affective response may stimulate patterns of selectivity. People may adjust their exposure to political information in order to obtain or maintain a desired emotional state or as a response to a distinct emotion (Valentino et al. 2007). Taber and Lodge (2006), for example, propose that when stimuli elicit an affective response, strong partisans on an issue are more likely to engage in selective exposure (and motivated reasoning) in response to the stimuli. For some scholars, politics often yields an affective response (e.g. Marcus et al. 2000). In particular, those with strongly held political beliefs may avoid media outlets producing negative affect and approach media outlets producing positive affect. In sum, selective exposure may be contingent on the personal relevance of the topic and whether it generates an affective response. For those with strong political predispositions, therefore, political topics may be particularly likely to inspire selective exposure (Lowin 1967; Sears and Freedman 1967). Accordingly, this study tests the following hypothesis concerning partisan selective exposure:

**H1** People with more strongly held political predispositions will be more likely to select politically congenial media outlets.

### **Selective Exposure and Time**

It also is important to revisit the topic of selective exposure with new evidence because past research has tended to focus on people's exposure decisions in a single instance—exposure to a movie (Ball-Rokeach et al. 1981; Clymer 2004; Paletz et al. 1972; Stroud 2007), a pamphlet (Chaffee and McLeod 1973; Freedman and Sears 1963), a political speech (McCroskey and Prichard 1967; Schramm and Carter 1959), or a parenting workshop (Adams 1961). Though these studies help us to understand factors that influence single-exposure decisions, they provide limited insight into factors that influence people's more habitual exposure decisions and how people's media exposure patterns change over time. A number of variables that influence exposure decisions are more likely to operate in single-exposure instances—lead framing and photograph characteristics (Zillmann et al. 2001, 2004), for example, are more likely to influence single-exposure decisions. More habitual exposure decisions, such as the cable news network one typically watches, however, would not be influenced by these factors. It is possible, therefore, that selective exposure patterns have been underestimated in prior studies.

The research projects that have investigated more habitual exposure patterns by asking people about their preferred cable news station or talk radio program (e.g. Cappella et al. 1996; Pew Research Center 2005) tend to show that people's beliefs are related to their media selections.

Many of these studies, however, rely on cross-sectional data without the presence of controls, and so they fall short of documenting causal relationships between people's beliefs and their media consumption (Freedman and Sears 1965; Sears and Freedman 1967). Furthermore, most studies have examined selective exposure for a single media type (e.g. cable news station or talk radio program) at a single point in time, instead of more comprehensively considering people's media consumption patterns.

This study aims to measure changes in people's more habitual media exposure patterns. During the course of a presidential campaign, for example, the public may become increasingly aware of the media outlets corresponding to their political predispositions and may switch to more congenial sources. Research documents that politics is more salient to people during presidential elections (Weaver et al. 1981). In an environment where politics and partisanship are emphasized, partisan selective exposure is likely to be enhanced. To evaluate whether selective exposure increases in the short-term as partisan conflict becomes more heated, Hypothesis 2 will be investigated.

**H2** Partisan selective exposure will increase during the course of a presidential campaign.

### **Selective Exposure and Media Type**

Though use of television and radio for gathering political information has remained fairly constant since 1992, people's news media patterns are changing. Specifically, people are moving away from newspapers as a source of political information and toward the Internet (Rainie and Horrigan 2007). Given these shifts, it is important to understand whether patterns of selective exposure differ across media types. If so, we may anticipate changes in aggregate levels of partisan selective exposure over time as people's media consumption patterns change.

The Internet, in particular, provides people with ample opportunities to encounter information that either complements or contradicts their political predispositions. In embracing this freedom of choice, it is an open question whether people will seek out likeminded or opinion-challenging online content. On the one hand, it is possible that people will use the Internet to fragment into ever more specific likeminded groups (Sunstein 2001). Indeed, visitors to the Gore and Bush websites in 2000 tended to share the political outlook advanced by the website (Bimber and Davis 2003). On the other hand, people may use the Internet to explore diverse opinions. In a series of in-depth interviews, Stromer-Galley (2003) found that people discussing politics online tended not to mention that they purposefully sought out likeminded others. Instead, they said that they enjoyed hearing diverse views. Further, Horrigan et al. (2004) concluded that Internet users did not avoid counter-attitudinal partisan messages online. Whether the Internet inspires different patterns of selective exposure in comparison to radio, cable television, and newspapers obviously warrants further research.

In contrast to the Internet, radio, and cable television—all media types with diverse content that is widely available—newspaper availability may limit people's ability to select politically diverse content. In many communities, there is a single newspaper and consumers have limited opportunity to subscribe to non-local papers. If people live in likeminded communities, they may be more likely to consume likeminded newspapers—not because they wouldn't like to read newspapers with contradictory views, but because they have limited access to more diverse newspapers. If one were to find a relationship between people's political predispositions and their newspaper consumption, therefore, one would be concerned that the finding merely provided evidence of de facto selectivity (Freedman and Sears 1965; Sears and Freedman 1967); namely, that people were not motivated to select likeminded newspapers, but that the political make-up of their community was correlated with their political predispositions and that their

local newspaper's political outlook was responsive to the political leanings of the community. To compare selective exposure patterns across media types, therefore, the present study includes controls for the partisan make-up of one's community when evaluating the relationship between people's political predispositions and their newspapers choices. This provides a more stringent test for whether other media types inspire different selective exposure patterns in comparison to newspapers.

Given that some media types may facilitate partisan selective exposure while others may constrain this behavior, research question 1 is posed.

**RQ1** Is partisan selective exposure contingent on media type?

To investigate the hypotheses and research question, this study examines partisan selective exposure during the 2004 U.S. presidential campaign season. By evaluating the relationship between people's political predispositions and their media selections across four media types and over the course of the campaign, this study aims to provide insight into whether and under what conditions partisan selective exposure occurs.

### **Discussion**

Not everyone seeks out political information from the media. There are undoubtedly people who opt out of politics and avoid political media content altogether. And not everyone who seeks out political information from the media wants to find outlets with a congenial political perspective. A substantial proportion of the public, however, consumes media sharing their political predispositions. Of the media types evaluated in this study, 64 percent of conservative Republicans consume at least one conservative media outlet compared to 26 percent of liberal Democrats. In contrast, 43 percent of conservative Republicans consume at least one liberal outlet while 76 percent of liberal Democrats consume at least one liberal outlet. These striking percentages document the extent of partisan selective exposure in the contemporary media environment.<sup>2</sup>

This study investigates whether people's political predispositions motivate their media selections. The evidence clearly suggests that this is the case. Both in the cross-sectional and panel analyses, people's political predispositions predict their selection of political talk radio, cable news, and Internet websites. Even with a control for the partisanship make-up of their congressional district, people's political beliefs are related to the newspapers they read. People's political predispositions, however, are not significant in predicting newspaper selection in the panel analyses, though the coefficients are in the expected direction. Considering that switching newspapers is arguably the least likely switch that a person would make, these results are hardly surprising. Overall, however, the results document that partisan selective occurs across outlets.

Results also show that during the course of the 2004 general election campaign, people's cable news selections were increasingly related to their political beliefs. There are a number of reasons why this sorting pattern would have been visible for cable news and not for any of the other media types considered. First, the partisanship of cable news was highlighted during the 2004 general election campaign and people may have learned from this attention. For example, the film *OutFoxed* received much attention during the summer of 2004. In arguing that FOX is a conservative cable news network, this film may have contributed to the sorting effects documented here. Second, cable news may be particularly likely to inspire partisan selective

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<sup>2</sup> Note that 46 percent of respondents were categorized as liberal Democrats or conservative Republicans. If the analysis is repeated to compare Democrats (including those leaning toward the Democratic Party) and Republicans (including those leaning toward the Republican Party), 90 percent of the respondents are included. Here, 68 percent of Democrats versus 48 percent of Republicans use at least one liberal outlet. Thirty percent of Democrats and 57 percent of Republicans use at least one conservative outlet.

exposure. It is possible that because cable news networks are widely available (in contrast to diverse newspapers) and identify as objective outlets (in contrast to some talk radio programs and Internet websites), people are more likely to select a cable news network based on their political beliefs. Third, this finding may be a measurement artifact. Recall that cable news exposure was the only partisan media variable that did not require the construction of a classification system for many different outlets. The use of classification systems and coding schemes to identify outlets as liberal and conservative, as was done when evaluating the partisanship of websites and radio programs, undoubtedly leads to some measurement error. Further, newspaper endorsements may not be a perfect indicator of the political leanings of the newspaper (Dalton et al. 1998). As a measurement less prone to error, cable news viewing may exhibit stronger relationships.

In imagining what critics of selective exposure might say about this study, several comments are warranted. With respect to the critique of *de facto* selectivity levied by Freedman and Sears (1965), it would be difficult to argue that these results do not demonstrate motivated selective exposure. In the contemporary media environment, *de facto* selectivity is less plausible because media outlets are widely available. Therefore, availability is unlikely to account for the relationships found here. Further, in the case of newspapers, the cross-sectional analysis controlling for the partisan make-up of the respondent's district did not change the results. In this study, an extensive battery of controls, including education—the variable discussed most extensively by Sears and Freedman (1967)—are used in an attempt to counter claims of spuriousness. Even in the presence of these controls, the relationships persist. The panel analyses also provide stronger evidence about the causal direction of the relationship, thus furthering claims that people's media use is motivated by their political beliefs. In part, the analysis here agrees with Zaller (1992) and Kinder (2003)—partisan selective exposure is not so pervasive that people have completely surrounded themselves with likeminded media outlets. The analysis presented here does, however, quickly part ways with these scholars, arguing that people's political predispositions are important determinants of their media use. As such, this study suggests a different role for the media. Zaller, for example, locates the media's power in the transmission of elite messages of varying intensities. This study, however, suggests that the media's power also may come from the partisan leanings of different outlets. In other words, different media outlets may transmit different perspectives to different audiences.

This article has a number of limitations. First, this study presents analysis based on data gathered during the 2004 U.S. presidential election. The extent to which partisan selective exposure persists in other contexts demands additional exploration. This includes whether the documented short-term shifts in selective exposure documented here persist, disappear, or expand after the election. Second, the panel analyses conducted in this study relied on only two waves of data. This limits the extent to which causal conclusions can be drawn. Though using panel regression analysis, as employed in this study, is preferable to using cross-lag panel correlations (Kessler and Greenberg 1981), there are still issues in conclusively resolving the causal direction based on this analysis. For example, drawing conclusions from this analysis assumes that the time lag between the pre- and postwave is properly specified (Kessler and Greenberg 1981; Slater 2004). Given that little theoretical attention has been paid to the lag length for the topic of selective exposure, this study utilized available data to make its case. By looking at selective exposure over the course of a presidential campaign, it was anticipated that politics would be increasingly salient to the public, making it an ideal time period for conducting this analysis. Future analysis, however, could vary the lag between the pre- and post-waves to further investigate the

relationship. Third, the measures of media exposure impose some limitations. The Internet question, for example, did not ask respondents who ventured to candidate websites whether they visited only one or multiple candidate sites. This may lead to an underestimation of the extent of partisan selective exposure. Further, the cable news question asked respondents about their most watched station, not about all stations that they watched. Given that the media measures have various limitations, it is instructive to note the consistency of the relationship between media consumption and political leanings.

Despite these limitations, this study makes a number of contributions to the literature. The results of this analysis suggest that we should revive the concept of selective exposure. Investigations of selective exposure, however, should consider topic as a moderator of whether selective exposure will occur. Political leanings represent one fruitful area for studying selective exposure because of people's attachments to political parties; tellingly, Green et al. (2002) equate party identification and religious identification. This study also showcases that a more comprehensive modeling of people's media environment can provide key insights into the extent of partisan selective exposure. The breadth of content-specific media questions on the NAES allowed for analysis of exposure to many different media types. Instead of results pertaining to a single media type or single instance of exposure, these findings document a more general cross-outlet pattern: Political beliefs play an important role in determining where people turn for political information. New media types, such as the Internet, continue to inspire partisans to seek out likeminded sites. There is no evidence here to suggest that the Internet will eliminate these relationships. Further, there is some evidence that partisan selective exposure rose during the 2004 presidential campaign. It seems that partisan selective exposure is less a matter of which medium one uses and more a matter of the political context.

This research has implications for the media's role in democracy. As a commercial enterprise, the media are subject to market pressures. If political partisanship is a viable segmentation strategy, news outlets may increasingly target their news toward consumers with specific political leanings. This research suggests that there is indeed demand for this type of media targeting: There are quite clear relationships between the political leanings expressed by media outlets and the political leanings of the audience. Increasing consumption of congenial political media, whether or not it represents a commercial feat of effective segmentation, should not necessarily be greeted as an unalloyed good. Though patterns of partisan selective exposure may encourage political participation (Schudson 1995), they also may fragment and divide the public into polarized partisan groups (Mutz 2006; Sunstein 2001). People may develop different impressions about the world in which they live (see, for example, Kull et al. 2003-4). The results presented here should, at a minimum, raise the eyebrows of those concerned with the non-commercial role of the press in our democratic system, its role in providing the public with the tools to be good citizens.

Drug Trafficking, Organized Crime and Security

**“International Counternarcotics Policies: Do They Reduce Domestic Consumption or Advance Other Foreign Policy Goals”**

David T. Johnson

Statement before the House Oversight and Government Reform Subcommittee on Domestic Policy

Washington, DC.

July 21, 2010

Chairman Kucinich, Ranking Member Jordan, and Members of the Subcommittee, thank you for the invitation to testify about the State Department’s role in counternarcotics and criminal justice sector reform efforts around the globe. It is my pleasure to be here today on behalf of Secretary of State Hillary Clinton. As the Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (INL), I oversee the Department’s foreign assistance programs that help our international partners strengthen their own criminal justice sectors and their capacity to provide their own citizens with security under the rule of law. Many of our programs are relevant to the topic of this hearing, as our assistance efforts help foreign governments to curtail illicit crime such as narcotics production and trafficking, and develop the capacity to govern justly.

The State Department’s foreign assistance programs are crafted to address unique conditions on the ground in each of our partner countries where there is a demonstrated need and desire for security and justice sector reform, and where political will exists to counter illicit crime and bring criminals to justice. Through our assistance programs, the State Department contributes a vital set of tools to protect United States national security, including programs to advance our national policy goals identified by the White House and its Executive Offices, including the Office of National Drug Control Policy.

***The Role of the State Department***

The initiatives that I have the privilege to steward on behalf of the State Department represent our nation’s assistance to bilateral or multilateral partners that enhance those partners’ governance capacity. Many of these programs involve efforts to isolate, minimize, and neutralize transnational drug enterprises by enhancing security on the ground. In the context of our diplomatic engagements, INL assistance programs have helped our partners to develop, train, and empower civilian law enforcement to fight crime, including illicit narcotics networks, in a number of countries in Latin America and the Middle East; design and launch public education campaigns about the danger of narcotics in South Central Asia; extend the host government’s rule of law and governance into regions where they did not before exist in Colombia and Peru; foster safe, secure, and humane corrections systems that can serve as platforms for addiction treatment and educational assistance to treat and improve prison populations; and develop drug treatment centers for vulnerable populations including women and children in Afghanistan.

Borrowing a term from my colleagues at the Department of Defense, INL’s activities are the tip of the spear in terms of U.S. foreign assistance engagement. Our assistance programs directly

impact and improve foreign government capacity, and provide the platform for follow-on assistance from our interagency and multilateral partners.

### ***Diplomacy through teamwork***

To accomplish our goal of empowering partner nations to combat criminal enterprises, the State Department partners with experts from within our own Federal, State and local governments to bring expertise to bear. The DEA, ICE, and the FBI regularly provide high level skill training and mentoring in INL program countries, U.S. State and local law enforcement officers mentor and train their counterparts on investigations, community policing, and corrections systems, and Non Governmental Organizations (NGOs) are often enlisted to develop educational curriculum and anti-drug campaigns unique to specific cultures and communities.

State Department and USAID programs also enhance international cooperation and coordination among states providing alternative development, economic, and education programs where they can be most useful. We work with groups such as the United Nations, the Organization of American States, the G-8, the European Union, and the Financial Action Task Force and its regional sub-groups, and with foreign governments to set international counterdrug and anti-crime standards, deny safe-havens to criminal groups, pool skills and resources, and improve cross-border cooperation.

Two of our new international legal tools to combat organized crime are the UN Convention against Transnational Organized Crime (UNTOC) and its protocols against human trafficking and smuggling, and the UN Convention against Corruption (UNCAC). These international instruments, along with the three UN counter-drug conventions, create broad standards as well as a legal framework for mutual legal assistance, extradition, and law enforcement cooperation. They also contain unique provisions, such as those on asset recovery found in the UNCAC, providing new tools for U.S. law enforcement. The Justice Department, for example, has used the relatively new Convention Against Transnational Organized Crime on more than 35 occasions as the basis to augment existing extradition authorities and to make mutual legal assistance requests, including for illegal arms dealing, money laundering and fraud prosecutions.

### ***Country Programs and Results***

*Colombia* - Ten years ago, the United States and Colombia forged a close partnership under the rubric of Plan Colombia. Our goals were ambitious, but important to restoring stability in Colombia, disrupting the drug trade and protecting the citizens of the United States from illegal narcotics. Under the leadership of Presidents Pastrana and Uribe and with the help of U.S. training, equipment and political support, Colombia is now a stronger democracy and able to share the expertise it has developed with countries such as Afghanistan, Mexico, Haiti and other Latin American nations. As a result of progress under Plan Colombia and its follow-on programs, more than 50,000 paramilitary members and guerilla combatants have demobilized, coca cultivation and cocaine production potential have been significantly reduced, a new oral accusatory system of justice is improving transparency and efficiency, and local capacity has grown to a level where we are now able to transfer responsibility for management and funding of

several counternarcotics programs we helped to develop to Colombian control. Most important, public security has improved enormously over the past decade.

All of this real success does not, however, mean that the job in Colombia is done or that there are not serious challenges remaining. As Secretary Clinton has noted, due to the continued high rate of drug use in the United States, our government has a “shared responsibility” to keep working closely with drug-producing and transiting countries, while also strengthening demand prevention and treatment programs at home. In Colombia, drug cultivation and narcotics trafficking remains a source of instability and violence. Criminal organizations, some of which contain demobilized paramilitaries, are waging an internal war over drug corridors and control in some of Colombia’s major cities.

Human rights violations and official impunity persist albeit reduced in recent years and being increasingly addressed. And the Revolutionary Armed Forces of Colombia (FARC) and other terrorist groups, although weakened, continue to engage in the drug trade and other criminal activity.

Current U.S. counternarcotics and rule of law assistance is focused on solidifying the successes of the last decade while helping Colombia expand the presence of the state in former conflict regions. In support of the Colombian government’s National Consolidation Plan, U.S. foreign assistance programs are closely integrated in areas where insecurity, the drug trade and a lack of economic opportunities remain impediments to stability and democracy and where much of the country’s violence is generated.

According to the United Nations Office on Drugs and Crime, coca cultivation dropped 16 percent and cocaine production potential fell 9 percent throughout Colombia in 2009. Looking specifically at six municipalities in the Colombia department of Meta that were the initial pilots for the consolidated model of government, local and international officials estimate that coca cultivation has fallen 85 percent and cocaine production declined 88 percent from 2005-2009.

The United States Government’s estimate supports the overall trend of a reduction in coca and cocaine in Colombia. The latest U.S. Government report from 2009 outlines a 29 percent reduction in coca cultivation in 2008 accompanied by a 39 percent reduction in cocaine production potential in Colombia compared to 2007 estimates. Although one of the initial goals of Plan Colombia - reducing coca cultivation by 50 percent - has not been achieved, current cocaine production potential is approximately 295 metric tons, which is a 58 percent decline from the 2001 high of 700 metric tons in Colombia. In addition to the gains made through eradication, the United States has helped bolster Colombia’s interdiction capabilities. In 2009, Colombian security forces seized over 280 metric tons of cocaine and coca base.

Our efforts in Colombia have not only kept hundreds of metric tons of cocaine and heroin from the United States, our experiences there have also informed U.S.-supported initiatives in Mexico, Central America and the Caribbean. We have found that a commitment from officials at all levels – national, regional and local – is fundamental to achieving progress. Plan Colombia and its successor programs have been effective largely because there is political will, beginning at the President’s Office and filtering to the local level. Additionally, it has become increasingly clear

that before alternative development and justice programs can make a difference, security must also be established. Once a permanent government security presence is in place, a comprehensive assistance program that includes counternarcotics, rule of law and economic development, has proven successful in making these achievements more durable.

*Peru* - Elsewhere in the Andean Region, we still look to Peru as a key U.S. partner. We continue to maintain close coordination with senior Peruvian government officials on strategies for countering the international drug trade. The Garcia Administration's counternarcotics plan coincides with U.S. goals and clearly links interdiction and eradication with alternative development and prevention. On a recent visit to Lima, I spoke with Peruvian counterparts about expanding the basis of our cooperation beyond what has been perceived in the past as an almost exclusive focus on eradication. By moving more U.S. assistance into areas such as expanding the geographic reach of the Peruvian justice system, and promoting programs such as anti-money laundering, asset forfeiture, precursor chemical control, and community policing, we can help to make Peru an even more capable partner.

*Bolivia* – In Bolivia, the Government's decision last year to expel all DEA personnel has clearly undermined counternarcotics efforts. We are concerned with the Bolivian Government's weakened capability to identify drug kingpins and to dismantle major trafficking organizations. The DEA provided Bolivia with intelligence and investigative capabilities that cannot be easily replaced. Nonetheless, Bolivian and U.S. officials still meet regularly to coordinate program activities and to resolve issues. We continue reaching out to Bolivia in pursuit of a cooperative counternarcotics relationship that achieves concrete results. This year, we will provide \$20 million in logistics and training to support Bolivian counternarcotics efforts.

*Venezuela* - As noted in the UNODC World Drug Report, Venezuela is one of the principal drug-transit countries in the Western Hemisphere. Venezuela's geographic position offers access to the Caribbean Sea and Atlantic Ocean, and its extensive land border with Colombia make it a natural choice for trafficker smuggling routes. Drug trafficking is a multinational problem that requires close cooperation among all countries. More effective counternarcotics cooperation between Venezuela, Colombia, the United States and others is critical to addressing the region's drug trafficking problem. Venezuela unilaterally terminated nearly all counterdrug cooperation with the United States in 2005, and bilateral cooperation is currently limited to coordination on vessel interdiction on the high seas, and restricted, informal information exchanges between law enforcement authorities. Even so, the United States is prepared to renew counternarcotics cooperation with Venezuela. In particular, we would welcome the Venezuelan Government's signing of the outstanding Addendum to the 1978 U.S.-GoV Bilateral Counternarcotics Memorandum of Understanding, which would allow us to move forward on a mutual understanding of our joint efforts.

*Mexico* - In Mexico, our collaboration with President Calderon is based on the Merida Initiative, part of which has supported the growth of the federal police force, part of the Secretariat of Public Security (SSP), and its efforts to interdict illicit drugs and counter drug violence. With our support, the Government of Mexico is building capacity and credibility in its federal police force and working to further extend its reach far outside of Mexico City. Merida programs have also provided technological assistance such as non-intrusive inspection equipment and K-9 training,

both of which are critical to Mexico's developing narcotics search and seizure operations along our shared border. Each of INL's assistance programs in Mexico responds to specific requirements defined within letters of agreement between our two countries for each fiscal year, which ensures that we are both striving toward shared programmatic objectives and a shared understanding of the timing for program implementation.

Through FY09, \$982 million of Merida Initiative International Narcotics and Law Enforcement (INCLE) funding has been obligated to provide support to counternarcotics programs. These obligations can be grouped into two broad efforts: purchase of equipment, or building capacity of personnel or systems.

U.S. foreign assistance programs and law enforcement collaboration with Mexico is showing tangible results. In 2009 alone Mexico extradited 107 fugitives to the United States, exceeding the highest previous number – 95 extraditions in 2008. Mexican operations have disrupted the illicit operations of powerful drug trafficking organizations, including removing top leadership, such as Arturo Beltran Leyva (killed during attempted arrest) in December 2009, the arrest of Carlos Beltran Leyva in December 2009, the arrest of Eduardo Teodoro "El Teo" Garcia Simental (Arellano Felix Cartel) in January 2010, the arrest of Jose Antonio "Don Pepe" Medina Arreguin, March 2010, and the arrest of Gerardo "El Indio" Alvarez Vasquez in April 2010.

This unprecedented level of cooperation continues north of the border, where the multi-agency Project Coronado resulted in the arrest of 1,186 alleged members of the drug trafficking organization La Familia Michoacana in October 2009. In February 2009, more than 750 individuals were arrested on narcotics-related charges under Operation Xcellerator, a multinational effort that targeted the Sinaloa cartel, seizing \$59 million, hundreds of firearms, more than 12,000 kilos of cocaine, and 5,500 kilos of methamphetamine. On June 10, Attorney General Holder announced the arrest of more than 2,200 individuals on narcotics-related charges in the United States and the seizure of more than 74.1 tons of illegal drugs as part of a 22-month multi-agency law enforcement investigation known as "Project Deliverance" -- a U.S.-Mexico, interagency, cross-border operation.

In 2008, President Calderon signed a constitutional amendment, approved by the Mexican Congress and the majority of states, which paved the way to transition from its old inquisitorial judicial system to an accusatory system that uses transparent oral trials and relies more heavily on physical evidence. The new system, which by law must be implemented by 2016, should make it more difficult to corrupt or disrupt the judicial process. While the federal government and parliament has been slow to make the changes necessary to implement the accusatory system – for example, developing and passing a new criminal procedures code and a new penal code – fifteen Mexican states have begun reforming their own judicial systems in this direction. Six states are already using oral trials.

In order to tackle pervasive corruption, the Government of Mexico began systematically removing from duty thousands of corrupt policemen, customs officials, law enforcement officials and prosecutors, including high-level officials. In re-building these institutions, the Government of Mexico is working towards developing extensive internal controls which should mitigate systemic corruption. They are developing career tracks, with increased salaries, building an

esprit de corps, enhancing management skills and integrating offices of professional responsibility and/or internal affairs, into each and every justice institution. To prevent corrupt police from being hired in another state or municipality, the government has developed a National Police Registry, which will include advanced biometric technology. In the Attorney General's office, or PGR, the Government of Mexico has developed a modern, computerized case management system with sophisticated checks and balances to make it much more difficult for prosecutors to lose case files, or improperly influence a case. The system is to be online and operational across most parts of the country in 2011, with country-wide operability in 2012.

The Government of Mexico is now targeting entire criminal organizations, from drivers to financiers, and hit-men to middle-managers. The joint U.S. Government-Government of Mexico High Value Target List is an important element, but is not the only focus. The United States is supporting Mexico's specialized units with training, equipment, and technical advice. We are working on complex money laundering investigations, asset forfeiture issues and weapons trafficking. We are building mechanisms to share information vital to the investigation and arrest of Mexican criminals. U.S. assistance has also successfully expanded Plataforma Mexico, which provides sophisticated information technology equipment to law enforcement entities, and contributes equipment to enhance the security of law enforcement and judicial officials throughout Mexico. Finally, the record number of extraditions from Mexico to the United States during the last three years has demonstrated Mexico's efforts to bring serious violent offenders to justice.

The State Department is also helping Mexico build strong and effective institutions to sustain the rule of law and protect human rights. The United States is supporting Mexico's reform of its criminal justice sector – from the police, to prosecutors, customs, corrections and the judiciary. For example, U.S. Federal, State, and local law enforcement officers were instrumental in training over 4,300 new Federal Police investigators in investigative techniques, including securing a crime scene, interviewing suspects and witnesses, surveillance, evidence collection, and testifying in oral trials. We are providing expertise and funding for prosecutorial training in all 31 Mexican states and the federal district this year, focusing on the new judicial reforms. We are currently working with Mexican Customs to provide assistance for their new academy, and we have provided training for law enforcement K-9 programs and their handlers. In one of the more innovative programs, we are working with the U.S. states of Colorado and New Mexico to provide training and technical assistance for corrections officers, not only from Mexico, but also from Central America. We are working with the Government of Mexico now to determine how best to engage with their State and local institutions. We know that State and local entities are key to the long-term effectiveness and sustainability of our cooperative justice sector reform efforts in Mexico.

The State Department is also committed to helping Mexico improve and develop its border security capabilities, improving and modernizing their inspection efforts in line with 21st century practices. The U.S. and Mexican governments have launched a range of initiatives that challenge the traditional view and are developing a framework for a new vision of 21st century border management. In the short term, U.S. assistance is contributing non-intrusive inspection equipment and K-9 programs to detect drugs and other contraband moving north, and guns and cash moving south. The State Department is working with a number of interagency colleagues to

help build new capabilities within Mexico's border forces, as well as enhance our information sharing and better coordinate our operations on the U.S. side of the border.

Finally, we are working to build strong and resilient communities in Mexico. We know that communities are key to deterring the influence of criminal organizations, whether through anonymous tips, socio-economic alternatives, or educational opportunities. State Department assistance in this area will help build a culture of lawfulness through continued engagement and education with schools, the media, law enforcement officials and civil society. Our assistance will also be expanded to devote increased resources to the prevention and treatment of substance use and its consequences – goals reflected in our National Drug Control Strategy. This year, the Office of National Drug Control Policy and the Department of State hosted a delegation from Mexico at a Bi-national Demand reduction conference to share information and develop next steps for reducing illicit drug consumption on both sides of our shared border – consumption that is fueling the violence. The State Department is also working closely with the Government of Mexico to enhance tip lines and emergency call centers so that the police will be more accountable and responsive to the communities they serve and foster greater public confidence.

We have also agreed with the Government of Mexico to work together in several of the most affected Mexican communities, like Ciudad Juarez. In February and June, our governments held bilateral planning sessions to discuss options for improving the situation in Juarez. Our discussions spanned various topics including: 1) improving information collection and analysis and using it to lead law enforcement operations and investigations; 2) developing law enforcement task forces to best utilize resources for patrols, investigations, and visible policing; 3) promoting enhanced cooperation in investigations between Federal, State, and local police officers and the military; 4) augmenting expert prosecutors in Juarez and developing procedures for cooperation between Federal and State prosecutions; 5) developing standard procedures for securing a crime scene and collecting evidence; 6) elaborating a plan for safe, secure and humane detention facilities; and 7) establishing procedures to vet active state and local police officers and weed out corrupt actors.

We are working closely with Mexican officials to direct U.S. assistance where it can best be applied in Juarez. The range of assistance being offered includes: measures to reform State and local police, internal controls, assistance to prosecutors and judges, corrections training, equipment, including complex IT and communications equipment, as well as technical assistance and advice on running task forces, sharing information, and developing actionable law enforcement information. Because Chihuahua has already converted to an accusatory system, State police and judicial officials in Juarez begin their work with a presumption of innocence, and are relying on evidence for their cases, while Federal officials, including a recently-deployed cadre of SSP officers are still working in the old inquisitorial system. These examples do not prohibit work in Juarez, but they do provide a sense of how complex the situation is and how there are conflicting systems that require time-consuming coordination.

*Afghanistan* - On the other side of the world, the United States has been taking steps to counter a very different drug threat. Like Colombia, Afghanistan is the world's largest producer of an illegal set of drugs; in this case opiates. Unlike Colombia, most of these drugs do not come to the United States but either remain in the region or go to Europe, Russia, China, the Middle East or

West Africa. However, the drug trade poses a threat to Coalition efforts to stabilize the region and Afghanistan itself. Funding from the drug trade supports the Taliban and other insurgent groups trying to overthrow the Afghan government. It also fuels the extensive corruption that undermines the ability of the Government of Afghanistan to provide security, expand development, and strengthen the rule of law.

To ensure a comprehensive and coordinated approach to the drug problem in Afghanistan, we are currently working with our interagency and international partners to target narcotics traffickers and drug lords – especially those with ties to the insurgency – and enhance the government’s focus on agriculture, interdiction, demand reduction, public information, and rule of law. All of our efforts aim to connect the Afghan people to effective government institutions, build the capacity of central and provincial authorities, provide legal alternatives to poppy, and target – and dismantle – the very intersection where corruption, insurgency, and narcotics threaten the progress of Afghanistan, its neighbors, and the United States.

*Central Asia* - Most of the opiates produced in Afghanistan pass through Iran and Pakistan en route to regional and international markets. However, Central Asia is an important route for opiates destined for the Russian market. To help stem the flow of Afghan opium and heroin through Central Asia and onward to Europe and Russia we work closely with drug control agencies and border services in the region to improve interdiction, law enforcement information sharing, and border controls.

For my bureau, the central focus is Tajikistan, which shares a porous 828 mile border with Afghanistan. Since 2005, we have reconstructed border posts at nine key locations and provided training and equipment that have made the Tajik Drug Control Agency one of the best in the region. To enhance regional cooperation, we provide substantial political and financial support for the Central Asian Regional Information Coordination Center (CARICC) located in Kazakhstan, which serves as a hub for the Central Asian nations, Russia, and Azerbaijan to exchange law enforcement information and facilitate international cooperation on drug investigations. In 2009, CARICC conducted three international “controlled delivery” operations involving Central Asian governments, Russia, and Ukraine that led to the dismantling of three transnational criminal organizations. Prior to the creation of CARICC, there was no such regional coordination mechanism at the operational level. In southern and central Europe, the Southeast European Cooperative Initiative’s Center for Combating Trans-border Crime (or SECI Center), which the Department of State helps to support, plays a similar coordinating role among 13 states. Both organizations represent important steps forward in regionalizing law enforcement efforts and strategies in order to match the transnational reach of criminal organizations.

*West Africa* - About 40 percent of the cocaine trafficked to Europe transits through West Africa. Since law enforcement there is generally weak, under-resourced, and notoriously corrupt in almost all of the countries, these states can offer a series of safe havens where traffickers can operate with impunity. Even where police are able and willing to make arrests, convictions are rare and prison sentences even rarer. The power of traffickers has become pervasive in Guinea Bissau. Such areas serve as a natural magnet for other crime groups – whether trafficking in persons, firearms, or other contraband. This illicit commerce could eventually attract terrorist groups seeking to train and operate with minimal interference. Finally, there is clear evidence

that Colombian cartels have branched out and are now operating on the ground in some West African states. This creates an additional source of income that strengthens the mother organizations back in South America.

The State Department led interagency assessments throughout the region. AFRICOM, DEA, and other USG agencies participate. These have been a valuable source of information on how narco-trafficking is affecting West African countries, the capability and will of regional governments to confront narco-trafficking, and the steps our international partners are taking to address the problem. Our goals in the region are to create an inhospitable operating environment for international drug trafficking organizations by strengthening host nation criminal justice institutions and to improve West African counterdrug cooperation with the United States. Since some EU states are also stepping up their activities there, Department coordination with the EU promotes mutually reinforcing programs.

### ***Demand Reduction***

Thus far, my remarks have focused on supply reduction, programs and initiatives to attack and disrupt organizations and the supply train at various points in the process and to change the economic environment that encourages drug production. The State Department also has programs to help foreign governments reduce their own domestic demand for drugs, an increasing problem for many societies that previously regarded themselves as largely immune to drug abuse. This includes many developing countries, some of which now have the highest rates of serious drug addiction in the world. In 2009, we worked with approximately 400 community groups in 30 countries.

As we say in my bureau, our demand reduction program punches above its weight. A little goes a long way. Department assistance to volatile regions of the world, for example, provides access to major Muslim-based organizations and networks that are critical for advancing America's national security interests in those parts of the world and helps prevent at-risk youth from falling into drug trafficking and terrorist organizations through programs to reduce drug abuse and drug-related violence. Collaboration in Afghanistan, Pakistan, and Indonesia with our network of Muslim-based, anti-drug programs that prevent and reduce drug use (e.g., outreach and drop-in centers) also provides additional alternatives to radical schools that recruit young people into terrorist organizations. The demand reduction network has provided an inroad into previously inaccessible enclaves such as mosques and madrassas in many societies that have helped establish a *prevention component* to our collective efforts to fight terrorism.

More generally, we have found that demand reduction assistance in source countries has made community leaders with whom we work more receptive to supply reduction efforts. Moreover, since a relatively small percentage of chronic drug users consume the majority of drugs in many foreign countries, getting such users into treatment not only reduces drug consumption, but also helps to undermine local drug markets and reduce the profitability of drug dealing. Our demand reduction programs not only improve the quality of life, but also help undermine the illicit networks, including those with insurgent and terrorist connections.

### ***Conclusion***

The State Department makes use of a broad range of tools to attack transnational drug and other criminal enterprises. Our primary focus is on improving the criminal justice sectors – police, prosecutors, courts, and administration – of foreign governments so that they can confront such threats directly on their home turf and before they reach our borders. In key drug source countries, this also includes support for drug crop elimination and assistance programs to wean farmers away from drug crops. By modernizing police methods and criminal laws, we also improve the ability of partner governments to cooperate with U.S. law enforcement agencies at the operational and prosecutorial level.

## **“Dirty Money: How to Break the Link Between Organized Crime and Politics”**

Kevin Casas-Zamora

Americas Quarterly

May 17, 2010

Politics has long been a magnet for drug money in Latin America. In the 1970s, Costa Rican politicians were accused of accepting contributions from the late Robert Vesco, a U.S. financier who settled in Costa Rica after fleeing prosecution at home. Vesco, some of whose money purportedly came from heroin smuggling, was a major backer of the winning party's 1974 election campaign, according to former Costa Rican President José Figueres.<sup>1</sup>

At the time, campaign finance activities were not regulated by Costa Rican law. Even in Vesco's wake, they would remain unregulated for a long time—which, unsurprisingly, led to a new scandal a decade later, when the main parties in Costa Rica were found to have accepted contributions from a number of donors linked to the drug trade.<sup>2</sup> One important donor was General Manuel A. Noriega, then neighboring Panama's leader, whose involvement in drug trafficking would lead to his ouster from power by a U.S. military intervention in 1989.

By then the Costa Rican experience was hardly exceptional. The campaigns of Bolivian President Jaime Paz Zamora in the 1980s were tainted by accusations of links to drug traffickers, as was the 1994 campaign of Panama's President Ernesto Pérez Balladares.<sup>3</sup>

There were also the more serious cases of Colombia and Mexico, where the role of drug barons in underwriting campaigns had been an open secret since the 1970s.<sup>4</sup> In Colombia, in particular, the election of drug lord Pablo Escobar to congress in 1982 was a sobering as well as farcical moment.<sup>5</sup> The day of reckoning, however, came with the emergence of tapes showing that the campaign of President Ernesto Samper had sought and received several million dollars from the drug cartels in the runup to the 1994 election. This revelation, the mother of all drug trafficking-cum-campaign finance scandals in Latin America, not only doomed Samper's administration but rattled Colombia's otherwise solid democracy.<sup>6</sup>

Since then, there are reasons to think that the drug-politics link has grown deeper in the region. Just last year, in the run-up to the mid-term congressional elections in Mexico, two legislative candidates (one in the State of Chihuahua, another in the State of Mexico) were accused in press reports of having links with organized crime.<sup>7</sup> More strikingly, in early February of this year, the ruling *Partido de Acción Nacional* (PAN) decided to suspend all open primaries in the border state of Tamaulipas due to the risk of infiltration by narcotics cartels.

“In the case of Tamaulipas, everybody knows the possible influence of crime in candidate selection,” explained PAN's national chairman, César Nava, “We won't leave any room for that to happen.”<sup>8</sup>

The case of Tamaulipas illustrates the very real dilemmas that beset democratic systems in Latin America in trying to coexist with a huge illicit industry that requires political protection as

humans require oxygen. While not unique to Latin America, these challenges manifest themselves in the region with uncommon intensity.

Notwithstanding vast efforts to eradicate illicit crops and interdict drugs, Latin America continues to be the world's largest cocaine producer and plays a growing role in the production of synthetic drugs and opiates. Whether as producers of illicit crops, as transshipment countries, as entry points to key markets, as money laundering locales, or as large consumption markets, practically all countries in the region take part in a drug trade that mobilizes tens of billions of dollars every year. This money flow and the sophistication of the criminal networks that sustain it feed many other illicit activities and have transformed the region's political and security landscapes.

The funding of parties and candidates is just one of the fronts where the battle between organized crime and democratic institutions is played out. But it is an important one.

Investing in politics is a natural step for an industry that requires weak law enforcement and a measure of control over crucial public institutions, like customs, to thrive. Helping to elect friends who can open doors and peddle influence throughout the state apparatus is often more efficient than other methods, such as bribing, blackmail or threatening violence.

While buying political protection is the name of the game for drug traffickers, their decision to contribute to parties and candidates may also have other rationales. As the cases of Vesco and, more clearly, Escobar show well, it may also be an attempt to penetrate political circles to gain social respectability.

This points to one of the most interesting, if unsung, political struggles underway in Latin America today: the battle in which traditional economic elites reject the arrival of that ragged newcomer, the drug trafficker, to the dispute for political power. In countries as diverse as Mexico, Honduras and Colombia, political finance is one of the ways in which a new kind of barbarian is crashing through the gates of country clubs and presidential palaces, to the horror of the well-bred few.

While drugs and politics have a long history in the region, several new political factors have made Latin American politics more vulnerable to organized crime. Here are four key ones:

### **Competitive Democracies**

In most Latin American countries, elections are more competitive. In 43 presidential elections held in 18 Latin American countries between 2000 and 2010, opposition candidates prevailed 53 percent of the time.<sup>9</sup> While competitive elections and viable opposition parties probably help to improve the levels of political transparency, they also tend to raise the cost of politics. Although reliable evidence on the cost of campaigns in the region is notoriously difficult to come by, the available data yield some worrying findings. In the case of Mexico, estimates of paid political advertising on television by the three main presidential candidates ranged from \$70 million in 2000 to well above \$100 million in 2006.<sup>10</sup> And much more is spent on other campaigns at both the federal and subnational level. In Brazil, a rough estimate of the cost of the 2006 general

election was \$2.5 billion, according to Brazilian expert Bruno Speck.<sup>11</sup> Sums spent in small countries are often higher, proportionally speaking. The current president of Panama, Ricardo Martinelli, a wealthy businessman, spent \$19 million in his campaign, a remarkable figure in a country with barely 2 million registered voters.<sup>12</sup> Competitive elections, in other words, offer terrific opportunities for crime syndicates hoping to make political investments.

## **Lax Enforcement**

While Latin American countries have made significant strides toward regulating campaign finance, the enforcement of these rules continues to be extremely weak.<sup>13</sup> With the exception of El Salvador, for instance, every country has either banned certain kinds of political funding or introduced contribution limits. Likewise, in nearly every Latin American country (El Salvador is the exception again) parties must submit regular financial reports to the electoral authorities, an obligation that also covers candidates in several countries including Brazil, Colombia, Chile, Panama, Uruguay, and Venezuela. Moreover, fines (in all countries, except El Salvador, Guatemala and the Dominican Republic) and penal sanctions (in 7 out of 18 countries) have been introduced to back up existing political finance controls. Yet, more often than not, these regulations are honored in the breach. The comprehensive controls introduced in Argentina in 2002, for instance, lost all credibility when 10 days before the 2003 presidential election the leading candidate and eventual winner reported, without any adverse consequence, that his campaign expenses amounted to one peso.<sup>14</sup> In Central American countries, despite numerous blatant violations of political finance laws, not a single criminal or electoral sanction has ever been meted out to anyone.<sup>15</sup> Mexico stands out as the only regional example in which a powerful electoral authority has made a genuine effort to enforce campaign finance laws, in some cases with extraordinary severity.

Indeed, in the wake of Mexico's 2000 election, the *Partido Revolucionario Institucional* (PRI) was fined \$100 million by the electoral authority for having received electoral funds from a state-run company, which were not reported to authorities. This is, by a huge margin, a world record.

## **Decentralization**

The region-wide trend toward political decentralization is facilitating the penetration of organized crime. On the one hand, decentralization processes open up new arenas of electoral competition that add to the cost of politics. Very often, these new layers of competition are outside the scope of the already lax campaign finance controls that operate at the national level. On the other hand, the devolution of significant powers, even police powers, to local authorities creates an obvious incentive for the intervention of organized crime.

Even in small countries, co-opting national institutions—through campaign contributions, bribes or the threat of violence—is a much more difficult, expensive and conspicuous option for drug traffickers than securing the co-operation of local authorities. Besides, the latter are often the ones endowed with the power to disturb or shield criminal activities in a particular locale. The experience of Colombia, where a vigorous decentralization process has taken place since the 1980s, is particularly relevant. In that case, since 2006, over 80 national congresspeople have

been investigated for ties to paramilitary groups. Penetration of violent criminal gangs is even more pervasive at the local level.

### **Weak System Parties**

The weakness of parties and party systems throughout the region also has troubling financial implications. The dearth of fee-paying party members and the modest amounts available to candidates from most systems of public election funding in Latin America leave parties and their candidates heavily dependent on their ability to attract private contributors.

The weak party systems in many Latin American countries also make them particularly prone to the emergence of political outsiders who are supported by little more than a well-funded electoral machine. Panama's Martinelli is merely the most recent addition to a list that includes Colombian President Álvaro Uribe and Ecuadorian President Rafael Correa, among many others. This points to a glaring risk: in many Latin American countries criminals don't need to buy off a national party structure in order to have a fighting chance at electoral success: all they need is to bankroll an electoral machine, often surprisingly flimsy.

The capture of parties and elected officials by moneyed interests is bad news for democracy. At a minimum, it compromises the premise of political equality that supports the whole edifice of democracy, reflected in the principle of "one person, one vote," and stunts the ability of parties and leaders to channel broader social demands. Such a loss of political autonomy is serious if it occurs vis-à-vis legitimate interests, business or otherwise. It is, however, devastating when it involves organized crime.

The encroachment on the autonomy of elected leaders as a result of the financial participation of organized crime in their campaigns has peculiar traits. Insofar as the funds come from a donor with an uncommon ability to exert coercion, the campaign contributions from organized crime are far more than a mere attempt to buy influence with policymakers. Unlike interactions between private donors and politicians, where quid-pro-quo are seldom articulated explicitly and elected politicians always retain the possibility of not fulfilling the donor's expectations, the normal codes of etiquette and uncertainty in the case of drug traffickers do not apply.

In the classic formulation that became Pablo Escobar's trademark, "*plata o plomo*" (buck or bullet) are often the only choices public officials face. Given these options, once he or she is "bought," it is exceptionally difficult for any politician to escape from this dynamic.

Indeed, drug-related contributions received, even unknowingly, by a politician may be used to blackmail him once elected. This is no Hollywood script. It is exactly what José Castrillón Henao, a Cali cartel associate who contributed generously to the campaign of President Pérez Balladares in Panama, attempted to do when arrested on drug trafficking charges by the Panamanian authorities in 1996.<sup>16</sup> Although he failed to secure impunity for himself by going public with his contribution checks, he managed to embarrass the president well beyond Panama.

There are more fundamental issues at stake than the loss of the autonomy of elected officials. The capture of parties, leaders and institutions by perpetrators of illicit activities is done with the

goal of achieving impunity from any of their crimes and thus undercuts the rule of law. This is a crucial difference between organized crime and any other interest group. Legitimate interests that contribute to campaigns seek to shape the law in their favor. Organized crime seeks to prevent the law from being enforced altogether—and this strikes at the heart of the viability of the state.

Campaign contributions from organized crime enhance the power and influence of actors who, in many cases, actively dispute the state's sovereign control over a territory, as Colombians and Mexicans know well. They nurture a power that exists not through the law, but outside it. In the worst cases of political penetration by organized crime, the distinction between institutions and crime—between inside and outside the law—dissolves as the state and its authorities become effective abettors of criminal activities, and may even depend on such activities to function.<sup>17</sup>

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## “South America: Framing Regional Security”

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Summits rarely make for exciting television viewing, but the meeting in August 2009 of the Union of South American Nations (Unasur) in Argentina, convening all heads of state of the organisation, came close. Unasur, uniting 12 South American states into a single institution, had been created in 2008 after several years of negotiation.<sup>1</sup> Originally envisaged as a continental organisation bringing together the region's trade blocs, as from March 2008 it has begun to be used as a forum for regional security management, especially in the Andes. The August 2009 meeting had been called to discuss the controversy surrounding an agreement by which Colombia was to allow the United States access to seven facilities and bases on its soil.<sup>2</sup> Presidents Alvaro Uribe of Colombia and Hugo Chávez of Venezuela, the main parties to the heated regional argument, claimed equal but differing threats to their national and personal security, and expressed opposite views of the US role. Uribe had the previous month leaked information implying that President Chávez continued to assist Colombian insurgents to buy shoulder-launched surface-to-air missiles to be used to bring down the presidential plane<sup>3</sup>, and now spoke harshly of Chávez's affection for them; Chávez referred, in turn, to a plot for his assassination hatched between members of his own opposition and Colombian paramilitaries<sup>4</sup>, and presented an obscure US Air Force White Paper as allegedly disquieting evidence of US imperialism.<sup>5</sup> President Luiz Inácio 'Lula' da Silva of Brazil, Unasur's principal promoter, elicited at the summit a final collective declaration that made token references to drug trafficking and other non-state threats, and promised to build sovereignty-respecting trust in matters of defence and security, but principally warned against the destabilising effects of 'the presence of foreign military forces'.<sup>6</sup> The live coverage of the event, on which Uribe had insisted as a

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<sup>1</sup> Unasur comprises Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela.

<sup>2</sup> The two countries signed a Defense Cooperation Agreement on 30 October 2009, which 'will facilitate effective bilateral cooperation on security matters in Colombia, including narcotics production and trafficking, terrorism, illicit smuggling of all types, and humanitarian and natural disasters' and 'does not permit the establishment of any U.S. base in Colombia' but instead 'ensures continued U.S. access to specific agreed Colombian facilities' which would remain 'under Colombian control'. The facilities in question are 'three Colombian air force bases, located at Palanquero, Apiay, and Malambo', 'two naval bases and two army installations, and other Colombian military facilities if mutually agreed'. The agreement is stated to imply no increase in US personnel, the limit established in 2004 by the US Congress of 800 military and 600 civilian workers remains in force, and the US claims to have the 'expectation and commitment' that personnel numbers will continue to decline, as in previous years. See US Department of State, 'U.S.–Colombia Defense Cooperation Agreement', 30 October 2009, <http://www.state.gov/r/pa/prs/ps/2009/oct/131134.htm>.

<sup>3</sup> See Simon Romero, 'Venezuela Still Aids Colombia Rebels, New Material Shows', *New York Times*, 2 August 2009, <http://www.nytimes.com/2009/08/03/world/americas/03venez.html>. FARC's interest in bringing down the presidential plane has been evidenced by the discovery and neutralisation of several recent plots. See 'Capturan a presunto guerrillero que estaría haciendo seguimiento al avión presidencial', *El Tiempo* (Colombia), 27 August 2009, <http://www.eltiempo.com/archivo/documento/CMS-5956528#>; and 'Capturan a dos presuntos guerrilleros involucrados en planes terroristas en Bogotá', *Caracol Radio* (Colombia), 17 October 2009, <http://www.caracol.com.co/nota.aspx?id=896206>.

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<sup>5</sup> The document describes the 'Global En Route Strategy' of the US Air Force's Air Mobility Command (AMC). It is currently available at <http://www.vtv.gov.ve/files/GlobalEnRouteStrategy.pdf>.

<sup>6</sup> See 'Declaración conjunta de Reunión Extraordinaria del Consejo de jefes y jefas de Estado de la Unión de Naciones Suramericanas', 28 August 2009, available at <http://www.comunidadandina.org/unasur/28-8-09bariloche.htm>.

guarantee of transparency and insurance against excessive verbal aggression by his Venezuelan counterpart, in the event served to infect this new regional security institution with the familiar and unproductive rhetoric of megaphone diplomacy. Leaders took turns striking poses for their respective electorates rather than talking to each other and solving issues, in the process presenting distorted vignettes of strategic reality. The summit showed the difficulties in building an effective regional security institution from the top down and revealed the need for Unasur to develop a stronger institutional base. The Defence Council of Unasur, which convenes defence ministers for a more focused agenda, offers the promise of being just the right vehicle, if heads of government are willing to empower it with the means of carrying out a pragmatic agenda of consultations. A measured programme of regular meetings on agreed subjects could in time serve to cultivate a more common strategic culture among South American states and develop settled norms to govern conflict resolution. Summits of heads of government might still be characterised by aggressive rhetoric and grandstanding, but if the Defence Council were to build the underpinnings of professional security relations, the malign effects of theatrical summitry would be containable. The form of Defence Council consultations would have to be closely aligned to the reality of current South American security dilemmas and responsive to the historical suspicions and current political divisions that exist.

In Latin America as elsewhere, the development of effective regional security institutions has been wracked by regional disputes and conflicting attitudes towards the legitimate role of outside powers. For long periods Latin American states suffered from domestic revolutions, military coups and state repression and have struggled to find different forms of independence from the exercise of US power. With the end of the Cold War and the emergence in most cases of imperfect but promising democracies, new threats emerged and were identified. These were predominantly non-state and transnational in nature – for example the trafficking of illegal narcotics, people and weapons, and persistent violent crime, including human-rights violations by state security forces. Human security and democracy were given greater priority. The Organisation of American States (OAS), discredited to varying degrees among Latin American countries during the Cold War because of its perceived manipulation by the United States, found new life as the guarantor of democracy. Sub-regional institutions such as the Andean Community were presented as frameworks for cooperation against drug trafficking and related crime.

In this emerging context, the relevance of recent diplomacy conducted through Unasur is that it exposes clearly the divisions in South American security perspectives. A number of threats that are publicly spoken about are more perceived than real and turn on perceptions of strategic motives that are rooted more in the distant past than in present ambition. Other threats are indeed very real, even if they take on an apparently principally rhetorical form, as in the nationalist posturing of autocratic leaders who want to animate in other countries the populist fervour that they have led in their own. Certainly relations with external powers can appear suspicious unless clearly explained. But if their introduction is related to pre-existing regional tensions, these too have to be more honestly debated. The extent to which Latin American governments might generate or represent security problems for one another remains largely unaddressed in regional forums. Impelled by crisis – the Colombian attack on a Revolutionary Armed Forces of Colombia (FARC) camp in Ecuador in March 2008 and the protracted diplomatic conflict that ensued – South American nations are now seeking to address their security- and defence-related interests and disagreements collectively and in an institutional medium. However, this approach

is still no more than embryonic. The enduring desire to hold successful summits rather than admit clear differences leads to communiqués that patch rhetorical disputes, but do not reflect strategic reality. Inspiring more transparency and discussion of defence and foreign policy would be a proper priority of a more effective regional security institution.

The centre of attention after August's summit in Argentina has continued to be the interests of foreign powers, particularly the United States. As a specific outcome of that meeting, it was decided that confidence-building mechanisms should be designed to give transparency to the implementation of regional and extra-regional military agreements. To that end South American ministers of defence and foreign affairs met in Quito, Ecuador on 16 September. A package of proposals was supposed to be covered: information sharing, transparency and ultimately harmonisation of defence expenditure, and the need for consultation and cooperation regarding unforeseen military operations. In practice, participants again discussed the possible impact of the Bogotá–Washington agreement on relations among South American states, made competing claims about the destabilizing effects of increasing military procurement and debated the use of extraregional alliances to bolster defence capabilities. Unasur's preoccupation with external powers to the near exclusion of intramural issues is unbalanced and a trend in need of repair for the organisation to become useful.

For Latin America at the beginning of the twenty-first century, both regional security problems and regional security management start not with the penetration of foreign powers, but at home, with the quality of governance. The difficulties encountered towards the construction of a Latin American security community occur in four dimensions – domestic, transnational, regional and international – and domestic determinants of conflict are not only among the most important, their consideration is essential for understanding the other three. Good governance is the primary driver of sound strategic policy. Achieving that is a political task, but better habits could also be bred by requiring states to be more transparent in their reporting to regional security structures and therefore, perhaps, more transparent at home.

### **Domestic and transnational security issues**

As has been exhaustively discussed in recent years, Latin American politics have taken a left turn. International observers' initial warnings of a 'red tide' of left-of-centre governments across the region have since been replaced by a more nuanced awareness of the many hues of red and pink involved. The majority of these changes have few security consequences, but in the case of Venezuela, where President Chávez came to power in 1999, the implementation of his national project of the 'Bolivarian Revolution' has an obvious and immediate geopolitical impact. It involves intervention in the politics of neighbouring states with the aim of reviving the original 'Gran Colombia', a single pan-Andean state, and beyond that seeks the emancipation of Latin America as a whole from what are perceived as its oppressive economic and political ties to the United States. Furthermore, Venezuela adjoins Colombia, which since the election of right-wing President Uribe in 2002 has pursued a markedly different agenda from some of its left-wing neighbours. The Colombian and Venezuelan presidents accuse one another of hosting armed groups hostile to the other. Since 2002 relations between the two countries have in general become progressively worse. This situation, in combination with the potential course of

Venezuelan regional foreign policy as a whole, is currently Latin America's most serious challenge to regional security.

A purely ideological reading of the security situation would, however, be incomplete. Although Venezuela leads the populist left in Latin America, the region demonstrates no simple link between ideology and unstable international relations. Instead, the region suffers most from slow democratic decay and the impact of this on regional security. In many countries, democracy is not marching forward, but creeping back, and the flashpoint of the continent as a whole is undoubtedly the Andean region, where ideological tensions are strongest, but the quality of governance is also weakest.

On the one hand, the Colombian political system has thus far been unable wholly to outgrow its entrenched association with paramilitarism and political violence. Despite multiple initiatives of the civilian government, some sectors of the security forces, particularly the army, continue to violate human rights, and the legislative coalition supporting President Uribe has been dogged for the last three years by an evolving investigation into the ties many of its number previously enjoyed with paramilitary groups. On the other hand, the Bolivarian Revolution, both in Venezuela and elsewhere, has involved the progressive use of irregular militia that support the government through violence and exercise unofficial police and intelligence functions. In Venezuela, a wide range of organisations have been promoted by the government and have regularly attacked the opposition, particularly in the unstable aftermath of the failed coup against President Chávez in 2002. In October 2009 Chávez celebrated the legalisation of paramilitary groups, ostensibly for defence against external threats, with the declaration, 'we will all be soldiers now'.<sup>7</sup> In Ecuador in 2007, the newly elected President Rafael Correa was able to push through the dissolution of the old Congress with the assistance of mobs of radical supporters who surrounded and attacked other government institutions at key moments.<sup>8</sup> More recently, Correa has announced the formation of 'civilian defence networks' akin to those in Cuba and Venezuela, and for similar purposes.<sup>9</sup> In what may have been an isolated incident, this trend has reportedly even moved beyond the 'Bolivarian' states to another regime with substantial ties to Chávez: in Argentina, the opposition now claims that the government has begun arming *piqueteros*.<sup>10</sup>

Such developments have multiple impacts on Latin American international relations. Firstly, the inflammatory rhetoric of populism encourages uninhibited hostility against foreign actors in pursuit of domestic political benefits. Secondly, the emerging radical nationalism of certain militaries and their influence over political leaders clearly deepens international tensions. Thirdly, continued encouragement of irregular forces not only makes violent subversion of other regimes more possible and likely, but also fosters those regimes' perception of risk, making the chances of strategic miscalculation from other disputes more likely.

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<sup>7</sup> See 'Chávez legaliza a milicias armadas bajo su control', *Clarín* (Argentina), 24 October 2009, <http://www.clarin.com/diario/2009/10/24/um/m-02025930.htm>.

<sup>8</sup> See 'Evacuado Congreso mientras se enfrentan policías y manifestantes', *La Hora* (Ecuador), 30 January 2007, <http://www.lahora.com.ec/frontEnd/main.php?idSeccion=529056>.

<sup>9</sup> See "'Defensa" a revolución es antigua', *El Universo* (Ecuador), 16 August 2009, <http://www.eluniverso.com/2009/08/16/1/1355/40D59652C63D49AB9F2A4FE1C7E257D6.html>.

<sup>10</sup> See 'Carrió dijo que hay piqueteros armados y el Gobierno la cruzó', *Clarín* (Argentina), 22 October 2009, <http://www.clarin.com/diario/2009/10/22/elpais/p-02024287.htm>; 'Milagro Sala: una comandante K que controla más de \$200 millones', *Clarín* (Argentina), 25 October 2009, <http://www.clarin.com/diario/2009/10/25/um/m-02026579.htm>.

Democracy is also being visibly eroded through a combination of excessive presidentialism and the desire and ability of several current leaders to remain in power for significant periods of time. In Honduras, President Manuel Zelaya was ejected from office by the armed forces in a coup inspired by his intention to hold a referendum to gauge support for the formation of a Constituent Assembly to draft a new constitution. The extended stalemate between the ousted Zelaya and the de facto regime was resolved late in October 2009 and the potential consequences for regional security were thus successfully contained. In Colombia, Uribe's contemplation of a third term in office, which, despite substantial approval from a majority of his electorate, would require a second amendment to the constitution, reflects this disposition to extend mandates beyond accepted constitutional limits. On the left, the leaders of Venezuela, Ecuador, Bolivia and Nicaragua are all interested in holding on to power for the foreseeable future, either through manipulated re-election or wholesale constitutional reform. These trends have clear consequences for regional stability. Where the leaders of highly presidentialist regimes exercise unmediated control over foreign and defence policy, the potential for abrupt and hostile policy changes is clearly greater. While changes of government would allow new leaders to begin new relationships, and the democratic process itself might generate more moderate foreign-policy programmes if these were desired by electorates, the current situation will generate an ossification and a personalization of conflict. In particular, it is hard to see Uribe and Chávez ever enjoying a constructive relationship – or even the limited *modus vivendi* that they maintained in the past and which brought both their countries significant economic benefits. The Colombian and Ecuadorian governments showed signs in late 2009 of rapprochement after more than 18 months without diplomatic relations, but this is likely to prove a fragile experiment in economic pragmatism and does not foreshadow a permanently stable relationship between the two leaders. Correa, for his part, had been effectively obliged to tone down his hostility to the Colombian government after continued public emphasis by Bogotá on the sponsorship of his first presidential campaign in 2006 by FARC and Ecuadorian drug traffickers.<sup>11</sup>

Insofar as they represent serious policy challenges for any Latin American government, non-state and transnational threats also have an impact on the region's international relations. Disputes over the nature and origin of these threats, and the lack of accepted norms to govern their management, are serious deficiencies. Over the last three decades drug trafficking and the related crimes of weapons and ammunition trafficking and money laundering have been major drivers of insecurity in the Andean region. Colombia, Peru and Bolivia produce almost all of the world's cocaine. While coastal and terrestrial trafficking corridors through Central America and Mexico to the United States have long been established, recently new channels to Europe have been opened via Venezuela, Brazil and from there through West Africa. Unfortunately, extensive counter-narcotics programmes have not been successful in reducing the availability of illegal drugs in consumer countries.

Beyond violent and illegal actors, humanitarian crises too have created transnational security problems. The flow of refugees southwards across the Colombia–Ecuador border has generated a permanent governance challenge for Ecuador and contributed significantly to diplomatic tensions. When refugees moved into Venezuela from Colombia, Chávez used politically

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<sup>11</sup> See Maite Rico, 'El dinero perdido de las FARC', *El País*, 1 August 2009, [http://www.elpais.com/articulo/internacional/dinero/perdido/FARC/elpepuint/20090801elpepuint\\_10/Tes](http://www.elpais.com/articulo/internacional/dinero/perdido/FARC/elpepuint/20090801elpepuint_10/Tes).

motivated citizenship programmes not only to give refuge to FARC insurgents but also to bolster his own electoral support base.<sup>12</sup>

In the Andean region in general, the absence of any kind of systemic approach to the handling of transnational security threats is striking, despite past attempts to develop one within the institutional framework provided by the Andean Community. The Colombian conflict continues to show how difficult it is for the region to develop any kind of shared response to terrorist issues, as neighbouring governments prefer not to assume the costs of effective counter-insurgency or seek to use the conflict in Colombia to their own strategic advantage. Divergent politics and a lack of useful precedents for the cataloguing of illicit organisations in shared 'lists' on which common action can proceed also complicate this issue. It is in the Andes that the non-state and inter-state security challenges mix most dangerously. Recent security cooperation between Colombia and both Brazil and Peru indicates that like-minded states may be able to craft acceptable common approaches, but it would be best if they could one day do so within an institutional context. Fostering a more common strategic culture on these matters would be a necessary goal of any regional security structure worthy of the name.

### **Territory and resources**

South America is increasingly plagued by the politics of energy disputes and natural-resource controversies. Nationalisation policies affect neighbouring countries, not just foreign oil companies, and regional energy suppliers are keen to use their resources as a diplomatic weapon. The existence of energy resources in poorly governed areas or in environmentally sensitive areas can inspire disquiet among indigenous and environmentally conscious political groups. The presence of natural resources across national boundaries naturally excites controversies over international frontiers. Historical disputes over boundary definitions persist, and anxieties over past territorial losses are still fresh and intense. Natural-resource requirements revive or amplify territorial differences. The disagreement between Venezuela and Colombia over the western shore of the Gulf of Venezuela was largely settled in 1941 in terms of the land border, but was re-kindled when technological developments permitted the exploration of the sea floor and the discovery of oil along the uncertainly demarcated maritime border.<sup>13</sup> Bolivia's bitter argument with Chile over direct access to the Pacific has driven La Paz to use its energy assets as a bargaining chip with Santiago in this long-simmering border dispute, heightening diplomatic tensions. The dispute between Chile and Peru over 37,900km<sup>2</sup> of maritime territory is exacerbated by competition for the rich fishing grounds that this territory contains. Any visitor to the Southern Cone would be forgiven for thinking that the War of the Pacific involving Chile, Peru and Bolivia ended in 1993, not 1883, so raw are the nerves that guide the statements of political leaders on border disputes, and so intense the suspicion that every military modernisation plan of a neighbouring country has as its sole objective the recovery of lost land.

Military conflict over such disagreements is in most cases exceptionally unlikely. The only instance of this in recent years in Latin America has been the 'Cenepa' War between Ecuador

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<sup>12</sup> For the use of naturalisation to provide refuge, see for example 'Arrepentidos de las FARC y del ELN revelan cómo Chávez apoya a la guerrilla', *Perfil* (Argentina), 6 April 2008, <http://www.diarioperfil.com.ar/edimp/0249/articulo.php?art=6612&ed=0249>.

<sup>13</sup> This point is made by Jorge Domínguez, 'Boundary Disputes in Latin America', *Peaceworks No. 50*, United States Institute of Peace, September 2003, p. 26.

and Peru in 1995 that effectively ended a long-term territorial dispute. However, a rapid land snatch or consolidation of control over contested territory remains feasible and could not be remedied by the current toothless range of regional security institutions. Territorial disputes may also be used as pretexts for aggression by leaders with expansionist political projects of a nationalist or other ideological nature, or who see military conflict as serving their short-term domestic political interests. Such was the case with the Argentine military regime when it seized the British Falkland Islands in 1982. However, the predominant pattern now is for states to turn to the International Court of Justice (as Peru and Chile have done) for a ruling, though while a decision is pending, grievances voiced by leaders courting popular support still infect diplomatic relations. Territorial disputes are therefore a serious problem for regional security. Without necessarily provoking military conflict, they make bilateral relationships subject to frequent disruption, undermine the regional harmonisation of security and defence objectives in the long term, and can have a malign effect on broader tensions. The presence, for example, of Colombian paramilitaries in the Venezuelan state of Zulia, adjacent to the contested maritime boundary and site of the old terrestrial boundary dispute, has been perceived by Chávez as particularly threatening because of that state's historical propensity to pro-Colombian separatism.

Beyond territory, the energy security of states, particularly in the Southern Cone where states are considerably more dependent on one another than in the Andes for oil, natural gas or both, is also a serious issue. Energy differences sour regional relations hugely, but despite occasional energy summits, these tensions are not resolved. There is much energy devoted to energy politics but little serious debate about energy integration. Yet formulating policies on energy security is important precisely because differences easily assume a strategic dimension.

The desirability of energy integration is by no means a given in Latin America. Two economic models now vie for supremacy: regional integration, particularly through the Common Market of the South (Mercosur) that brings together Argentina, Brazil, Paraguay and Uruguay as full members, involving lowered barriers to intra-regional trade and foreign direct investment; and the emerging model promoted by Chávez through the Bolivarian Alliance for the Americas (ALBA), bringing together Bolivia, Cuba, Ecuador, Honduras, Nicaragua, Venezuela and three Caribbean states,<sup>14</sup> that exists to promote Venezuelan regional hegemony and involves the barter of state-owned resources, particularly energy, directly between governments.

The difficulties of developing sound energy economics and politics is shown in the example of Bolivia and Brazil. By early 2006, Petrobras, the Brazilian state energy company, had made substantial investments in Bolivian gas fields, to the extent that approximately half of Brazil's gas was supplied by Bolivia. However, Bolivian President Evo Morales chose to join an ALBA-associated trade agreement in April of that year, which was anticipated to bring substantial Venezuelan largesse, and soon afterwards announced plans for the nationalisation of Bolivia's natural-gas reserves and industry, including the stakes held by Petrobras. A diplomatic rift ensued, and Brazil began preparing for autonomy from Bolivian gas imports, but later in the year renegotiations took place that allowed Petrobras to continue operating in the country. The impact of the Brazil–Bolivia dispute was cushioned by both Lula's careful diplomacy with Morales and Bolivia's acute infrastructural weakness, which prevented it from independently extracting and

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<sup>14</sup> These are Antigua and Barbuda; Dominica; and Saint Vincent and the Grenadines.

delivering the necessary volumes of gas after it had issued the nationalization decree, but the tension at the time was significant. The obvious influence of Venezuelan President Chávez and Venezuelan resources in Morales's original decision to nationalise his gas reserves also generated tensions between Brazil and Venezuela.

Energy-security vulnerabilities are additionally driven by competition for limited resources. Chile can supply with its own resources only 5% of the oil and 20% of the natural gas it needs, and has largely been dependent on Argentine imports of natural gas. In 2002, however, economic crisis and domestic energy shortages drove the Argentine government to cut off gas supplies to Chile. Similarly, Bolivian gas has also generated tensions not just between Bolivia and Brazil but also between Brazil and Argentina as its two main consumers. As the dispute between Bolivia and Brazil unfolded, Brazil also saw the stability of gas imports from Bolivia threatened by rising demand from Argentina, and in particular Argentina's agreement to pay Bolivia more for its gas. These tensions were mitigated in 2008 and 2009 by falling Brazilian demand for natural gas, the increasing role of liquefied natural gas production and imports across the region, and in the long term by Brazil's discovery of its own gas reserves. However, given the scale of the resource challenges that South America will face over the coming decades, these kinds of disputes could become typical.

Lastly, energy-security problems are in some cases caused by the deliberate use of export restrictions as a policy weapon, usually as part of a wider conflict. This has occurred with Bolivia and Chile. Because of its grievance over Chile's refusal to grant it access to the Pacific, Bolivia has steadily refused to export any of its natural gas at all to Chile. In 2003, moreover, the Bolivian government, in response to domestic discontent, withdrew a planned gas plant on the coast of Chile that had been intended to supply the United States. The next year a referendum was passed in which Bolivians were invited to vote in favour of using natural gas as a negotiating tool to get Chile to grant access to the sea. In the same way, Peru also withheld natural gas from Chile prior to the arrival in office of the second Alan García administration, also for reasons of territorial grievance.

## **Outside powers**

Many of the current crop of Latin American leaders spent their formative years under the shadow of frequent US intervention, and this history goes some way to explaining the extreme political sensitivity of the US–Colombia agreement. Conversely, the nascent relationships of other Latin American countries, particularly Venezuela, with foreign powers such as Russia and Iran are viewed suspiciously in Washington. Extra-regional powers often behave according to clear geopolitical calculations, which are primarily but not entirely resource oriented. Yet, diplomatic, economic and military interests of outside powers in Latin America do not yet pose the sort of geopolitical challenge that should be a priority for defence policy or the sizing of armed forces. The need for the region to defend against an external threat, or to preserve its integrity against the competitive diplomacy of two or more mutually hostile great powers, is not there. Cold War thinking about Latin American international relations is inappropriate, for now.

This is most obvious in the case of the United States, the relevance of which as a determinant of change within Latin America is in secular decline. The United States under President Barack

Obama, consumed with greater foreign-policy priorities and economic distress at home, can devote only limited attention to Latin America and does not see playing arbiter between competing foreign-policy or security visions in the region as a desirable ambition where its strategic interests are not threatened. It is inclined to be, in foreign-policy terms, a 'third-way' actor in Latin America: respectful of desires for Latin American emancipation from a heavily burdened past with America, but willing to strike strong bilateral relationships where these are sought. In terms of security, its most important relationships continue to be with Colombia and Mexico. With Colombia, it is locked in an extended counter-narcotics and counter-insurgency war and sees its relationship with the country, straddling both oceans and the gateway to South America, as of obvious geopolitical significance. In Mexico, the United States sees narcotics-related violence along its southern border escalating to an alarming level not seen since the heyday of Colombian narco-terrorism two decades previously. Discussion of the country as a partially failed state has begun, presenting the United States with both a harsh security problem and a considerable immigration challenge – to which Washington has responded with a package of counter-narcotics assistance similar in some respects to that given to Colombia. Within this framework, Obama has made some modest changes, but the perceived importance of these relationships has not diminished. Strategically, Brazil is becoming the most important regional partner and the United States, building on already strong ties, clearly wishes to establish a relationship with the South American giant that recognizes Brazil's growing role, not least in global forums such as the G20. Politically, with Obama anxious to mark a break with the past, the United States' relationship with Cuba is a key priority for improvement. In itself of limited strategic importance, such a development has the potential to unlock significant political capital both among US constituencies and across Latin America. In practice, however, despite positive signals and the lifting of some minor restrictions, a wholesale policy change remains legally tied to democratic reform and human-rights compliance, and so the trade embargo continues.

The only exception to this panorama of constructive involvement or relaxed indifference is Venezuela, despite Obama's disposition to publicly signal re-engagement.<sup>15</sup> While the United States is at pains not to be unnecessarily embroiled in Latin American political disputes, in the Venezuelan case an enduring strategic concern persists owing to the importance of that country's hydrocarbon resources and Chávez's highly vocal hostility to the United States. Particularly troubling are his authoritarian tendencies at home, his continued dalliance with FARC insurgents in Colombia, his aspirations to ideological leadership and petro-hegemony in Latin America, and his enthusiastic development internationally of economic, military and intelligence cooperation with Russia, China and Iran. All of this presents a limited but real challenge to US interests in Latin America. On the other hand, Chávez's apparent fears of US-sponsored destabilisation of his regime are not currently realistic, given the general direction of Obama's Latin American policy. At present, US strategy is one of cautious containment, promoting Brazilian regional leadership, ensuring Colombian continuity, watching and waiting while the Venezuelan economy suffers, and, without the excessive noise that would complicate Obama's approach to other Latin American governments, making sure that the ties of the Chávez government to proscribed terrorist organisations and drug-trafficking interests are widely known.<sup>16</sup>

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<sup>15</sup> Most notably, Obama made sure to be photographed meeting Chávez at the 5th Summit of the Americas in April 2009. See 'Chavez Tells Obama: "I Want to be Your Friend"', Reuters, 17 April 2009, <http://www.reuters.com/article/GCA-BarackObama/idUKTRE53G60K20090418>.

<sup>16</sup> See 'Drug Control: U.S. Counternarcotics Cooperation with Venezuela has Declined', United

In this context, the return of Russia and especially the new interests in Latin America of Asian states inevitably create a new foreign-policy dynamic for Latin American states previously animated largely by the form and substance of US engagement.

Russia has recently re-engaged with the region after almost 20 years of post Soviet absence. In late 2008, Russian President Dmitry Medvedev visited Peru, Brazil, Venezuela and Cuba and Foreign Minister Sergei Lavrov both Colombia and Ecuador, while high-level delegations from Argentina, Brazil, Venezuela, Colombia, Mexico, Cuba and Nicaragua have also visited Moscow. Chávez has made nine official visits to Russia in the last decade. Russia took part in the Asia-Pacific Economic Cooperation (APEC) summit in Peru in 2008 and in 2009 hosted a BRIC summit with leaders from Brazil, India and China. The national foreign-policy concept signed by Medvedev in 2008 identified Latin America as a priority and emphasised interest in 'strategic partnership' with Brazil.<sup>17</sup> In this, Russia has been able to capitalise on the economic interests of Latin American states, particularly Brazil, but also, particularly in the case of Venezuela and other ALBA member states, on their desire to oppose US interests and upgrade their military arsenals.

For its part, Moscow's interest is primarily driven by the pursuit of energy resources. The Russian state-controlled energy company Gazprom recently signed agreements with Bolivia to develop its gas reserves and is now accelerating the development of operations in other countries of the region. In Venezuela, Gazprom has also secured a 25-year agreement to extract heavy crude as part of a consortium with four other leading Russian oil companies and in partnership with the Venezuelan state-owned oil company PDVSA. However, Russia is also using the region both to compete for influence with the United States and retaliate for its political engagement elsewhere, especially in Georgia, where the George W. Bush administration's support for a government despised by Russia had angered Moscow. Wishing to signal that if the United States operates freely in its neighbourhood, Russia can do the same in Washington's 'near abroad', Russia's diplomacy is aimed at showing that it too can garner friends in distant places. In late 2008, therefore, and in gestures that had more symbolic than military importance, Russian strategic bombers landed in Venezuela and Russian warships conducted exercises with the Venezuelan Navy and traversed the Panama Canal for the first time in 64 years before visiting Cuba and Nicaragua. Russia has also engaged in a sustained campaign for the recognition of South Ossetia and Abkhazia and even sent an Abkhaz delegation to Latin America to lobby, succeeding first with Nicaragua in September 2008 and then in Venezuela a year later. Russian leaders might reasonably hope that the ALBA alliance as a whole will recognise these mini-states, with Ecuador the most likely to do so in return for securing Russian military hardware on credit.

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States Government Accountability Office, Report to the Ranking Member, Committee on Foreign Relations, US Senate, July 2009, <http://www.gao.gov/new.items/d09806.pdf>. Despite the new administration's care not to provoke public frictions, it has made its concern evident regarding certain issues. For instance, US Secretary of State Hillary Clinton recently expressed worry over Venezuelan arms procurement from Russia, provoking a vehement response from Chávez. See 'Clinton "Totally Wrong" in Criticism of Venezuelan Arms Buys: Chavez', AFP, 25 September 2009, available at <http://www.theaustralian.news.com.au/story/0,25197,26123855-36235,00.html>.

<sup>17</sup> For the full text of the Foreign Policy Concept signed in 2008 see 'The Foreign Policy Concept of the Russian Federation', 12 July 2008, <http://eng.kremlin.ru/text/docs/2008/07/204750.shtml>.

The same broad principles on greater engagement hold true for China. Like Russia, it has so far focused heavily on Latin American natural resources, principally as part of its international campaign to secure maximum access to energy it needs to fuel its growth. Despite relatively low levels of direct investment – Chinese President Hu Jintao’s 2004 prediction of US\$100 billion of investment in Latin America in the following ten years does not look likely to be met – this focus has been principally manifested since 1999 in rapidly expanding trade ties, without ideological differentiation and across all Latin America. China has also cooperated with Brazil on satellite technology. These economic relationships are not without their challenges – China’s focus on primary resources is capable of retarding the diversification of some Latin American economies, and the nature of its support for state industries in some countries could arguably deprive those countries of serious privatization options – but in general they are viewed in extremely positive terms by Latin American governments and private sectors. Like Russia, however, China has also developed relationships of more strategic import with the ALBA nations, in particular Venezuela, and has direct military-to-military relations with them. Nevertheless, there is little evidence that China’s military diplomacy is yet strategically problematic or that serious attempts are being made, at least by the Chinese themselves, to transfer arms to illegal buyers. Moreover, the reduction in tension between China and Taiwan has resulted in both announcing a diplomatic freeze by which each would avoid engaging in further competition for diplomatic recognition internationally, a decision that has helpful implications for Latin America given that it was in the past such an important theatre for the political competition between Beijing and Taipei.

India, too, is more active in Latin America. In the Caribbean, it takes advantage of ethnic links to build political relationships. In South America, it is also fiercely interested in energy and natural-resources exploitation. On balance, a greater amount of Indian investment is led by private companies rather than the state alone. Jindal’s \$2.1bn investment in the Bolivian iron-ore industry is the biggest from the private sector in India, while India’s Reliance has been involved in oil concessions in both Peru and Colombia while importing crude from Mexico, Venezuela, Brazil and Ecuador. India’s BRIC status reinforces a natural South–South tendency in its diplomacy. Yet the reluctance of India to sell arms within Asia has inspired it to sell in Latin America. India signed its first defence export agreement with Ecuador in 2008 for the sale of advanced light helicopters and, with Russia, is marketing its supersonic cruise missile in the region. Like Brazil, India is hopeful of one day gaining a permanent seat on the United Nations Security Council, and the nature of its diplomacy in Latin America can be also be seen as related to that ambition.

The outside powers newly interested in Latin America need, no less than the United States, to be sensitive to how their involvement is perceived locally. Their engagement is seen positively insofar as states in the region have been able to diversify their trade, investment and diplomatic relations as US dominance has lessened, its original plan for the creation of a pan-American free-trade area having failed and fragmented into a handful of agreements with individual countries. Several Latin American countries have made integration with Asia via APEC and the Latin American Pacific Rim Initiative a foreign-policy priority – Mexico, Peru and Chile are already members of APEC, and Colombia, Ecuador and Panama have all expressed interest in joining. The big power of South America, Brazil, has seized on the concept of a territorial power, enjoys its emerging-market status encapsulated in the BRIC acronym, and wants to shape the regional agenda more ambitiously, with an eye to gaining global recognition as a key player. More

controversially, Venezuela's relationships with countries such as Russia, Iran and China are not just a way of ruffling the feathers of the US hawk but, as for some of Venezuela's allies, are an increasingly important source of investment and military resources. Since 2005 Chávez has spent \$6.6bn of funds or credit on Russian weapons, mostly for offensive conventional warfare, procuring 92 T-72 tanks, the S-300 air-defence system, 53 MI-28 helicopters and 24 SU-30MKV fighter aircraft.

These trends inevitably mean that the involvement of foreign powers could also provoke conflict, because foreign-policy projects compete for prominence and wider acceptance, particular relationships are loaded with ideological and historical significance, and the friendships that some states enjoy with foreign powers are perceived by other states in the region as potentially altering the strategic and particularly military balance. Extraregional relationships do no more than potentially augment existing tensions, but are significant conflict multipliers nonetheless.

In thinking about regional security arrangements in Latin America, it will be important to find ways for those frameworks to acknowledge the growing role of outside powers in the region and legitimise unthreatening extra-regional arrangements arrived at by Latin American states exercising their sovereign will. No summit was called when Venezuela conducted naval exercises with Russia; one was thought necessary when Colombia offered facilities to the United States. The rub will be in defining 'unthreatening', but that can only come once Latin American powers agree properly to consult about the full range of security issues through a regional security structure in a disciplined and organised manner.

The future regional security agenda for South America

In terms of regional security, much has improved in recent years: it is excellent that Brazil and Argentina have put aside their prior interest in developing nuclear weapons; that Argentina and Chile have come to an accommodation over their border; and that intense diplomatic, military and economic exchanges between most of the members of Mercosur do much to allay tensions. However, some old security problems persist, others of a newer generation have arisen, and no single foreign power will assume responsibility for maintaining and enforcing its own vision of order, as the United States once did. There is now both an opportunity and a need for South America to cater effectively to its own security.

How might it do so? Regional security institutions are an important part of the answer, but only a part, as many factors of insecurity are domestic and individual governments and national policymakers must ultimately bear responsibility for these. Furthermore, in Europe, Asia, the Middle East and Africa, various forms of the same security problems suffered in Latin America persist, sometimes much more severely, and where regional institutions exist in these areas to manage these problems, they do not always, or even often, function effectively. In South America itself, it would be naïve automatically to accord too much importance to Unasur as an institution; the region has been acquiring and testing institutional formulae for collective security for at least 60 years. Sometimes these have had a negative impact, sometimes limited positive impact, and very often no significant impact at all. Nevertheless, although any such institution must necessarily be an imperfect answer to regional security problems, the Unasur project does have some significance. Good national governance should ideally have a positive impact on

international relations from beneath, but multilateral institutions must work to do so from above. South America suffers from a volatile mix of domestic instability and democratic lacunae, transnational security problems that from their very nature disrespect national borders and generate conflict wherever they fail to elicit cooperation, conflicts of interest between governments over territory and resources, and the lucrative but potentially problematic geopolitical influence of a range of extra-regional powers. Unasur should seek to mitigate all of these.

Experiences elsewhere suggest some key targets for the institution to meet. Where containment of conflict has been effective, it has been because efforts in regional political reconciliation have been successful, there is an acceptable level of transparency on military and strategic goals of the key countries, outside powers have played a constructive role with sufficient regional consent, the larger regional powers adopt greater regional responsibility for the enforcement of agreed norms, and institutions exist that can provide legitimacy to conflict-resolution measures taken either individually or collectively. Progress along each of these fronts is necessary for South America to achieve a higher level of security confidence. In achieving this progress, the region will wish to note the increasing interest of a variety of outside powers in South American affairs, and its own need to engage more fully with the outside world, while acknowledging that the only impetus for improving the regional security outlook can come from initiatives taken by key powers within the region.

External models need to be carefully chosen and adapted, and are not those usually suggested. NATO is an irrelevant model, principally because there is no external threat to Latin America remotely similar to the threat posed to North America and Western Europe by the Soviet Union during the Cold War. The European Union may appear a compelling example, but its emergence was possible because of an extraordinary process of political reconciliation that the EU reinforced but did not in itself create. That political reconciliation, crucially between France and Germany, was solidified through membership in NATO and common policies towards the clear external threat both faced. These parallels simply do not exist in Latin America. Slightly more relevant to Latin America is the Asian experience of the last 40 years and its varied experimentation with the apparatus of regional security mechanisms.

In Asia, as in Latin America, the proliferation of regional organizations and security forums is often itself an indication of insecurity. The Asia-Pacific is replete with overlapping security architectures: ASEAN, the ASEAN Regional Forum, the ASEAN+3 arrangements, and the East Asia Summit all offer numerous opportunities for dialogue and confidence building. Actual dispute settlement is a much more ad hoc affair, and true defence consultations are elusive.<sup>18</sup> Delicate territorial disputes in the South China Sea cannot easily be mediated through any existing formal regional security institution. No Asian security institution has been able to assist in building confidence across the Taiwan Strait, seen by China as a resolutely internal matter. The proliferation dilemmas of North Korea have been handled through the Six-Party Talks involving key outside powers, yet converting this into the basis of an East Asian security structure is an ever-receding goal.

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<sup>18</sup> A number of Asian defence ministers have told the IISS that the first time that they ever met each other was at the IISS Shangri-La Dialogue, an informal institution that the IISS established in 2002, bringing together all the defence ministers of the Asia-Pacific and of the key outside powers.

ASEAN is perhaps the most successful regional organisation after the EU. However, even after 40 years, its members find it difficult to cooperate on defence. The key problem remains the lack of a deep political accommodation between the members. There are still suspicions and even enmities deriving from historical, ethnic and religious factors, not to mention extraordinarily diverse political systems and a paucity of shared values. Efforts at confidence building through these formal institutional arrangements taketime, and true defence cooperation will only take place when the political accommodation is strong enough to permit it. Conflict resolution has been very difficult through ASEAN, though under the chairmanship of Singapore this year, the group was able to get Thailand and Cambodia to take reasonable approaches towards the resolution of their border dispute.

There is one unique feature of the geopolitics of South America that might permit the creation of a more effective regional security architecture. In Asia, a very small country, Singapore, has provided a good deal of the intellectual and diplomatic energy behind the modernisation of ASEAN and its efforts to engage the larger East Asian powers. The comfortable relationship between Chile and Brazil offers the prospect of a small country of the Southern Cone, in tandem with the continent's largest power, framing more productive security arrangements that could have wider regional acceptance. Indeed, as Brazil is viewed with less suspicion in its own region than is China in Asia or Russia in Europe, the prospects for congenial great- power leadership in South America to advance security cooperation are good. However uncomfortable such ambitions of leadership appear, they are what the continent needs to accelerate security cooperation and avoid the inevitable tendency to craft good communiqué language that has little practical result.

The Santiago Declaration of March 2009 that in effect inaugurated the South American Defence Council was a good start, containing as it did a four-part plan of action in the fields of defence policy, military cooperation, the defence industry and training.<sup>19</sup> However, the organisation can go much further in addressing the broader range of issues affecting the region. There are two essential conditions for this to happen. The first is that the institution be able to enforce, through a range of potential sanctions, the important principles of its evolving charter and operating practices. Such collective action would require stronger cooperation than now exists between member states, but the norms of the Defence Council need to be seen to be enforceable if they are to be respected.

The second condition is a serious, far-reaching and long-term agenda. Although Unasur and the Defence Council gained relevance largely in response to the 2008 Andean crisis, it would be fair to state that, so far, Unasur has largely been a forum for war by other means between Venezuela, Ecuador and Colombia, with the other member states important less as facilitators of dialogue and conflict resolution or stakeholders than as actual or potential allies of one side or the other. The agenda cannot be dominated in the long term by the single-issue concerns of the most vocal governments, in a process in which both what is discussed, and how, is determined by the alliances and persuasive power enjoyed by the parties to a particular dispute at a particular time. Indeed, if such a trend continues, then Unasur will lose credibility and salience and perhaps ultimately fail. Unasur member states must ultimately seek convergence on the relevant security

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<sup>19</sup> Available at [http://www.flacso.org/uploads/media/Declaracion\\_de\\_Santiago\\_de\\_Chile.pdf](http://www.flacso.org/uploads/media/Declaracion_de_Santiago_de_Chile.pdf).

challenges and the norms that should govern their management. Only in this way will the region move towards a common strategic culture and Unasur's ambitious construction of South America as a 'zone of peace'. If such a process were successful, it could later be extended to Central American states and Mexico. For the immediate future the South American Defence Council needs directly to address domestic, transnational, regional and international concerns with a specific agenda.

To avoid the hijacking of Unasur for esoteric diplomatic purposes and its manipulation for short-term ends, the Defence Council should develop a rich and ritualised agenda of activity to foster transparency, build a common strategic culture and elaborate principles for the management of disputes. Emphasis on external security will from time to time be necessary, but should not take permanent precedence over developing better cooperation on continental security dilemmas. In an era when military expenditure is increasing, in some cases simply because improved economic fortunes permit modernisation, in others because the adoption of peacekeeping missions requires adjustments in force structures, and in a few because expansionist policies are perhaps contemplated, the overall impact of a renewed Defence Council agenda must be to shine a clear light on strategic activity. Given the tensions and suspicions that exist, the following agenda would serve that end.

Firstly, the Defence Council should encourage the more regular publication and updating of Defence White Papers. Chile was the first Latin American country to publish a Defence White Paper (in 1996), and the importance of this exercise, since followed by a number of other countries, was underscored when the OAS in 2002 drafted guidelines on developing national-defence policy and doctrine papers. In the current context, Defence White Papers should explain national strategies fully, including the rationale for links of various kinds with outside powers. The South American Defence Council could seek to establish a schedule by which all 12 of its members were to produce Defence White Papers, pressing those who have done so to update them and those who had not yet done so to produce them for the first time. These papers should then be open for discussion at expertlevel meetings of the council, where concerns could be addressed. Creating more transparency in the discussion of strategic issues should become a primary activity of the council.

Secondly, the Defence Council should consider placing energy-security and natural-resources questions on its standing formal agenda for all meetings. The aim would be to have defence ministers consult on the risks of interruption of supplies or the use of energy as a diplomatic weapon in inter-state relations. Energy security should be formally introduced into regional security discussions, not left to energy ministers alone to address. This may be controversial, but insofar as energy competition and security are such important realities in the southern hemisphere, and create poisonous political disputes, it is the responsibility of those charged with national security to address these questions head on.

Thirdly, the Defence Council should consider developing norms for how cross-border activities to deal with transnational threats are to be conducted. The Santiago Declaration insisted on territorial sovereignty and the inviolability of frontiers. But, as non-state actors refuse to accept these norms, states have to come to understandings on how to deal with transnational tensions.

The council should openly discuss the manner in which sovereign territory is used by non-state actors to threaten other states, and the potential need for 'hot pursuit' of terrorists across state frontiers. International cooperation in poorly governed areas partly occupied by terrorist groups is beginning to take place across the Afghanistan–Pakistan border. It would be right for defence ministers in South America to consider formally under what circumstances such cooperation could take place in their own region.

Fourthly, and relatedly, the South American Defence Council should invite each member state to deposit with Unasur information on the strengths and activities of non-state actors they consider to be involved in illicit transnational activities such as crime, drug trafficking and terrorism. Obligating member states to put forward their assessments of the non-state actors operating on their territories would, in the first instance, foster disputes over the alleged strengths and strategic objectives of these groups. But insisting that these be deposited with a multilateral organisation could take some of the sting out of the bilateral tensions that public discussion of these organisations often inspires.

Fifthly, the Defence Council could encourage or even require the use of satellite technology and other means through which states might efficiently and the Defence Council charged with monitoring compliance and forcing consultation in the event of breakdowns of important agreements.

Sixthly, the Defence Council could develop a range of potential sanctions that would be applied to make fully enforceable important principles of the council's evolving charter and operating practices. Such collective action would, of course, require stronger cooperation than now exists between member states, but to become respected, the norms of the council need to be seen to be enforceable.

Finally, the Defence Council of Unasur should work to coordinate participation of member states in extra-regional security arrangements consistent with generally declared political aims, such as the Proliferation Security Initiative. States could consider undertaking joint exercises to test their capacities to participate in such international regimes. While each state would naturally wish to reserve the right to join such structures, efforts to agree views on participation in such extra-continental regimes would have the effect of harmonising security perspectives and strategic outlooks. This, in and of itself, would be a useful confidence-building measure within South America.

There is a complex security agenda in Latin America and specifically in South America. Reliance on the established formulas of diplomatic communication and on outdated legal constructs is insufficient. More ambitious goals need to be set for the region's defence and security institutions. The process requires leadership, tact and imagination. This seven-part agenda is hugely ambitious. Real advances along this path will require high levels of political reconciliation among countries with radically differing governing styles. But it is a necessary, if long-term, agenda, because it is related to the true security threats to which South America is subject, and because it offers opportunities for South American states to make a stronger collective contribution to international security. Unasur's Defence Council, armed with a robust agenda, could build a more effective security order in the continent. Perhaps in a few years, some

future Unasur summit will make a less interesting televised spectacle, but record more obvious success in building the elements of a more common future strategic culture that permits economic development and growth, within a less charged political environment. Once better established in South America, these processes might be usefully extended to Mexico and the Central American states, thus including all of Latin America in a genuine security community.

## **“World Drug Report 2010: Executive Summary.”**

United Nations Publication, No. E.10.XI.13

June 23, 2010.

In 1998, a special session of the UN General Assembly decided to work towards the “elimination or significant reduction” of illicit drug production and abuse by 2008, and adopted a series of sectoral plans to reach that objective.<sup>1</sup> Gathered at the end of the 10-year period, Member States were not satisfied with the results and declared that they were still “gravely concerned about the growing threat posed by the world drug problem.”<sup>2</sup> The decision was taken to continue the effort over the following decade.

Can overall drug supply and demand be “eliminated or significantly reduced” by 2019, as called for by the Member States? At the national level, one can hope that many countries will be able to significantly improve their drug control situation within a decade. Will these local successes translate into an overall improvement at the global level?

A clear lesson from the history of drug control is that the mere sum of uncoordinated national and sectoral efforts, even successful ones, cannot result in a global success. Another lesson is that countries with limited means cannot resist, and counter the impact of, powerful transnational trafficking flows on their own.

To achieve the 2019 objectives, the international community needs to interweave drug supply and demand reduction interventions and integrate national efforts in the framework of renewed international strategies on the scale of the drug markets. To do so, it is urgent to improve our understanding of how illicit transnational drug economies operate. This *World Drug Report* is a contribution toward this objective.

This year’s *World Drug Report* opens with an analytical discussion of three key transnational drug markets: the markets for heroin, cocaine and amphetamine-type stimulants (ATS). Cannabis is not covered here because it is increasingly produced within the country of consumption and often dealt informally through social channels. Though cannabis is the world’s most popular illicit drug, it is less subject to a transnational market analysis than the other three drug classes.

The market discussion is followed by a presentation of statistical trends for all four major drug classes, including cannabis. The latest information on drug production, seizures and consumption is presented and the limitations of this knowledge are clearly articulated. While also drawing on other sources where relevant, the statistics presented were mainly gathered through the Annual Reports Questionnaire and the illicit crop surveys that UNODC produces in cooperation with Member States.

Finally, there is a chapter on a topic of growing concern for the international community: the relationship between drug trafficking and instability. This chapter focuses on the impact that the

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<sup>1</sup> United Nations General Assembly Special Session on the World Drug Problem (UNGASS), New York, 8-10 June, 1998 (A/S-20/4, chapter V, section A).

<sup>2</sup> High-level Segment to the 2009 United Nations Commission on Narcotic Drugs, *Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem*, March 2009 (E/2009/28 - E/CN.7/2009/12).

drug trade has on levels of violence and corruption in transit countries, particularly in Latin America, the Caribbean and West Africa.

This executive summary does not parallel the report, however. For the purpose of clarity, a global overview of changes in the world drug markets is presented first. This is followed by an integrated discussion of the world drug markets, including both the market analysis and the trend data. In closing, the discussion on the impact of drug trafficking on transit countries is summarized.

## **Global developments in illicit drug production, trafficking and consumption**

### *Production*

There have been a number of encouraging developments in global cocaine and heroin markets recently:

- The global area under opium poppy cultivation declined to 181,400 hectares (ha) in 2009 (15%) or by 23% since 2007.
- In line with declines in the area under cultivation, global opium production fell from 8,890 metric tons (mt) in 2007 to 7,754 mt in 2009 (-13%), and potential heroin production declined from 757 mt in 2007 to 657 mt in 2009.
- The global area under coca cultivation declined to 158,800 ha in 2009 (5%), by 13% since 2007 or by 28% since 2000.
- The estimated global cocaine production fell from 1,024 mt in 2007 to 865 mt in 2008 (-16%). Global fresh coca leaf production fell by 4% in 2009 (by 14% between 2007 and 2009).

The recent successes, however, must be considered in the context of the long-term challenge. Since 1998, the year of the last UN General Assembly Special Session (UNGASS) devoted to the drug problem, global potential opium production has increased by 78%, from 4,346 mt to 7,754 mt in 2009. Fortunately, these production increases do not correspond to consumption increases, as it appears that large amounts of opium have been stockpiled in recent years. This means, however, that even if production were completely eliminated today, existing stocks could supply users for at least two years.

The increase in global potential cocaine production over the 1998-2008 period seems to have been more moderate (5%), from 825 mt to 865 mt, although there remain uncertainties around coca yields and production efficiency. Nonetheless, available data are sufficiently robust to state that global cocaine production has declined significantly in recent years (2004-2009).

In contrast to heroin and cocaine, only very broad production estimates can be given for cannabis and amphetamine-type stimulants (ATS). Due to the decentralization of production, it is difficult to track global trends in either of these markets. Between 13,000 and 66,100 mt of herbal

cannabis were produced in 2008, as were 2,200 to 9,900 mt of cannabis resin. Manufacture of the amphetamines-group of ATS (amphetamine, methamphetamine, methcathinone and related substances) was in the range of 161 to 588 mt in 2008. Manufacture of drugs marketed as 'ecstasy' ranged from 55 to 133 mt.

### *Trafficking*

Most of the long-distance trafficking involves cocaine and heroin, although some cannabis resin and ecstasy are also smuggled between regions. Much of the cannabis herb, methamphetamine and amphetamine consumed in the world is produced locally.

Global cocaine seizures have stabilized over the last few years. Seizures have declined in North America and Europe, but have risen in South and Central America. Trafficking through West Africa, which increased rapidly between 2004 and 2007, appears to have declined in 2008 and 2009, but this situation may change and needs to be monitored carefully.

Opiate seizures continue to increase. This applies to both opium and heroin seizures. Morphine<sup>3</sup> seizures, in contrast, declined in 2008. The largest seizures continue to be reported from the countries neighbouring Afghanistan, notably the Islamic Republic of Iran and Pakistan.

Tracking global ATS seizures is more complicated, because there are several products involved that appeal to different markets, including amphetamine, methamphetamine and 'ecstasy'. After tripling in the early years of this decade, ATS seizures have remained stable since 2006. Ecstasy seizures showed a marked decline in 2008 compared to a year earlier. Global seizures of amphetamine and methamphetamine remained largely stable at very high levels in 2008.

Global cannabis herb seizures increased over the 2006- 2008 period (+23%), especially in South America, reaching levels last reported in 2004. Global cannabis resin seizures increased markedly over the 2006-2008 period (+62%) and clearly exceeded the previous peak of 2004. Large increases in cannabis resin seizures in 2008 were reported from the Near and Middle East region, as well as from Europe and Africa.

### *Consumption*

Globally, UNODC estimates that between 155 and 250 million people (3.5 to 5.7% of the population aged 15-64) used illicit substances at least once in 2008. Globally, cannabis users comprise the largest number of illicit drug users (129 - 190 million people). Amphetamine-group substances rank as the second most commonly used drug, followed by cocaine and opiates.

At the core of drug consumption lie the 'problem drug users': those who inject drugs and/or are considered dependent, facing serious social and health consequences as a result. Based on the global estimates of the number of cannabis, opiate, cocaine and ATS users, it is estimated that there were between 16 and 38 million problem drug users in the world in 2008. This represents 10% to 15% of all people who used drugs that year. It can be estimated that in 2008, globally,

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<sup>3</sup> Morphine represents an intermediate step in the processing of opium to heroin, and is rarely consumed as a drug in its own right.

between 12% and 30% of problem drug users had received treatment in the past year, which means that between 11 and 33.5 million problem drug users did not receive treatment that year.

The lack of data in many countries still limits the understanding of the drug use problem in many countries, particularly in Africa, some parts of Asia and the Pacific Islands. The broad range of the estimates reflects the uncertainties in the available global data.

Data on the delivery of treatment services for problem drug users can provide valuable information on variations in drug use problems across regions. The share of treatment services delivered to users of different drugs varies markedly in different regions of the world. In Europe and Asia, most of the treatment demand is for opiates. In the Americas, it is cocaine, and in Africa and Oceania, it is cannabis. These ratios have changed over time. As compared to a decade ago, treatments related to cannabis have increased in Europe, South America and Oceania, suggesting that an increased proportion of cannabis use can become problematic. Over the same period of time, cocaine treatment demand has been declining in the Americas, especially in North America, while it has increased in Europe. The relative importance of opiates for drug treatment, on the other hand, has declined in Europe, Asia and (in particular) Oceania, while it rose in Africa. ATS are commanding a growing share of treatment services globally.

Estimates of the sizes of the user populations in various parts of the world are derived from household and school surveys and indirect methods. Unfortunately, population-based surveys are conducted very irregularly in most countries, so there remain significant gaps in the knowledge of the extent of drug use in some parts of the world.

Cannabis remains the most widely consumed drug worldwide. Global annual cannabis use prevalence is estimated between 2.9% and 4.3% of the population aged 15-64. The highest is in Oceania (9.3% to 14.8%), followed by the Americas (6.3% to 6.6%). There are an estimated 15 – 19.3 million annual cocaine users (annual prevalence of 0.3% to 0.4%) in the world. North America (2%), Oceania (1.4% to 1.7%) and West Europe (1.5%) are the regions with the highest prevalence rates. Between 12.8 and 21.8 million people (0.3% to 0.5% of the world population aged 15-64) used opiates in 2008. More than half of the world's opiate users are in Asia. UNODC estimates that between 13.7 and 52.9 million people aged 15 to 64 had used an amphetamine-type substance in the past year (0.3% to 1.2% of the population), including 10.5 to 25.8 million ecstasy users (0.2% to 0.6% of the population). Oceania, East and South-East Asia, North America, and West and Central Europe are the regions with the highest prevalence rates of ATS use.

In addition to the drugs mentioned above, the misuse of prescription drugs, such as synthetic opioids, benzodiazepines or synthetic prescription stimulants, is a growing health problem in a number of developed and developing countries.

### *The main drug markets*

The global illicit opiate and cocaine markets represent two of the biggest transnational drugs and crime threats of our time. They appear at the same time as persistent problems from a previous era of drug control, priorities for interventions due to the severity of their impacts on affected

societies and good candidates for a global solution within a reasonable time frame. Since they are both sourced from relatively concentrated production areas, most of their components are directly or indirectly linked to one another.

In addition, ATS have gained a large share of the global drug market over the last two decades and have come to represent a major and evolving threat for present and future drug control efforts. Since 1990, there has been a spread in ATS manufacture with more than a third of Member States having reported ATS-related manufacture activity to date. Moreover, the global number of ATS users is likely to exceed the number of opiate and cocaine users combined.

### *Cocaine*

The global area under coca cultivation decreased by 5% last year, from 167,600 ha in 2008 to 158,800 ha in 2009. This change is mainly due to a significant decrease in Colombia, not offset by increases in Peru and the Plurinational State of Bolivia. The global area under coca cultivation declined by 28% over the 2000-2009 period. In 2009, Colombia represented about 43% of global cultivation, with Peru contributing 38% and the Plurinational State of Bolivia 19%

The areas where cocaine is produced, trafficked and consumed have varied substantially over time.

- While Colombian traffickers have produced most of the world's cocaine in recent years, between 2000 and 2009, the area under coca cultivation in Colombia decreased by 58%, mainly due to eradication. At the same time, coca cultivation increased by 38% in Peru and more than doubled in the Plurinational State of Bolivia (up 112%), while traffickers in both countries increased their own capacity to produce cocaine.
- Demand for cocaine in the United States has been in long-term decline: in 1982, an estimated 10.5 million people had used cocaine in the previous year; in 2008, the figure was 5.3 million, about half as many. In the last decade, however, the number of cocaine users in Europe doubled, from 2 million in 1998, to 4.1 million in the EU-EFTA countries in 2008. By 2008, the European market (US\$34 billion) was almost as valuable as the North American market (US\$37 billion). The value of the global cocaine market is estimated at around US\$88 billion (estimates range from US\$80 to US\$100 billion).
- These shifts, combined with interdiction efforts, have also affected trafficking patterns. As the Colombian Government has taken greater control of its territory, traffickers are making more use of transit countries in the region, including the Bolivarian Republic of Venezuela and Ecuador. Mexican drug cartels emerged over the last 10 to 15 years as the primary organizers for shipments of cocaine into the United States, largely replacing the previously dominant Colombian groups. In response to Mexican enforcement efforts, Central American countries are increasingly being used as transit countries. West Africa started to be used as a way station to Europe around 2004. The situation remains fluid, and the impact on transit countries can be devastating.

In 2008, the potential production of pure cocaine amounted to some 865 mt. This is considerably less than four years previously, when almost 1,050 mt were generated. Most of these drugs are destined for consumers in North America (6.2 million users in 2008) and Europe (4 to 5 million

users). These two regions, with 70% of the demand and 85% of the total value, play the main role in shaping the evolution of the global cocaine market. Another 2.7 million users are found in South America, Central America and the Caribbean.

### **The largest cocaine market: North America**

North America is the largest regional cocaine market, with close to 40% of the global cocaine-using population. In 2008, it appears that 196 mt of pure cocaine were required to satisfy North American demand. To get this amount to the consumer (accounting for seizures, consumption in transit countries and purity), about 309 mt must have left the Andean region toward the north in 2008. This would represent about half the cocaine that leaves this region, a smaller share than in the recent past. Based on forensic testing of cocaine seized in the United States, most of the cocaine consumed in North America was produced in Colombia.

The North American cocaine market appears to be in decline. Household surveys, school surveys, forensic testing and law enforcement observation all confirm that fewer people in North America as a whole are consuming cocaine than in the past. Cocaine use in the United States has been declining for some time. The decline has been particularly pronounced since 2006, likely due to pressure on supply related to law enforcement interventions in Colombia and Mexico.

If there was a supply shortage for the United States market, this would be expected to generate an increase in cocaine prices. Street prices have not risen much, but purity has dropped greatly. When purity is taken into consideration, the cost of a gram of pure cocaine on the US market has indeed increased dramatically. Dealers in the United States apparently prefer to cut quality rather than increase price, and the result appears to have helped reduce demand.

As a whole, the retail value of the United States cocaine market declined by about two thirds in the 1990s, and by about another quarter in the last decade. About 70% of the profits made off the cocaine trade in the United States accrue between mid-level dealers and the consumer. Farmers and traffickers in Colombia keep less than 3% of the retail sales value of the cocaine they produce.

### **The second largest cocaine market: Europe**

The world's second largest flow of cocaine is directed towards Europe, and this flow has been growing rapidly. The largest national cocaine market within Europe is the United Kingdom, followed by Spain, Italy, Germany and France. Cocaine use prevalence levels are higher in the United Kingdom and Spain than in the United States.

Recent data suggest that the rapid growth of the European cocaine market is beginning to level off in some of the biggest national markets such as Italy, Spain and Germany. Consumption is still growing in the United Kingdom and in some of the smaller European markets, however. In 2008, an estimated 124 mt of cocaine were consumed in Europe. To supply this demand, an estimated 212 mt departed South America toward Europe, about one quarter of total production. A greater share of this quantity comes from Peru and the Plurinational State of Bolivia than in the case of the United States.

The primary countries of entry to the European market are Spain and the Netherlands. Most of the trafficking is maritime. Significant transit routes flow from former colonies or overseas territories of the European nations to their counterparts on the continent. Flows through West Africa appear to have declined since 2007, but could resume in the near future.

While the volumes are lower, the value of the European cocaine market (US\$34 billion) is almost as high as in the case of the North American market (US\$37 billion), because purity-adjusted cocaine retail prices are higher in Europe. European street prices in 2008 are about half what they were in 1990, but purity has declined and the dollar has weakened against the euro. In dollar terms, the purity-adjusted price of cocaine in Europe has increased since 2002.

As in the North American market, only a fraction of the retail value goes to those who produce the drug. The intercontinental traffickers receive a larger share than in the North American case, but more than half of the retail value still accrues to wholesalers and retailers within Europe.

### *Heroin*

Heroin is the most widely consumed illicit opiate in the world. It is derived from opium, which itself can have an illicit use. Of the opium that is not converted into heroin, two thirds is consumed in just five countries: the Islamic Republic of Iran (42%), Afghanistan (7%), Pakistan (7%), India (6%) and the Russian Federation (5%). Other opiates are also abused, including various poppy straw concoctions and prescription opioids, but heroin remains the most problematic opiate internationally.

With the exception of 2001, when there was hardly any opium poppy cultivation in Afghanistan, global opium production expanded remarkably in the first decade of the twenty-first century until 2007, apparently with no commensurate expansion in demand. Opium production subsequently declined over the 2007-2009 period (from 8,890 to 7,754 mt), though remaining significantly above estimated global demand (some 5,000 mt for consumption and seizures). The declining farm-gate price of opium in Afghanistan in recent years has been more pronounced than the decline in heroin prices. This may reflect a number of factors, including rising prices for heroin precursors (particularly acetic anhydride) in that country and a build-up of stocks of opium not processed into heroin.

Although Afghanistan is the source of most of the world's illicit opiates (6,900 mt of opium or 89% of the world total in 2009), significant quantities are also produced in Myanmar (330 mt) and Latin America (notably in Mexico and Colombia). Since 2003, Mexico has been the world's third largest source of opium, and the quantities produced in 2008 (325 mt) came close to the quantities produced in Myanmar in 2009.

There are indications that the downward trend in global opium production over the 2007-2009 period will continue in 2010. Early indications for 2010 (as revealed in UNODC's *Afghanistan Opium Winter Rapid Assessment*) suggested that the area under opium cultivation in Afghanistan could remain basically stable, but yields will likely decline due to a blight.

Both opium and heroin seizures continued to increase in 2008. Morphine seizures, however, continued the declining trend started in 2007. Although heroin seizures have followed a generally increasing trend since 2002, they have been outpaced by the growth in global opium seizures, possibly reflecting difficulties faced by Afghan laboratory operators to obtain sufficient precursor chemicals to transform the large quantities of harvested opium into heroin. Most of the opium seizures continue to be made in the Islamic Republic of Iran, neighbouring Afghanistan. The global rise in opium seizures thus largely reflected the growing opium seizures made by the authorities in the Islamic Republic of Iran.

The world's two largest markets for Afghan opiates are the Russian Federation and West Europe, which together consume almost half the heroin produced in the world. About 340 mt of heroin is estimated to have been consumed globally in 2008. To meet this demand, accounting for seizures, some 430 mt would have had to be produced. UNODC estimates suggest that about 380 mt were produced out of Afghan opium that year, supplying the bulk of global demand.

### **The largest heroin market: West Europe**

The world's largest heroin market is West Europe, and about half of this market is contained in just three countries: the United Kingdom, Italy and France. Heroin use appears to be decreasing in most West European countries, although the harms associated with heroin use seem to be increasing, as reflected in heroin-induced deaths.

Most of the heroin dispatched from Afghanistan to West Europe proceeds overland along the so-called 'Balkan route', transiting the Islamic Republic of Iran (or Pakistan to the Islamic Republic of Iran), Turkey and the countries of South-East Europe. It is estimated that 37% of all Afghan heroin, or 140 mt, departs Afghanistan along this route, to meet demand of around 85 mt. Most of the heroin interdicted in the world is seized along this route: between them, the Islamic Republic of Iran and Turkey were responsible for more than half of all heroin seized globally in 2008.

The total quantity of heroin seized in Europe, as reported by some 43 countries, was around 7.6 mt in 2008, which is only a fifth of the amount seized in Turkey and the Islamic Republic of Iran in 2008. In all, three countries – the United Kingdom (18%), Italy (14%) and Bulgaria (13%) – accounted for almost half of the total amount seized in the EU and EFTA countries in 2008. Across Europe, many countries directly straddling the main heroin trafficking routes reported rather low levels of heroin seizures in 2008, such as Montenegro (18 kg), Bosnia and Herzegovina (24 kg), the Former Yugoslav Republic of Macedonia (26 kg), Hungary (28 kg), Albania (75 kg), Austria (104 kg), Slovenia (136 kg), Croatia (153 kg) and Serbia (207 kg).

Wholesale prices of heroin (not adjusted for purity) increase along the trafficking route from South-West Asia to Europe. In 2008, wholesale prices ranged from less than US\$3,000 per kg in Afghanistan to US\$10,300- US\$11,800 per kg in Turkey and an average of US\$44,300 per kg in West and Central Europe.

### **The second largest heroin market: the Russian Federation**

Some 25% of all Afghan heroin (95 mt) is trafficked each year from Afghanistan into Central Asia to meet a demand of some 70 mt in the Russian Federation, along the 'Northern Route'. The number of opiate users in the Russian Federation is estimated at between 1.6 and 1.8 million people, equivalent to a prevalence rate of 1.6% of the population aged 15-64. There is a very high prevalence of HIV among drug users (some 37%).

To exit Afghanistan on the way to the Russian Federation traffickers can choose between three countries: Tajikistan, Uzbekistan and Turkmenistan. Most of the flow appears to proceed through Tajikistan to Osh in Kyrgyzstan, before transiting Kazakhstan to the Russian Federation. Trafficking is conducted mostly in private and commercial vehicles, often in relatively small amounts. Of 45 heroin seizures above 500 grams (a commercial quantity) made in Tajikistan between 2005 and 2007, 80% amounted to 10 kg or less, and of these, the average size was 2.6 kg. This is a rather small amount per seizure when compared to other regions, suggesting that small-scale trafficking operations are the rule rather than the exception.

While total seizures remained essentially stable in Tajikistan in 2008 (1.6 mt), seizures in Uzbekistan and Kazakhstan reached the highest levels on record, at 1.5 mt and 1.6 mt, respectively. In the Russian Federation, seizures have followed an upward trend, from 2.5 mt in 2006, to 2.9 mt in 2007 and to 3.4 mt in 2008.

### **Trafficking through Pakistan**

Some 150 mt (40%) of Afghan heroin/morphine are trafficked to Pakistan, particularly to Balochistan province and the Federally Administered Tribal Areas, which both share long borders with Afghanistan. While some of the drugs are consumed or seized in Pakistan, most are trafficked to other countries. Major destinations for heroin trafficked through Pakistan include the Islamic Republic of Iran (35 mt, most for onward shipment to Europe), various countries in Asia (25 mt), Africa (some 20 mt) and the United Arab Emirates (11 mt for onward shipment to China and East/Southern Africa). Pakistani traffickers also operate numerous air (and sea) trafficking routes to Europe, mostly to the United Kingdom and the Netherlands, shipping an estimated 5 mt annually via these direct connections.

### *Amphetamine-type stimulants*

Amphetamine-type stimulants (ATS) refer to a group of synthetic substances comprised of amphetamine-group (primarily amphetamine, methamphetamine and methcathinone) and ecstasy-group substances (MDMA and its analogues). ATS can be made anywhere the precursors can be found, so manufacturing tends to happen close to the main consumer markets. More than one third of the countries reporting to UNODC have detected ATS manufacture in their territories.

The number of ATS-related clandestine laboratories reported increased by 20% in 2008, and, for the first time, revealed the existence of laboratories in Argentina, Brazil, Guatemala, the Islamic Republic of Iran and Sri Lanka. Information on the 8,432 detected laboratories came from 31 countries, with the largest numbers reported from the United States, the Czech Republic,

Australia, China,<sup>4</sup> Slovakia, New Zealand, the Netherlands, Canada and Mexico. However, the number of laboratories is not representative of their output, as many countries with lower total counts report only laboratories with large-scale outputs.

Traditionally, different regions have had problems with different ATS. ‘Ecstasy’ has been associated with the dance club scene, initially located primarily in the Anglophone countries, but later expanding throughout Europe, the Americas, the Oceania region and many parts of East and South-East Asia. Methamphetamine has been problematic in East Asia and South-East Asia over the last decade, as well as in North America and Oceania. Amphetamine was found primarily in Europe, though in recent years, the Middle East has emerged as a major new market, with demand for pills called *Captagon*. This was a brand-name for a discontinued product that contained fenethylamine, but these pills today mostly consist of amphetamine and caffeine. Pharmaceutical stimulants are widely misused in South America and in Africa.

Trends and associations with these substances are also changing:

- North America struggled with a rash of methamphetamine use, gradually moving from the west towards the east coast. Successes in precursor control, however, seem to have reduced this threat, though seizures increased in 2009.
- ‘Ecstasy’ is becoming important in many parts of the developing world, including Asia, while it seems to be levelling off or declining in Europe. The situation remains dynamic with illicit ecstasy manufacturing emerging in new locations around the world, while European and other markets are increasingly discovering synthetic substitution psychotropic substances in tablets sold as ecstasy. Piperazines, ketamine and other substitutes, either marketed as ‘ecstasy’ or under their own name, have grown in popularity as club drugs. With these changes in demand, the location of manufacturing operations has changed. In the past, most of the pills sold as ‘ecstasy’ were manufactured in Europe, but this does not seem to be the case any longer. Manufacture of ‘ecstasy’ has increased in North America (notably in Canada) and in several parts of Asia. In line with the increases in manufacture in Canada, there are now also early signs that the strong downward trend in ecstasy use in North America after the year 2000 could be reversed.

ATS are seized in a wider range of countries and greater volumes than ever before. A key component of the volume increase is the growth in the seizures of pills branded as *Captagon*. In the more mature markets, however, ATS use appears to have stabilized or declined, and seizures of tablets containing ecstasy-group substances in Europe have plummeted since 2006.

These broad trends mask a number of important regional developments. Manufacture of methamphetamine for the United States market, for example, underwent a dramatic transformation in response to domestic precursor controls implemented in 2005. Manufacturing was displaced over the border to Mexico. This displacement was later addressed by precursor controls in Mexico initiated in 2007. In response to these efforts, prices in the United States rose and purity declined. But there are indications that the traffickers are adapting yet again,

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<sup>4</sup> In 2008, China reported 244 unspecified clandestine laboratories. However, this figure is also known to include some opium dens and was therefore not included in the ATS totals.

identifying new sources of precursors, new techniques for synthesizing the drug, and new countries in which to locate manufacture. From the end of 2007 until the beginning of 2009, the purity of methamphetamine sold in the United States appears to have increased, resulting in a decline in the price per gram of pure methamphetamine. This situation appeared to have stabilized by late 2009.

Traffickers have adapted to measures to control 'ecstasy' manufacture as well. Traditionally, Europe has been the source of most of the 'ecstasy' used in the world, but manufacturing operations are increasingly detected in other regions, catering to demand in an expanding number of countries. Alternative precursors, including safrole-rich oils from South-East Asia, are increasingly detected in MDMA manufacture, and substitute drugs, particularly the piperazines, are used to mimic the effects of MDMA. Some of these substitute chemicals are not under international control and are not regulated in all jurisdictions.

Another drug outside international control, with growing popularity in Asia, is the veterinary anaesthetic ketamine. Most of this drug is diverted from licit sources, but large-scale illicit manufacturing has been detected in Asia. Seizures have been made in the hundreds of kilograms, and the price has remained low relative to other drugs.

### *Cannabis*

In contrast to the major international markets described above, very little can be said about global cannabis trends, because the drug is produced locally and consumed widely in countries around the world. Cannabis resin markets are more concentrated than those for herbal cannabis, with Afghanistan and Morocco being the largest international exporters. The area under cannabis cultivation in Morocco declined from 134,000 ha in 2003 to 72,500 ha in 2005 and production fell from 3,070 mt to 1,067 mt. Since 2005, UNODC has not carried out a cannabis survey in Morocco. However, the Government of Morocco has reported decreases after 2005. Data on seizures of cannabis resin originated in Morocco and reported by destination countries do not show a decreasing trend and Morocco continues to appear as one of the major sources of resin. The Afghan production was assessed at between 1,500 and 3,500 mt in 2009 (with estimates of the area under cannabis cultivation ranging from 10,000 to 24,000 ha). Cannabis resin seizures in the Near and Middle East/South-West Asia more than doubled after 2006.

The most notable global trend in cannabis production in recent years has been the growth of indoor cultivation, especially in Europe, Australia and North America. Indoor growing is a very lucrative business and is increasingly a source of profit for local organized crime groups.

Seizures of both cannabis herb and resin reached record levels in 2008. Cannabis herb is the most prevalent of the two, with total seizures reaching 6,587 mt, whereas the resin seizure total was 1,637 mt in 2008. Cannabis herb seizures appear to be growing most strongly in South America; in particular in the Plurinational State of Bolivia. For resin, the growth is strongest in South- West Asia. The year 2008 saw what may be the single largest drug seizure in history: 236.8 mt of cannabis resin seized by the Afghan authorities in Kandahar province in June.

Prices of cannabis herb vary noticeably across different countries and regions, even when adjusted for purchasing power parity. Some regions revealed intra-regional consistency, although comparisons across countries should be considered with caution since prices may relate to different product types. Very high retail prices were reported by Japan, Singapore and two territories in Eastern Asia (Hong Kong and Macao, China). The high price in Japan may be due to the fact that cannabis herb is mainly imported, which is contrary to the prevalent pattern in most other countries. Cannabis herb prices in Europe were also relatively high. The lower end of the scale was occupied mainly by countries in Africa, South America and East, South-East and South Asia.

Cannabis remains the most widely used illicit substance in the world. Globally, the number of people who had used cannabis at least once in 2008 is estimated between 129 and 191 million, or 2.9% to 4.3% of the world population aged 15 to 64. Cannabis use appears to be in long-term decline in some of its highest value markets, including North America and parts of West Europe. Increasing use has been reported in South America, although annual prevalence rates remain far lower than in North America. Although there is a lack of scientifically valid data on cannabis use for both Africa and Asia, national experts in both continents perceive an increasing trend.

### **Drug trafficking and instability in transit countries**

There are two ways that drug trafficking can pose a threat to political stability. The first involves countries where insurgents and illegal armed groups draw funds from taxing, or even managing, drug production and trafficking. The second concerns countries that do not face such a situation, but where the drug traffickers become powerful enough to take on the state through violent confrontation or high-level corruption. This chapter focuses on the second category, and discusses the impact of cocaine trafficking on transit countries.

Between 2006 and 2008, over half the maritime shipments of cocaine to Europe detected came from the Bolivarian Republic of Venezuela. Ecuador has also been affected by an increase in transit trafficking, and both countries are experiencing increasing problems with violence.

The decline of the US cocaine market and the rise of the European one have also contributed to violence in the Caribbean. In some cases, this is due to new cocaine flows, in others, to the loss of cocaine trafficking as a revenue source for local criminals. It appears that any dramatic changes in trafficking can have a destabilizing effect, resulting in violence.

The region worst affected at present is the Northern Triangle of Central America: Guatemala, Honduras and El Salvador. Here, intense drug-related violence has posed a serious challenge to governance. While all these countries have had problems with violence in the past, the murder rate is highest not in the largest urban areas but in those parts of the country particularly affected by the drug trade, including some ports and border areas.

Much has been made of drug-related violence in Mexico, but murder rates are considerably lower and the Government is far stronger in Mexico. The crackdown on the Mexican cartels has inflamed violence, as it did in Colombia, but this phase may be necessary to dismantle organized crime groups that have begun to challenge the state. It appears to have disrupted the cocaine

supply to the United States, but more importantly, it has uprooted widespread corruption and reasserted Government control over the entire territory of the country. Since much of the drug violence in Central America is tied to these same cartels, progress in Mexico should also aid the countries to the south.

On the other side of the Atlantic, large-scale cocaine trafficking has been a problem in West Africa since around 2004. While data on violence are sparse in West Africa, it is unlikely that the flow of drug money will precipitate the kind of feuds that have been recently seen in Latin America, because the traffickers have been able to co-opt top figures in some authoritarian societies. The best known example is Guinea-Bissau, where the prime minister was recently detained and threatened by soldiers so that the chief of staff of the military could be removed. The man who engineered this 'coup' has assumed the role of deputy chief. He has also been widely accused of involvement in drug trafficking. While the flow of cocaine through this region declined sharply after political turmoil in Guinea-Bissau and Guinea in 2008/2009, these recent developments suggest it may resume in the near future.

Measures must be taken to assure that transnational organized crime does not contribute to instability, including, when relevant, building crime prevention into international efforts to foster peace and the rule of law. Since most transnational trafficking flows are intercontinental, however, planning of integrated drug control strategies at the global level is required to address them, and the United Nations can help to coordinate this endeavour.

## "Toward a Public Health Approach to Drug Policy"

Alex Kreit

American Constitution Society for Law and Policy

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### Introduction

Nearly 40 years after President Richard Nixon signed the Controlled Substances Act into law and subsequently declared a “war on drugs,” it is difficult to describe our drug policy as anything other than a failure. Despite an annual federal budget of over \$13 billion – a number that does not include the costs of housing inmates who have been convicted of a drug offense – our drug control strategy appears to have had little impact on drug use rates or drug availability. Nearly half of high school seniors have used an illegal drug by the time they graduate,<sup>1</sup> more kids say it is easier for them to buy marijuana than alcohol,<sup>2</sup> and a 2008 World Health Organization (WHO) study of 17 countries found that the United States had the highest rates of illegal drug use.<sup>3</sup> Indeed, the WHO study presents a particularly vexing challenge to the efficacy of the United States’ approach to drug policy. Among the report’s findings was that the percentage of people who have used marijuana in America is more than double that in the Netherlands – 42.4% to 19.8%.

Meanwhile, our punitive approach to drug policy has been a leading cause of the explosion in our prison population. In the last 20 years alone, the national prison population has nearly tripled, giving the United States the world’s highest reported incarceration rate.<sup>4</sup> And, of the 2.3 million Americans in prison, approximately one quarter are there because of a drug offense. To put that in perspective, the number of Americans incarcerated for drug offenses today is larger than the entire United States prison and jail population was in 1980.<sup>5</sup>

In short, after four decades, it is becoming increasingly clear that our current drug control strategy has not worked. Despite spending more money and imprisoning more people in our drug control effort than most other nations, we have among the highest drug use rates in the world.

While criticism of our drug policies is nothing new, politicians have been reluctant to tackle the issue because the war on drugs was immensely popular during the 1980s and early 1990s. The

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<sup>1</sup> L.D. JOHNSON ET AL., NAT’L INST. ON DRUG ABUSE, MONITORING THE FUTURE: NATIONAL SURVEY RESULTS ON DRUG USE 1975-2007, at 102 Tbl.4-1a, *available at* [http://www.monitoringthefuture.org/pubs/monographs/vol1\\_2007.pdf](http://www.monitoringthefuture.org/pubs/monographs/vol1_2007.pdf).

<sup>2</sup> NAT’L CTR. ON ADDICTION AND SUBSTANCE ABUSE, NATIONAL SURVEY OF AMERICAN ATTITUDES ON SUBSTANCE ABUSE XIII: TEENS AND PARENTS 17 Fig.3.P, *available at* <http://www.casacolumbia.org/articlefiles/380-2008%20Teen%20Survey%20Report.pdf> (showing 23% of teens say marijuana is the easiest drug for them to buy while only 15% say beer is).

<sup>3</sup> Louisa Degenhardt et al., *Toward a Global View of Alcohol, Tobacco, Cannabis and Cocaine Use: Findings from the WHO, World Mental Health Surveys*, 5 PLOS MEDICINE 1053, 1057 Tbl.2 (2008) (hereinafter “WHO Survey”), *available at* [http://medicine.plosjournals.org/archive/1549-1676/5/7/pdf/10.1371\\_journal.pmed.0050141-L.pdf](http://medicine.plosjournals.org/archive/1549-1676/5/7/pdf/10.1371_journal.pmed.0050141-L.pdf).

<sup>4</sup> THE PEW CTR. ON THE STATES, ONE IN 100: BEHIND BARS IN AMERICA 2008, at 5, *available at* <http://www.pewcenteronthestates.org/uploadedFiles/One%20in%20100.pdf>.

<sup>5</sup> The most recent statistics show that 504,646 Americans are incarcerated for a drug offense, while 501,886 Americans were incarcerated for all offenses in 1980. Moreover, the actual number of drug offenders incarcerated today is very likely higher than 504,646 because offense-specific data for jail inmates has not been released since 2002. Compare TRACY L. SNELL, DEP’T OF JUSTICE, CORRECTIONAL POPULATIONS IN THE UNITED STATES, 1983, at 5 Tbl.1.1 (1995), *available at* <http://www.ojp.usdoj.gov/bjs/pub/pdf/epop93bk.pdf> with HEATHER C. WEST & WILLIAM J. SOBEL, DEP’T OF JUSTICE, PRISONERS IN 2007, at 21-22 Tbls. 10 & 12 (2008), *available at* <http://www.ojp.usdoj.gov/bjs/pub/pdf/p07.pdf> and DORIS J. JAMES, DEP’T OF JUSTICE, PROFILE OF JAIL INMATES, 2002, at 4 (2004) *available at* <http://www.ojp.usdoj.gov/bjs/pub/pdf/pji02.pdf>.

perception that supporting any change in our punitive drug policies is politically risky persists today. As Senator Jim Webb, who recently called for a national commission to reassess criminal justice policy, put it, “few candidates or elected officials these days even dare to mention the mind-boggling inconsistencies and the long-term problems that are inherent in [our criminal justice system]” because they believe that “to be viewed as ‘soft on crime’ is one of the surest career-killers in American politics.”<sup>6</sup>

Contrary to the conventional wisdom, however, public opinion polls and election results reveal that there has been a dramatic – though largely unnoticed – shift in support of drug policy reform among voters over the past decade. Today, a full three quarters of Americans say that they think our “war on drugs” policy is failing, according to a 2008 Zogby poll.<sup>7</sup> Similarly, ballot initiatives to reform state drug policies have met with resounding success, beginning with California’s medical marijuana initiative in 1996. Since that time, a total of 13 states have adopted medical marijuana laws, the most recent being Michigan, where the measure passed with 63% of the vote. And the trend extends beyond medical marijuana. In 2000, for example, California voters passed Proposition 36, which diverts many first- and second-time drug offenders to treatment instead of incarceration. In November 2008 in Massachusetts, Bay Staters voted by 65% to decriminalize marijuana. To be sure, support for the more controversial measures advocated by some drug policy reform advocates remains low. However, a substantial and growing majority of voters today favor commonsense reforms that would have been politically untenable during the height of drug war politics in the 1980s, such as legalizing medical marijuana or expanding treatment-based drug court programs.

As we approach the 40th anniversary of the “war on drugs” and await the confirmation of Gil Kerlikowske, President Barack Obama’s pick for Director of the Office of National Drug Control Policy (ONDCP) (a position commonly referred to as the “Drug Czar”), now is an ideal time to reassess our drug policy. There is no magic bullet that can solve the problem of substance abuse. And it would take volumes to fully examine the shortcomings of our current strategy. There are, however, a number of readily identifiable reforms that can help begin to set us on the right track and build a foundation for more significant improvements in the future. This paper discusses some of the main flaws in our drug policy and examines a handful of specific policy proposals that would improve our strategy and put us on the path toward a more efficient and humane public health approach to drug abuse.

### **After Nearly 40 Years, It’s Time for a New Approach**

The guiding tenet of the “war on drugs” strategy has been that vigorous enforcement of uncompromising criminal justice measures is the most effective method to reduce drug abuse and associated problems. This philosophy has manifested itself in an almost singular focus on supply-side initiatives, including the mass incarceration of drug offenders at all levels of offense severity in an effort to deter domestic drug manufacture and distribution, along with a militaristic approach to eradicating drug production abroad, and interdicting drugs at the border. The theory is that these policies will help to “keep drugs off our streets,” and thereby lead to a reduction in drug use and drug-related crime. Efforts aimed directly at demand reduction have largely followed the same approach by increasing the number of arrests for drug possession and addressing drug use and addiction problems primarily within the criminal justice system. Another key component of the overall strategy has been to strictly follow this criminal justice model for all drug types, and to resist tailoring the level of enforcement to each substance based

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<sup>6</sup> JIM WEBB, A TIME TO FIGHT 216 (2008).

<sup>7</sup> ZOGBY INT’L, LIKELY VOTERS 9/23/08 THRU 9/25/08, at 43-45, available at <http://www.zogby.com/news/XIAD.pdf>.

on the harm it inflicts on society by, for example, shifting resources from enforcement of marijuana laws to other areas.<sup>8</sup>

By contrast, public health policies, such as drug treatment and prevention measures, have played a secondary role in our drug strategy. This has led, for example, to a dramatic gap in drug treatment with the Substance Abuse and Mental Health Services Administration estimating that in 2007 only 17.8% of persons who needed drug treatment received it, a number that has remained largely unchanged throughout the decade.<sup>9</sup> Indeed, drug war advocates have actually opposed some state-level treatment initiatives – particularly those that offer treatment as an alternative to incarceration or remove certain classes of drug offenders from the criminal justice system – on the grounds that they would send a “soft on drugs” message. Similarly, harm reduction measures such as needle exchange – policies aimed primarily at reducing the harms caused by drug abuse rather than limiting drug supply or demand – have by and large failed to gain traction at the federal level because they are viewed as incompatible with the zero tolerance philosophy of the war on drugs.

Though the war on drugs strategy has long been subjected to criticism as ineffective, its proponents have countered by pointing to temporary reductions in use rates or supply measurements for particular drugs during specific time periods and arguing that more resources and even tougher laws would yield sustainable results. A number of recent studies and reports, however, point to an emerging consensus among policy analysts and foreign leaders that after 40 years, the war on drugs has proven to be less effective than cheaper and more humane policies adopted by other countries. In addition to the WHO’s 2008 study mentioned above, the past year alone has seen prominent reports by the Brookings Institute’s Partnership for the America’s Commission and the Latin-American Commission on Drugs and Democracy calling for a fundamental reassessment of the United States’ drug strategy.

At the heart of this trend is mounting evidence that four decades of steadily intensifying drug war policies – including increased numbers of drug arrests and incarcerations, drug seizures, and spraying of crops overseas – has had at most a negligible impact on illegal drug use and availability. The temporary reductions that have been cited as drug war “successes” have all proved to be unsustainable – more likely caused by normal fluctuations of cultural preferences in the way that taste in music or fashion might change than by our drug policies. With respect to drug use, the 2008 WHO study marked the first major cross-national comparison of illegal drug use rates in all regions of the world. The study found that the “United States stands out with higher levels of [drug] use . . . despite punitive illegal drug policies[.]”<sup>10</sup> The number of Americans who have used cocaine is approximately four times higher (at 16.2%) than in any other country. Among those aged 15 and younger, nearly three times as many had tried marijuana in the United States (20%) than in the Netherlands (7%). And the study indicated that the number of Americans using drugs is actually rising, with 54% of those 21 and younger having used marijuana compared to only 42% total. Overall, the researchers concluded, the

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<sup>8</sup> For example, 79% of the 450,000 person increase in drug arrests in the United States during the 1990s was for marijuana possession offenses alone. DAVE BEWLY-TAYLOR ET AL., THE BECKLEY FOUND. DRUG POLICY PROGRAMME, INCARCERATION OF DRUG OFFENDERS: COSTS AND IMPACTS 2 (2005), *available at* [http://www.beckleyfoundation.org/pdf/paper\\_07.pdf](http://www.beckleyfoundation.org/pdf/paper_07.pdf).

<sup>9</sup> SUBSTANCE ABUSE AND MENTAL HEALTH SERVS. ADMIN., RESULTS FROM THE 2007 NATIONAL SURVEY ON DRUG USE AND HEALTH: NATIONAL FINDINGS 83 (2008), *available at* <http://www.oas.samhsa.gov/nsduh/2k7nsduh/2k7Results.pdf>.

<sup>10</sup> WHO Survey, *supra* note 3, at 1062.

findings revealed “countries with more stringent policies toward illegal drug use did not have lower levels of such use than countries with more liberal policies.”<sup>11</sup>

The drug war has similarly failed to reduce drug supply. A 2008 Brookings report on U.S.-Latin American Relations described the results under a blunt heading: “the Failed War on Drugs.” According to the report, “the street prices of cocaine and heroin fell steadily and dramatically” between 1980 and 2007 despite a significant increase in United States spending on overseas supply control over the same time period. Similarly, although we have recently seen record-breaking figures for drug eradication and drug seizures at the border, “cocaine production in the Andean region is currently at historic highs.”<sup>12</sup> The Brookings report concluded that demand reduction is the only long-term solution to the problem of drug abuse and recommended, among other things, that the United States government undertake a comprehensive reevaluation of its drug policies. Among recent studies of United States drug policy, however, the Latin-American Commission on Drugs and Democracy’s February 2009 report is perhaps the most striking. The Commission was comprised of a blue-ribbon panel of experts from throughout Latin America and headed by three politically conservative former Latin American Presidents: Fernando Henrique Cardoso of Brazil, César Gaviria of Colombia, and Ernesto Zedillo of Mexico. It concluded that the war on drugs was a “failed war” that has led to an increase in organized crime and drug-related violence without reducing drug use or availability.<sup>13</sup> The Commission called for a paradigm shift in drug policy to an approach that focuses on demand reduction and “[c]hanges the status of addicts from drug buyers in the illegal market to that of patients cared for in the public health system.”<sup>14</sup>

All told, indicators from drug availability to drug-related violence to drug use rates reveal that our current drug strategy is fundamentally flawed. Over the past 40 years, we have spent billions of dollars and imprisoned millions of fellow citizens without any discernible benefit to show for it. The scope of this problem suggests that only significant change to our overall strategy will be able to address the drug war’s failures. Assessing the various options for a shift of that magnitude is not feasible to do here. There are, however, a number of specific reforms that are likely to produce improved results while decreasing human and economic costs, and that can be implemented without altering the overall structure of federal drug laws. At the same time, these proposals can help lay the foundation for more fundamental change in the future by beginning to re-orient our drug strategy away from a “war” posture and toward a more effective and humane public health model. I examine these proposals in two sections. First, I will discuss ideas for reallocating funds in the National Drug Control Strategy from measures that have proven costly and ineffective to more successful programs. Second, I will explore some of the excesses of the drug war – laws that are not only ineffective but counter-productive and should be repealed or dramatically reformed.

### **Reallocating Federal Spending**

One of the most direct ways for the new Drug Czar to address some of the shortcomings of our current strategy would be to seek spending reallocations in President Obama’s National Drug Control Policy budget request that would decrease funding for ineffective strategies and put the

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<sup>11</sup> *See id.* at 1057 tbl.2, 1059.

<sup>12</sup> THE BROOKINGS INST., RETHINKING U.S.-LATIN AMERICAN RELATIONS: A HEMISPHERIC PARTNERSHIP FOR A TURBULENT WORLD, REPORT OF THE PARTNERSHIP FOR THE AMERICAS COMMISSION 25-26 (2008).

<sup>13</sup> THE LATIN AM. COMM’N ON DRUGS AND DEMOCRACY, DRUGS AND DEMOCRACY: TOWARD A PARADIGM SHIFT 1 (2009), available at [http://www.drugsanddemocracy.org/files/2009/02/declaracao\\_ingles\\_site.pdf](http://www.drugsanddemocracy.org/files/2009/02/declaracao_ingles_site.pdf) (noting that after a decades-long war “[w]e are farther than ever from the announced goal of eradicating drugs”).

<sup>14</sup> *Id.* at 4.

money toward successful treatment and prevention measures. Studies have consistently shown drug treatment and prevention programs to be more cost effective than interdiction, incarceration, and eradication programs. For example, a detailed study conducted by the RAND Corporation at the request of the ONDCP compared treatment with other strategies in the context of cocaine. The study found that each cocaine-control dollar used for treatment generates societal cost savings of \$7.48, compared to savings of only 15 cents for every dollar used for source-country control, 32 cents for every dollar used for interdiction, and 52 cents for every dollar used for domestic law enforcement.<sup>15</sup> Yet, only 35% of the National Drug Control Policy budget goes toward treatment and prevention initiatives (a figure that includes treatment and prevention-related research) while 65% is put to supply-reduction measures, including domestic law enforcement, interdiction, and international programs.<sup>16</sup> Moreover, these numbers have been trending in the wrong direction, with spending on demand reduction falling steadily from 46% of the total budget in 2002.<sup>17</sup>

The new administration should reverse course by significantly reducing the percentage of resources allocated to supply reduction and increasing funding for demand reduction efforts. While a detailed account of all federal drug control spending is beyond the scope of this paper, a handful of key programs deserve particular attention both for their own importance and as an illustration of the type of funding reallocations the ONDCP should seek in future budget proposals.

With respect to treatment and prevention initiatives, three stand out as examples of programs that should receive significant funding increases: (1) the Substance Abuse and Mental Health Treatment (SAPT) Block Grant; (2) the Adult, Juvenile, and Family Drug Courts grant program; and (3) the Screening, Brief Intervention, and Referral prevention program. The SAPT Block Grant is the largest federal treatment funding source and the backbone of publicly supported treatment and prevention with annual funding of approximately \$1.8 billion. The program awards grants to community organizations through the states to carry out a variety of treatment and prevention measures tailored to each community's needs. Despite the central importance of the SAPT Block Grant to public drug and alcohol treatment, recent years have seen only level or near-level funding for the Block Grant.<sup>18</sup> Perhaps the most effective step the new administration can take to quickly help address unmet drug treatment need is to significantly increase the spending on the SAPT Block Grant.

The Adult, Juvenile, and Family Drug Courts grant program, while less far-reaching than the SAPT Block Grant, is one of the key vehicles through which the new administration can increase its support for cost-effective alternatives to incarceration. Drug courts divert nonviolent drug offenders with substance abuse problems into treatment and recovery programs with intense judicial supervision of each individual's progress. And, while drug courts are not without their flaws,<sup>19</sup> studies have consistently shown that they produce better results than incarceration with

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<sup>15</sup> C. PETER RYDELL & SUSAN S EVERINGHAM, CONTROLLING COCAINE 42 (1994).

<sup>16</sup> THE WHITE HOUSE, NATIONAL DRUG CONTROL STRATEGY, FY 2009 BUDGET SUMMARY 11 (2008), available at <http://whitehousedrugpolicy.gov/publications/policy/09budget/fy09budget.pdf>.

<sup>17</sup> *Id.* at 13. Importantly, the cost of incarceration of drug offenders is not included in the National Drug Control Policy budget and, accordingly, not factored into these allocation percentages. If these costs were included, the percentage of resources directed toward supply-reduction would, of course, be even higher.

<sup>18</sup> *Id.* at 49, 54.

<sup>19</sup> For an interesting and persuasive argument that drug courts may actually lead to longer sentences for members of historically disadvantaged groups who can often receive harsher prison sentences after treatment failures than they would otherwise receive through a plea agreement, see Josh Bowers, *Contraindicated Drug Courts*, 55 U.C.L.A. L. REV. 783 (2008). Bowers recommends uncoupling drug courts from criminal cases as a way to address this problem.

substantially reduced costs. As the 2009 National Drug Control Strategy explained, a “decade of drug court research shows that [drug] courts work better than jail or prison[.]”<sup>20</sup> An analysis in California, for example, found that the drug courts studied cost only \$3,000 on average per client while generating an average savings of \$11,000 per client in reductions in recidivism and costs to victims.<sup>21</sup> Despite broad agreement that drug courts are successful, however, a 2008 study by the Urban Institute determined that just 50% of those currently eligible for drug courts, and a mere 3.8% of all at-risk arrestees, are able to participate in a drug court program. The researchers estimated that if treatment were provided to all at-risk arrestees, it would produce a net benefit of approximately \$32 billion.<sup>22</sup> Increasing funding to the grant program, particularly to courts that do not have overly restrictive eligibility requirements, would help existing courts serve all eligible offenders and encourage states to create additional programs.

Finally, the federal government should provide additional funding for innovative medical-based prevention programs like the Bush Administration’s successful Screening, Brief Intervention, and Referral to Treatment (SBIRT) initiative. The federal government began funding screening programs through SBIRT in 2003 and the early results are encouraging.<sup>23</sup> The programs incorporate drug and alcohol addiction screening and counseling into general medical settings, such as visits to primary care providers. This method takes advantage of the fact that many individuals who have a drug abuse problem or are at risk of developing one do not proactively seek substance abuse treatment but will nevertheless continue to visit primary care physicians for routine examinations. SBIRT provides funding to develop and implement programs that aim to make drug screening and treatment referrals part of standard medical practice. The programs represent a common sense public health approach to substance abuse and have the potential to both help prevent problem use from becoming full-blown addiction through interventions and effectively facilitate treatment for those who are addicted.

To free up funds for additional expenditures on demand reduction programs, the ONDCP should reduce or eliminate funding for some of the “drug war” programs that have proven to be particularly ineffective. Source-country crop eradication programs like Plan Colombia, federal criminal investigation and prosecution of low- and mid-level drug offenders, and student drug testing grants are examples of programs that should be targeted for cuts. Eradication programs are a particularly stark example of the failure of our supply-side-oriented war on drugs strategy. These programs aim to reduce the supply of drugs like cocaine and heroin in the United States by wiping out coca and poppy crops in source countries, primarily through aerial fumigation. The strategy is incredibly expensive but does little to reduce drug supply. Among the reasons that crop eradication programs have not succeeded is that production simply shifts from the targeted region to a new one. At the same time, the herbicides used to spray coca and poppy fields also damage the legal crops of local subsistence farmers and may have negative environmental and health effects. A 2008 Government Accountability Office report on Plan Colombia, which featured perhaps the most prominent and expansive eradication effort to date, found that coca

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<sup>20</sup> OFFICE OF NAT’L DRUG CONTROL POLICY, NATIONAL DRUG CONTROL STRATEGY 2009 ANNUAL REPORT 20 (2009).

<sup>21</sup> OFFICE OF NAT’L DRUG CONTROL POLICY, NATIONAL DRUG CONTROL STRATEGY 2008 ANNUAL REPORT 29 (2008).

<sup>22</sup> AVINASH SINGH BHATI ET AL., THE URBAN INSTITUTE, TO TREAT OR NOT TO TREAT: EVIDENCE ON THE PROSPECT OF EXPANDING TREATMENT TO DRUG INVOLVED OFFENDERS xii, 33 (2008), *available at* [http://www.urban.org/UploadedPDF/411645\\_treatment\\_offenders.pdf](http://www.urban.org/UploadedPDF/411645_treatment_offenders.pdf).

<sup>23</sup> *See, e.g.*, PAMELA ANDERSON ET AL., JOIN TOGETHER, SCREENING & BRIEF INTERVENTION: MAKING A PUBLIC HEALTH DIFFERENCE (2008), *available at* <http://www.jointogether.org/aboutus/ourpublications/pdf/sbi-report.pdf> (providing an overview of the benefits of screening and brief intervention programs).

cultivation in Colombia had actually *increased* by 15% since 2000.<sup>24</sup> During the same period, the United States provided over \$6 billion in support to Plan Colombia, though some of these funds were put toward uses other than crop eradication. Expenditures on foreign aerial fumigation programs should be dramatically reduced, if not eliminated.

In terms of domestic programs, the ONDCP, in coordination with the Department of Justice and the Drug Enforcement Administration (DEA), should work to significantly reduce the number of federal drug prosecutions. Despite overwhelming evidence that mass incarceration of drug offenders has done little to reduce drug use or availability, drug offenses remain among the most frequently prosecuted offense category and comprised approximately 35% of all federal felony and Class A misdemeanor cases in 2007.<sup>25</sup> Although there is no current data regarding how many drug prosecutions overall are of low- and mid-level players – such as couriers, street dealers, or look-outs – a 2007 United States Sentencing Commission report on crack and powder cocaine sentencing revealed that 61.5% of crack cocaine offenders and 53.1% of power cocaine offenders fall into these categories.<sup>26</sup> Outside of a limited category of cases where, for example, federal prosecution of an underling is truly necessary to reach a kingpin or dismantle a large-scale criminal organization, there is no reason why most offenders in these categories should be the subject of federal law enforcement resources. However, a 2004 study of predictive factors on federal decisions about which cases to prosecute found that drug prosecutions are the least likely of all federal crimes to be declined for prosecution.<sup>27</sup> Domestic federal drug investigations and prosecutions, and the lengthy sentences they entail, should be reserved for high-level drug offenders. In addition to saving money, scaling back federal prosecutions of drug couriers and street dealers would be a much-needed first step toward addressing our embarrassingly high incarceration rate, and one that could be achieved without changing federal drug laws.

While supply-side programs should be the primary targets for cuts, the Obama Administration should also carefully review prevention spending and reduce or eliminate funding for ideologically driven programs that have not achieved results. The chief example in this area is the federal drug testing grant program, started by the Bush Administration in 2004. Each year since, ONDCP has sought funding increases for the program, which has been a darling of drug war adherents. Much of the funding is used to encourage and assist schools with the establishment of drug testing programs, even when they have not sought the programs, rather than responding to an unmet demand for drug testing program funding on the part of schools and communities. However, the only major study on student drug testing, conducted by the University of Michigan researchers for the National Institute on Drug Abuse, found that they are utterly ineffective and do not reduce drug use.<sup>28</sup> With so many programs that have a proven track record of results currently under-funded, federal resources should not be used on programs that have been shown not to work.

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<sup>24</sup> GOV'T ACCOUNTING OFFICE, PLAN COLOMBIA: REPORT TO THE HONORABLE JOSEPH BIDEN, JR. 18 (2008).

<sup>25</sup> U.S. SENTENCING COMM'N, OVERVIEW OF FEDERAL CRIMINAL CASES: FISCAL-YEAR 2007, at 1 (2008).

<sup>26</sup> U.S. SENTENCING COMM'N, REPORT TO CONGRESS: COCAINE AND FEDERAL SENTENCING POLICY 19 Fig. 2-4 (2007). Similarly, a 1994 Department of Justice report found that 36.1 percent of all federal drug offenders were "low-level" offenders under the Department's own criteria and that these offenders received an average prison sentence of 85.1 months. The 1994 report did not include mid-level offenders. U.S. DEP'T OF JUSTICE, ANALYSIS OF NON-VIOLENT DRUG OFFENDERS WITH MINIMAL CRIMINAL HISTORIES (1994).

<sup>27</sup> Michael Edmund O'Neill, *Understanding Federal Prosecutorial Declinations: An Empirical Analysis of Predictive Factors*, 41 AM. CRIM. L. REV. 1439, 1454 (2004).

<sup>28</sup> RYOKO YAMAGUCHI ET AL., INST. FOR SOCIAL RESEARCH, DRUG TESTING IN SCHOOLS: POLICIES, PRACTICES, AND ASSOCIATION WITH STUDENT DRUG USE 2 (2003), available at <http://www.rwjf.org/files/research/YESOccPaper2.pdf>.

## A. Legislative Reforms

While a good deal of progress in setting our drug policy on the course toward a more effective and sensible public health model can be achieved by changing budget priorities, real change will also require the repeal or amendment of a number of federal laws and policies. In the long term, reversing the failures of the war on drugs will almost certainly require significant and far-reaching legislative action. There are, however, a number of discrete federal laws and policies that the Obama Administration should work to repeal or reform in the short term. These policies represent the fringe excesses of the drug war: laws that are not only ineffective but actually do more harm than good. In addition, these are areas in which there is broad agreement on the need for change among voters and policy analysts from across the political spectrum. This list is by no means exhaustive, but aims to identify some of the policies where change is especially needed and most likely to be achievable.

As discussed above, low- and mid-level drug offenders comprise a substantial percentage of federal drug prosecutions. Just as problematic is the fact that these offenders are very often subjected to long mandatory minimum sentences that should be reserved only for drug kingpins and other top lieutenants. Drug sentencing has received a great deal of attention in the context of the “100 to 1” disparity between sentencing for crack and powder cocaine offenses, meaning that it takes 100 times the quantity of powder cocaine to trigger the same mandatory minimum penalty as for crack cocaine. The issue is an important one, and the Obama Administration has already formally announced its support for eliminating the disparity.<sup>29</sup> However, eliminating the disparity in crack and powder sentencing only scratches the surface of the real problem: a sentencing scheme in which sentences are based almost entirely on drug quantity.

The Anti-Drug Abuse Act of 1986 established the current framework for weight-based mandatory minimum drug sentences and the United States Sentencing Commission generally followed this weight-based approach in formulating federal sentencing guidelines. Under this scheme, a day laborer who unloads a truck full of cocaine for \$100, or a mule who drives it across the border for \$1,000, is exposed to the same mandatory minimum sentence and base level guidelines sentencing range as the drug ringleader who actually owns the cocaine and reaps all the profit.<sup>30</sup> The result is a system in which federal drug sentences are often minimally related to culpability<sup>31</sup> and federal tax dollars are being spent to warehouse small-time drug participants for years with no discernable benefit.

Solving this problem will require detailed changes to the federal sentencing guidelines in order to strike a more appropriate balance between drug quantity and an offender’s role in a drug organization. And there is a strong case for eliminating mandatory minimum provisions

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<sup>29</sup> See The White House, The Agenda: Civil Rights, [http://www.whitehouse.gov/agenda/civil\\_rights/](http://www.whitehouse.gov/agenda/civil_rights/) (last visited Mar. 13, 2009) (“President Obama and Vice President Biden believe the disparity between sentencing crack and powder-based cocaine is wrong and should be completely eliminated.”).

<sup>30</sup> See, e.g., Ian Weinstein, *Fifteen Years After the Federal Sentencing Revolution: How Mandatory Minimums Have Undermined Effective and Just Narcotics Sentencing*, 40 AM. CRIM. L. REV. 87, 107-08 (2003); U.S. SENTENCING COMM’N, REPORT TO CONGRESS: COCAINE AND FEDERAL SENTENCING POLICY 28-29 (2007) (noting that for cocaine and crack offenses, “[e]xposure to mandatory minimum penalties does not increase substantially with offender culpability as measured by offender function”).

<sup>31</sup> See Paul J. Hofer & Mark H. Allenbaugh, *The Reason Behind the Rules: Finding and Using the Philosophy of the Federal Sentencing Guidelines*, 40 AM. CRIM. L. REV. 19, 70-71 (2003) (“In their concern to design a workable system and to minimize disparity, the original Commission clearly preferred objective factors, such as drug weight or dollar amount, to subjective ones, such as the offender’s role or state of mind, which might be applied inconsistently. The result, however, is that important moral questions of culpability are relatively neglected, while more easily quantifiable issues of harm are elevated to a significance beyond their worth.”).

entirely<sup>32</sup>. At a minimum, however, the Obama Administration should work with Congress to amend the mandatory minimum drug sentencing provisions in Title 21 of the United States Code to exclude low- and mid-level offenders from their reach. Specifically, mandatory minimum sentences based on drug quantity should not apply to offenders whose role is limited to that of a drug courier, street-level dealer, or peripheral player (such as those whose role is limited to providing the location for a drug transaction, loading and unloading drugs, or driving someone to a drug transaction.)<sup>33</sup> Removing these classes of offenders from mandatory minimum sentencing provisions will give judges the ability to apply the relatively more flexible sentencing guidelines to help eliminate some of the most egregious examples of unfair federal drug sentences.

### **B. Reform Federal Medical Marijuana Law**

One of the most striking examples of the ideological excesses of the war on drugs, where scientific evidence and compassionate policies are rejected entirely on the basis that they are incompatible with the drug war's zero tolerance regime, has been the federal government's approach to medical marijuana. There is a broad scientific consensus that marijuana can help to control the symptoms of serious and chronic illnesses such as pain and spasticity, nausea, and loss of appetite. Most recently, for example, the American College of Physicians called for the federal government to review reclassifying marijuana from its status as a Schedule I controlled substance, a category defined as drugs that have no currently accepted medical use and a high potential for abuse, in light of the scientific evidence of its efficacy and safety. Similarly, nearly every government commission to investigate the issue has concluded that marijuana has proven value as a medicine, including a 1999 review by the Institute of Medicine of the National Academy of Sciences, and commissioned by the ONDCP, which concluded that "[s]cientific data indicate the potential therapeutic value of cannabinoid drugs . . . for pain relief, control of nausea and vomiting, and appetite stimulation."<sup>34</sup>

The overwhelming scientific evidence has led 13 states to enact their own medical marijuana laws since 1996 and opinion polls consistently show that more than 70% of Americans support allowing the medical use of marijuana. The federal government, meanwhile, has moved in the opposite direction and adopted an increasingly hostile view toward medical marijuana. Starting in 1978, the federal government operated the Investigative New Drug Compassionate Access Program ("Compassionate IND"), which provided marijuana to a limited number of patients through a cumbersome and detailed application process. But the program was abruptly discontinued in March 1992. Then, in the aftermath of the passage of California's medical marijuana ballot initiative, the Clinton Administration sought to effectively dismantle the law by seeking an injunction against medical marijuana providers and threatening that doctors who recommended marijuana to patients might have their license to prescribe controlled substances revoked.<sup>35</sup> According to then-Drug Czar Barry McCaffrey, the actions were necessary because allowing the medical use of marijuana would "threaten to undermine efforts to protect our

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<sup>32</sup> See, e.g., Molly M. Gill, *Correcting Course: Lessons from the 1970 Repeal of Mandatory Minimums*, 21 FED. SENT'G REP. 55, 62 (2008) (proposing the elimination of mandatory minimum provisions for drug offenses).

<sup>33</sup> Currently, large percentages of offenders in these categories are exposed to mandatory minimum sentences. U.S. SENTENCING COMM'N, *supra* note 30, at 28-29 (2007). A 1994 "safety valve" law that permits courts to sentence below a mandatory minimum in certain limited circumstances provides relief for about one quarter of drug offenders, but still leaves a large number of low- and mid-level offenders subject to a mandatory minimum sentence. See, e.g., Gill, *supra* note 32, at 59-60 (2008) (discussing the safety-valve provision).

<sup>34</sup> INST. OF MED., MARIJUANA AND MEDICINE: ASSESSING THE SCIENCE BASE (Janet E. Joy et al. eds., 1999).

<sup>35</sup> The effort to punish physicians was enjoined by the Ninth Circuit on the grounds that it would infringe on their First Amendment speech rights. *Conant v. Walters*, 309 F.3d 629, 637 (9th Cir. 2002).

children from dangerous psychoactive drugs.”<sup>36</sup> Under the Bush Administration, federal anti-medical marijuana efforts reached a new height, with the DEA routinely conducting armed raids of medical marijuana hospices in California.

Attorney General Eric Holder recently announced that the new administration would end the medical marijuana raids in accordance with statements President Obama made during his campaign.<sup>37</sup> Ending the DEA’s raids is an important and necessary step that will allow states to implement their medical marijuana laws without undue federal interference. It is, however, only a temporary solution to the underlying dissonance between federal law on the one hand and the scientific evidence and public opinion on the other. In addition to stopping the raids, the Obama Administration should work to support legislative proposals that would formalize federal respect for state medical marijuana laws. Prominent bills in this category that have been introduced in recent years have included the Patients’ and Providers’ Truth in Trials Act, which would have allowed defendants to raise medical necessity as a defense to federal marijuana prosecutions and the Hinchey-Rohrabacher Amendment, which would have prevented the Justice Department from using federal funds for interfering with the implementation of state medical marijuana laws. The Administration should also assist patients in states that have not yet adopted their own medical marijuana laws by re-opening the Reagan-era Compassionate IND program. Finally, the new Drug Enforcement Administrator should recognize the overwhelming scientific evidence that marijuana has a currently accepted medical use and grant the rescheduling petition, filed by the Coalition to Reschedule Cannabis in 2002 and still under review, to remove marijuana from the list of Schedule I controlled substances.

### **C. Lift the 1988 Ban on Federal Funding for Needle Exchange Programs**

Needle exchange programs are a prominent example of the “harm reduction” approach to addressing problems related to drug abuse. The programs allow individuals to trade used syringes for clean syringes in order to help reduce the transmission of HIV/AIDS and Hepatitis C among intravenous drug users. Eight federally-funded reports and a 2005 international scientific review have concluded that the programs are effective at reducing the spread of disease without increasing incidents of illegal drug use. In 1997, for example, the National Institutes of Health Consensus Panel on HIV Prevention found that needle exchange programs led to a 30% or greater reduction in HIV transmissions. With approximately 25% of new HIV cases attributed to intravenous drug use, these programs could result in a substantial reduction in new transmissions. Yet, since 1988, there has been a ban on federal funding for needle exchange programs under an amendment to the Public Health and Welfare Act.

Despite the federal funding ban, and laws in a number of states that criminalize the unauthorized possession and distribution of syringes, there are over 200 needle exchange programs operating in 38 states, the District of Columbia, and Puerto Rico. These programs, however, have a significant need for federal funding. The Obama Administration has already expressed its support for lifting the federal funding ban on needle exchange programs<sup>38</sup> and should act on this position at the earliest opportunity by supporting the Community AIDS and Hepatitis Prevention (CAHP) Act of 2009 introduced by Representative Jose Serrano. Once the ban has been removed, ONDCP should allocate funding to establish a needle exchange grant program, with a

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<sup>36</sup> *Prescription for Addiction? The Arizona and California Medical Drug Use Initiatives: Hearing Before the S. Comm. on the Judiciary*, 104th Cong. (1996) (Statement of General Barry R. McCaffrey, Director of National Drug Control Policy).

<sup>37</sup> Alex Johnson, *DEA to Halt Medical Marijuana Raids: Holder Confirms States Have Final Say on Use of Drug for Pain Control*, MSNBC.com, Feb. 27, 2009, <http://www.msnbc.msn.com/id/29433708/> (last visited Mar. 14, 2009).

<sup>38</sup> See The White House, *supra* note 29 (“The President also supports lifting the federal ban on needle exchange, which could dramatically reduce rates of infection among drug users.”).

particular emphasis on programs that provide other services such as substance abuse treatment. Federal needle exchange funding would be a cost-effective method for reducing the spread of HIV/AIDS and, by coupling the funding with support for substance abuse treatment services, could also help to reduce addiction rates. Indeed, early studies have indicated that needle exchange programs that have integrated treatment services may decrease intravenous drug use.

#### **D. Repeal the Higher Education Act Drug Provision**

In 1998, Representative Mark Souder added an amendment to the Higher Education Act reauthorization bill to strip federal financial aid from students if they are convicted of any drug offense, including simple possession. Since then, nearly 200,000 students have been denied federal financial aid under what has become known as the HEA Drug Provision. This law, while relatively limited in scope, is emblematic of some of the more bewildering legislation that has been enacted, and remains in place today, because of the dominance of the “get tough” ideology of the war on drugs. Indeed, while the law singles out drug offenses for removal of financial aid, all other criminal offenders – including rapists and murderers – remain eligible to receive federal financial aid.

Putting roadblocks on the path to education for students who are at risk of abusing drugs is counterproductive to the goal of reducing drug abuse. Students who are forced to drop out of school because they cannot receive financial aid are more likely to continue using or abusing drugs and less likely to become productive members of society. Furthermore, because students from wealthy families can afford college without financial aid, the law has a disproportionate impact on students from low- and middle-income families. Finally, because students must maintain good academic standing to receive aid in the first place, the HEA Drug Provision only affects people who are working hard and doing well in school.

In 2006, in response to growing support for repealing the HEA Drug Provision, Congress scaled back the law so that it does not apply to students who are convicted of a drug offense before they begin college. However, students who are convicted of a drug offense during college are still ineligible for aid. In 2008, Representative Barney Frank and Senator Christopher Dodd each introduced bills to repeal the financial aid elimination penalty. The Obama Administration should support repealing the HEA Drug Provision and work to ensure passage of repeal legislation the next time it is introduced. Repealing this law would not only help to keep thousands of at-risk students on the path toward an education and a productive life, it would send a strong signal that the era of judging drug policies based on how “tough” they are rather than how effective they are is coming to an end.

#### **Conclusion**

As Congress prepares to consider President Obama’s nomination of Seattle Police Chief Gil Kerlikowske to head the ONDCP, now is an ideal time to come to grips with the fact that adopting a “war” strategy to address a public health problem has not worked. After 40 years, there is a rapidly growing consensus among policy analysts, foreign leaders, and the public that our war on drugs has been a failure. It has cost us billions of dollars and been chiefly responsible for making the United States the number one incarcerator in the world. And, yet, our drug use rates are higher than in countries that have adopted a more humane and less costly approach. On the campaign trail, President Obama voiced support for shifting toward a public health-oriented approach to drug policy and his administration has sent early signals in support of initial reforms, such as ending the medical marijuana raids and eliminating the crack and powder cocaine sentencing disparity. This paper has proposed a number of somewhat more substantial, though still modest and achievable, actions that the new administration can take to begin the process of

re-orienting our federal drug strategy. None of these proposals is groundbreaking – indeed, most have been the subject of debate for some time – but together they can point the way toward a new and more effective approach to dealing with the problem of drug abuse.

Finally, while the proposals discussed in this paper will result in dramatic improvements, in the long term more substantial change will be required. The recent explosion in drug cartel violence at the Mexican border, which is reminiscent of the days of Al Capone during alcohol prohibition, serves as a stark reminder of the depths of the problems that remain after our 40-year war on drugs. Thus, perhaps more than any specific policy reform, the most important action President Obama can take would be to follow the Brookings Institute’s recommendation and form a commission to conduct a comprehensive reevaluation of our drug policies in light of the evidence from our own experiences, as well of the experiences in other countries over the past four decades.

**“Re-Election in the Andes: Politics and Prospects”**

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Political changes underway in the Andean region have transformed the electoral and institutional landscape in practically all of its countries. While these are highly diverse processes marked by major ideological, economic and social differences, they have one important similarity: the attempt to elevate the executive branch above all others, both horizontally (judiciary, legislature) and vertically (governors, mayors). These processes have not been alike, concurrent, or yielded the same results, but save for post-Fujimori Peru, all of them have turned re-election of an incumbent president into a focal point. Succinctly put, this process has consisted of constitutional changes and reforms designed to strengthen the president’s hand and allow immediate re-election (Colombia, Bolivia, Ecuador and Venezuela), followed by attempts to introduce formulas allowing incumbents to succeed themselves a third time and beyond (Colombia and Venezuela, respectively). Peru alone succeeded in dismantling the re-election provisions contained in its constitution under Alberto Fujimori.

The February 2010 decision of the Colombian Constitutional Court preventing Álvaro Uribe from succeeding himself a third time suggests that the regional trend may have run into a roadblock. For all practical effects, Juan Manuel Santos’ recent win entailed a break with Uribe’s re-election aspirations. While the Court decision did significantly strengthen democratic rule, a more skeptical reading might argue that the episode also laid bare a crisis facing Colombia’s democracy and political system. That presidential aspirations were reined in by neither the legislature nor the party system, but rather by an independent court, is certainly significant. In an effort to push his reforms through, Uribe often argued that media and political pundits were sharply at odds with public opinion on the risks and benefits of a third term. Surely, the conflict between constitutional limitations and the majority view—which probably approved of a third Uribe term—was real. In essence, the episode reflected a structural weakening of the political and party system that only an independent court was able to contain, irrespective of public preferences.

The case in Venezuela is more extreme and, in a certain sense, the opposite of Colombia. While Hugo Chávez’s re-election efforts may be ostensibly similar to Uribe’s, significant differences exist. Chávez’s first attempt at introducing incumbent re-election was defeated by a well-organized civil society in a 2007 constitutional referendum. Chávez had to fall back on his tight control of the National Assembly to introduce an amendment extending the re-election prerogative to all elected posts. Once all his legislators were on the same page, Chávez then moved to hold a second referendum, which he won. Key in allowing him to prevail were the lack of judicial checks and balances and weak party structures of both government and the opposition. Whether Bolivia and Ecuador—where the constituent assemblies convened by Evo Morales and Rafael Correa have introduced major political changes—will resist the trend is hard to say. Morales has suggested that he might aspire to extending the ability of Bolivian presidents to succeed themselves. Although Correa has yet to speak on the issue, the Ecuadorian opposition fears as much. In either country, such a change would require a constitutional amendment. In

both, political parties are structurally weak and judicial checks and balances not strong enough. Accordingly, further efforts in this direction are to be expected.

At present, the region appears to be living a historic moment where electoral democracy is at odds with democratic rule. While the prevailing political systems are electoral democracies with strong popular support, efforts by presidents to impose a strict majority rule (by empowering the presidency to the detriment of other branches of government) will inevitably clash with the rule of law. In the long run, this may undermine democratic representation, power sharing and the basic balances required to consolidate democracy beyond mere ballot-casting formalities.

While the recent Constitutional Court decision in Colombia restores the chances of maintaining these balances, it also illustrates how hard maintaining the balance of power can be when party structures are weak and society is not strong enough to keep such temptations under control.

### **I. The Incumbent Re-Election Debate**

Analysts agree that, at least from a strictly electoral point of view, incumbent re-election is not the end of democracy. As long as politicians can formally or informally compete under relatively equitable conditions, it is for voters to decide whether or not a change of government will result. Re-election may improve accountability and even keep politicians from resorting to subterfuges such as nominating cronies or family members in their stead. Chilean political scientist Patricio Navia, for example, argues that “the prospect of re-election implies that representatives can be ‘fired’ by constituents who feel they have not been served well. Efforts to introduce term limits were initially framed as promoting responsiveness. But it turns out that they do not have a significant effect in limiting political careers: officeholders who are term-limited simply switch to other elected positions to continue their careers. Nor do they bring about a renewal of the political elite, since many local political bosses turn to their relatives to fill their places or have stand-ins elected to occupy their seats until they are allowed to run again.”<sup>1</sup> To Navia, the issue is presidentialism rather than incumbent re-election. Presidential power should be limited and the independence of other branches of government enhanced so that chief executives cannot abuse their prerogatives, all of which can be done while allowing unlimited re-election.

The flaws of such an argument are obvious enough. As Steven Griner notes, “The longer a chief executive holds power, the more the delineation between the state and the ruling party becomes blurred. A third term erodes the balance of power and weakens the authority of autonomous legislatures, independent judiciaries, neutral electoral authorities, and competitive political parties.”<sup>2</sup> This debate is much less theoretical than empirical. In principle, whether a country is democratic should not be based on re-election limits alone. Does incumbent re-election hamper power sharing? As Griner correctly argues, incumbent re-election weakens democracy in several ways—it encroaches on the power of legislatures, undermines judicial independence, and limits electoral competitiveness—but one may also concur with Navia that such a result is not always inevitable. Let us examine the empirical evidence.

The statistical data are eloquent and show that the fear of incumbent re-election is well founded. Paul Collier, who has researched the issue in low-income democracies with particular emphasis on Africa (where such ambitions are common), finds that the likelihood of incumbents succeeding themselves exceeds 85 percent.<sup>3</sup> Since the chances of losing are low, chief executives may rationally conclude that twisting the constitution to suit their aims is not such a bad idea. Collier notes that such presidents often have a broad arsenal of unfair advantages, including

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<sup>1</sup> Navia, Patricio. “Limit the Power of Presidents, Not their Terms in Office,” *Americas Quarterly*, Spring 2009.

<sup>2</sup> Griner, Steven. “Term Limits can Check Corruption and Promote Political Accountability,” *Americas Quarterly*, Spring 2009.

<sup>3</sup> Collier, Paul. *Wars, Guns and Votes. Democracy in Dangerous Places* (New York: Harper Perennial 2009).

discretionary access to the public purse for large-scale vote-buying, the power to weaken the judiciary and legislatures to keep potential competitors out, and the use of information technology and coercion to threaten voters and activists. He adds that country income levels, the presence of valuable natural resources, and complex ethnicity politics tend to exacerbate the potential for abuse.

Daniel Posner and Daniel Young further explain that, although since the nineties elected African presidents have seemed more amenable to accepting limits, those who seek a third term or even indefinite re-election remain common.<sup>4</sup> In such cases—and there are many—only incumbents faced with divisions in the ruling party and citizen action have lost, such as Frederick Chiluba in Zambia, Bakili Muluzi in Malawi, and Olusegun Obasanjo in Nigeria. Several others were successful, however, including Idriss Déby in Chad, Omar Bongo in Gabon, Lansana Conté in Guinea, Samuel Nujoma in Namibia, Gnassingbé Eyadéma in Togo, and Yoweri Museveni in Uganda—all thanks to ironclad control of legislatures, high approval ratings and the ability to buy votes on a national scale.

While the data about the issue in Latin America are scarce, indicators point in the same direction. Adam Przeworski and Carolina Curvale's study of first and additional re-elections based on a historical series starting in the mid-19th century found that only two incumbents ever lost an election: Hipólito Mejía (Dominican Republic, 2004) and Daniel Ortega (Nicaragua, 1990).<sup>5</sup> Javier Corrales sees incumbent re-election as part of the impact of former and "outsider" presidents who set out to radically change the prevailing system.<sup>6</sup> Such presidents have successfully changed constitutions by manipulating institutions, weakening democratic rule and buying votes on a national scale, often helped along by a comatose party system and an inherited economic chaos that has the population feeling hopeless.

The empirical evidence is simply overwhelming. While incumbent re-election should in theory not hinder democracy (it might even improve accountability), in actuality it erodes the balance of power and fuels a personalistic approach to politics, to the detriment of political rights and power sharing. The evidence also shows a disquieting result: in developing countries, including Latin America, power sharing is best protected by limiting re-election, not by competitive elections. In other words, changes of government result from constitutional restrictions on the exercise of power, not from electoral processes. This truly substantial point should lead us to ponder the limitations of elections, the importance of constitutions, and the possible rationale for first and additional re elections. The evidence further shows that electoral democracy and democratic rule are separate concepts that ideally should coexist, but in practice this is not always the case.

That power sharing should flow from limiting re-election rather than from electoral mechanisms is in itself revealing. An election may well be the best mechanism for choosing a candidate, but it does not ensure that others can compete or replace sitting chief executives who are also running. As such, elections must be designed to guarantee voters the ability to choose the best candidate (through distribution of information, policy debates, identification of core issues), and to ensure legitimacy (first vs. second ballots) and fair competition (election funding, obstacles to candidate registration). As power sharing appears to be a direct consequence of limiting re-election, a

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<sup>4</sup> Posner Daniel and Daniel Young. "The Institutionalization of Political Power in Africa," *Journal of Democracy* 18 ( July 2007): 126–40.

<sup>5</sup> Przeworski, Adam & Carolina Curvale. "Does Politics Explain the Gap Between the United States and Latin America?" in Fukuyama, Francis (Ed.): *Falling Behind: Explaining the Development Gap between Latin America and the United States* (Oxford: Oxford University Press 2008).

<sup>6</sup> Corrales, Javier. "Volatilidad Económica, Debilidad de Partidos y Neocaudillismo en América Latina" *Journal of Democracy* (Spanish version), July 2009.

properly functioning rule-of-law democracy (i.e., separation of powers, limitations on public funds use, full exercise of political and civil liberties) is central to preventing incumbents from unilaterally changing the rules. In short, the evidence shows that the rule of law is more effective than elections at upholding power sharing.

## **II. The New Presidential Style**

There is broad consensus that weak party systems and low citizen participation help account for the trend. Andean chief executives succeeded in amassing more power because representative democracy was in critical shape following the party system's failure to rise to the social and economic challenges facing their countries. The response was charismatic leaders with a radical agenda. The neglected citizen demands they set out to address included issues of internal security (Colombia, Peru), social inclusion (Venezuela), and political and social empowerment (Ecuador, Bolivia).

Andean presidents quickly began to adopt a common style, one independent of political persuasions. This is a central element in explaining how they succeeded in gaining more legitimacy than other branches of government. Some analysts refer to their leadership style as *neo-populist*, meaning leadership with a strong support base oriented to radically changing existing institutions, irrespective of views on the role of the state in the economy.<sup>7</sup> This label, while useful, loses sight of a key issue: the way these leaders use information technology and social policy to appeal to the population, thereby bypassing the crisis hobbling parties and legislatures. This new style has also been used advantageously by Luiz Inácio Lula da Silva in Brazil and former president Néstor Kirchner in Argentina.

In short, the past decade has seen the emergence of an innovative presidential style that succeeded in appealing to the people more directly and effectively than parties and representative institutions. The success of this approach goes a long way toward explaining re-election efforts and the political system's inability to counter them.

Most of Latin America faces notorious poverty and informality issues. Commodity prices have helped some economies grow apace (Bolivia, Ecuador, Venezuela) and foreign investment has poured into sectors such as farming (Peru) or energy and mines (Colombia), yet labor markets remain burdened by a lack of dynamism and high levels of informality. Within countries, human development in some regions lags significantly behind others, exacerbating the internal development gap. In addition, the emergence of ethnic and native movements using mass action to assert political and social rights has brought about rising polarization. This socioeconomic change underscores the weakening of traditional channels—such as political parties—and the growing importance of less vertical, more socio-political action mechanisms.

One other fundamental change is technological in nature. Access to television, radio, mobile media and the internet among the disadvantaged has changed the way political messages are delivered and social demands channeled. Technological change and the fluid social relations afforded by increasingly informal labor markets have rendered traditional party channels inadequate and even unpopular. New technologies provide much more direct contact both among citizens and between message issuers and recipients. As a result, citizens demand more direct contact with politicians rather than with the institutions they represent, which they often perceive as abstract constructs devoid of content.

These phenomena have been extensively leveraged by presidents and have significantly shaped their style. The result has been a new breed of chief executive known as the *tele-president*, a

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<sup>7</sup> Roberts, Kenneth. "Neoliberalism and the Transformation of Populism in Latin America. The Peruvian Case," *World Politics*, Vol. 48, No. 1, 1995.

sobriquet that refers to the intensive use of the mass media to build the presidential image without the filter of partisan middlemen. The use of participatory mechanisms such as grass-roots organizations and community councils that are called into action directly from the telepresidential screen illustrates just how important this development is. The new style stands in stark contrast to traditional partisanship and clientelism and opens up a symbolic new space where the president stands as the one political actor who—directly and alone—represents the interests of the people, often complemented by narrowly-targeted social policies and cash transfers.

This tendency is key to understanding the informal power of such presidents and their positive approval ratings in Bolivia, Colombia, Ecuador, and Venezuela. In Colombia, which has stood far apart from the revolutionary experiences of Bolivia, Ecuador and Venezuela, the new style is fundamental to understanding former president Uribe's popularity, which far exceeded the accomplishments of his democratic security policy. Ideological differences aside, in style he closely resembled Chávez and Morales, both presidents who set out to radically transform their societies.

A very different trend prevails in Peru. Given his personal history, Alan García could well have been expected to again try his hand at neo-populism, this time without sacrificing the successful economic reforms of previous decades. Yet he adopted a more conventional style of working with other branches of government, including at the municipal and regional level. It is hard to tell whether the change stems from political restrictions or self-restraint intended to help democratic institutions consolidate. What we do know is that García has the lowest approval ratings in the region—perhaps as a result of not adopting the new style favored by his Andean peers. Surely, this does not guarantee that his successors may not try to insert the style into their governance—as Fujimori did—or attempt to prolong their mandates. As for Colombia, it remains to be seen whether Santos will move to a style in the García mold, as befits his personality and civil service career, or if he will attempt to emulate his predecessor.

Incumbent re-election cannot be understood without reference to changes in presidential style, in turn a reflection of social and technological changes. Political parties have been at a loss as to how to react to the process, and they generally display a growing inability to refresh both their discourse and their policies. They are also slow to embrace new technologies and often reject them outright, afraid that they may improve the chances of new challengers. Yet without changes in this regard, presidents who attempt to monopolize the political stage will not find much opposition, and efforts to restrict them from staying in power (even through the popular vote) will not get much traction. Given the prevailing social and political conditions, the only obstacle to presidents who want to stay in power seems to be the rule of law.

### **III. Beginning or End of a New Trend?**

The previous discussion points to some of the conditions that may help, or prevent, incumbent re-election in the Andean region. Conceding that weak party structures and the skillful manipulation of social policy and information technology have created fertile ground for such experiments, what are the institutional factors that can prevent incumbent presidents from succeeding themselves absent a strong political party system? Three conditions appear to help: (a) **ironclad control of the legislature** and a particular political coalition; (b) **high poll numbers**; and (c) **control of the judiciary**. Below is an examination of the presence or absence of these conditions in the region.

#### **Bolivia**

This may well become a textbook case of introduction of incumbent re-election without limitations. Morales' constitutional reforms have succeeded in changing the political system with full electoral and popular support. He has consolidated a broad constituency and methodically increased his support over the course of two elections and a 2009 constitutional referendum. The current Constitution allows for immediate re-election and Morales has made it known that he would like to stay in office beyond this limitation. While tension among parties and the various regions is undeniable, Morales remains firmly in control of his coalition and is capable of pushing reforms through Congress, by means of referenda if necessary. Although he does not have absolute control of the judiciary, as in the past he can fall back on his popularity and leadership skills to neutralize and inhibit court decisions. Should these conditions remain in place, he may be expected to attempt to remove existing restrictions to immediate re-election.

### **Colombia**

Uribe's high poll numbers following his successful anti-guerrilla effort, personalistic style and ability to build a majority in Congress were key in overcoming political and legal hurdles to incumbent re-election. Despite fierce resistance from the opposition and even from members of his coalition who openly organized against the proposal, Uribe's negotiating skills, especially in Congress, were central to moving his reform plans forward. However, despite strong pressure from the executive branch, the independent Constitutional Court defeated an idea that enjoyed political and popular support. The decision has undeniable significance for democratic consolidation, as it sets re-election limits for all future presidents and guarantees continuity and accountability without sacrificing power sharing. Santos' presidency is an unlikely setting for a resurgence of the re-election debate due to restrictions in his own coalition, Santos' interest in showing independence from Uribe, and the precedent set by the Constitutional Court's decision.

### **Ecuador**

Correa successfully introduced major institutional and constitutional changes, including immediate re-election. There is no hard evidence of Correa wanting to relax restrictions with a view to a third term. Even if the possibility existed, Correa is still working to consolidate a level of leadership as strong as that of some of his Andean peers (as measured, for example, in terms of popularity and breadth of support), and an attempt at a third term could exacerbate friction within his coalition. In addition, while the Ecuadorian judiciary is not noted for independence, court decisions may face more pressure from Correa's coalition than from his own direct interference. As such, his chances of going ahead with reform hinge on his approval ratings and consolidating control of his coalition.

### **Peru**

Fujimori was able to introduce incumbent re-election because he had all the right ingredients: strong approval ratings after defeating the Shining Path guerrillas and a legislature and court system degraded by political and economic extortion. His collapse after winning a third mandate, brought about by military pressure and charges of corruption, gave way to a complex transition that led to the elimination of all forms of re-election. Significant efforts to increase the role of the judiciary (i.e., the Fujimori human rights trial) have substantially improved its independence. In addition, subsequent presidents with low approval ratings have often depended on laborious negotiations to pass legislative reforms. These changes, plus a context of high economic growth, make it unlikely for Peru to restage the experience— at least for now.

### **Venezuela**

Chávez succeeded in changing the entire political system through constitutional reform, with popular support built on social programs financed by an oil boom. Yet, regardless of the clear

electoral support from the population, this process has also served to enlarge presidential prerogatives to the point of eroding the balance of power. The combination of a highly popular president and the absence of checks and balances—nearly all National Assembly seats are held by progovernment legislators and the Supreme Court is packed with loyal judges—paved the way for the executive to dismantle existing constitutional arrangements, increase its prerogatives, and introduce incumbent reelection. Chávez's first attempt at introducing incumbent re-election was defeated by internal division, as his coalition fought to include governors and mayors in the reform package. Subsequently, as the Supreme Court and Elections Council looked on, Chávez included these actors in order to broaden political and electoral support. His experience shows that aligning the ruling coalition is just as important as high popularity levels and concentration of power.

#### **IV. Conclusions**

While the landmark Constitutional Court decision cutting short Uribe's re-election bid bolsters democratic rule and the power sharing principle in Colombia, it will not put an end to similar ambitions elsewhere in the region. Even if it does not necessarily portend the end of electoral democracy—elections and power sharing are related but different concepts—re-election beyond a second term substantially erodes power sharing. In Latin America, where few incumbents have ever lost an election, power sharing is better protected by limiting re-election than by fair, equitable elections. As such, by ratifying the limits to presidential re-election, the Colombian Court's decision constitutionally guarantees the continuity of power sharing. In countries like Venezuela, where unlimited re-election has done away with constitutional incentives to power sharing, it remains to be seen whether elections alone can promote such a result. That said, the evidence in developing countries does not support these hopes, particularly where the balance of power is practically nonexistent. Bolivia and Ecuador may in a few years promote similar reforms, although the former is more likely to succeed than the latter.

The Andean region has seen a significant upsurge in the number of elections and referenda being held, as well as an increase in the emergence of constitutional changes designed to push forward large-scale social and political transformations. However, by empowering the presidency above all else, popular support for these developments has weakened democratic rule and power sharing. In other words, broad support of major changes in the style of Andean presidents who seek to stay in power (with the exception of Peru) has had paradoxical results. This is why the issue is so controversial and its consequences for the Andean region so significant and uncertain. Remarkably, Latin America's most significant contribution to the theory of presidential constitutions—probably one of the few it has ever made—appears to be the need to *limit* re-election. This was the battle cry of uprisings in 19th-century Argentina and of the 20th-century Mexican Revolution. Latin America's conflict-ridden history shows that elections did not suffice to guarantee power sharing and that constitutional limitations are required. Most Andean countries adopted these restrictions in order to improve the balance of power. However, the recent tendency to relax them (in whole or in part) has had a highly negative impact on democratic consolidation as measured in terms of power sharing. It has also renewed tensions among those who seek to stay on to guarantee the continuity of their policies and those who seek power in order to change the status quo. As such, political conflicts in the Andean region may soon begin to focus on the twin issues of democratic rule and power sharing, on the one hand, and continuity and unrestricted electoral democracy, on the other.

In conclusion, evident in this debate is the strain between moving to strengthen the executive in order to guarantee implementation and consolidation of often radical social and political change,

and the possibility of making such changes while still upholding power sharing and democratic rule. While most reform promoters will argue that continuity is required to guarantee change, the risk of incumbent re-election is that it may instead encourage authoritarianism within electoral democracies. In essence, the debate is about short- vs. long-term consequences— about the choice between radical or gradual reform. While radical reforms may require a short-term dose of presidential strength, the long-term consequences may be highly negative unless the need to place limits on such strength by restoring the balance of power is accepted. Gradual reform, while inherently slower because of the need for negotiation and compromise, may find many hurdles on the way to effective implementation but will guarantee a better balance of power— even as it runs the risk of never being adopted. If the Andean region is to ensure the coexistence of electoral democracy, democratic rule, and power sharing, it will inevitably have to learn how to balance these risks.

## **“The State of Democracy in the Andes: Introduction to a thematic issue of Revista de Ciencia Política”**

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### Abstract

This overview finds evidence for concern about the ability of the governments in Colombia and Venezuela to hold free and fair elections and a trend toward the concentration of executive power in most countries in the sub-region. The separation of powers has been most sharply eroded in Venezuela; but Bolivia and Ecuador are moving in a similar direction. Colombia has a robust constitutional order, including a remarkably independent judiciary, however, constitutional order is threatened by the growing concentration of executive power. At the same time, most Andean countries are experimenting with new mechanisms of participation. There are sharp contrasts between the model of participation in Bolivia and Venezuela, two countries often lumped together by observers; and, despite ideological differences, striking similarities in the presidential styles of Presidents Uribe and Chávez. Among Andean nations, only Chile is not undergoing a revolution in participation. Finally, Venezuela, Bolivia, and Ecuador have rewritten their constitutions in an attempt to encourage the exercise of constituent power. These cases exhibit variation in terms of the degree to which deliberative, pluralistic, lawful, and constitutional procedures were used.

### I. Introduction

The articles in this special issue form part of a project to assess the state of democracy in the Andean region undertaken by the Andean Democracy Research Network. We began with a simple premise: that democracy can be analyzed and evaluated at three distinct levels. First, it is widely accepted that elections are an essential feature of democracy. We therefore place electoral democracy, or polyarchy, at the centre of our analysis.<sup>1</sup> Yet we also recognize that polyarchy omits (quite deliberately) a set of constitutional features of modern political systems that turn out to be problematic in many newer democracies: the independence of the judiciary, the degree of civilian control over the armed forces, the extent to which the executive abides by the rule of law, and the productivity of the legislature. Finally, we also recognize that democracy is not meaningful unless it offers the citizens mechanisms by which to influence the decisions that directly affect their lives. In other words, democracy is about more than voting and rights, it is also about citizenship and participation. In line with this thinking, we developed a Decalogue. We asked researchers in six countries to analyze the state of democracy according to the following criteria:<sup>2</sup>

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<sup>1</sup> Dahl (1971) and Przeworski (1991).

<sup>2</sup> The findings reported in this overview article encompass both the reports published in this thematic issue of the Revista de Ciencia Política, as well as those that will appear in separate publications. They include Gómez Calcaño, Luis, et al. "Venezuela: Democracia en crisis"; Bejarano, Ana María & Helena Alviar, "Colombia: La dimension constitucional de la democracia"; David Altman and Juan Pablo Luna, "Chile ¿Institucionalización con pies de barro?"; Toranzo Roca, Carlos, Eduardo Rodríguez Veltzé & Carlos Romero, "Bolivia: Diagnóstico de la democracia boliviana"; Roncagliolo, Rafael et al, "Peru: Ejercicio de la representación y la participación política"; Miguel Arnulfo Ruiz Acosta, "Democracia, proceso constituyente y nueva Constitución en el Ecuador contemporáneo". A number of these publications will appear in a forthcoming book to be published

## Electoral Democracy

1. The right to vote is respected
2. Elections are clean
3. Elections are free
4. Public officials are elected and allowed to govern<sup>3</sup> Constitutional Democracy<sup>4</sup>
5. Executive and legislative branches of government are independent
6. The judiciary is independent from the executive and legislature<sup>5</sup>
7. Civilians have supremacy over the armed forces, exceptional powers are not abused, and the media is free

## Citizens' Democracy

8. Rights of citizenship - civil, political, social and economic - are protected
9. Active participation is encouraged through diverse mechanisms
10. Where constitutions are rewritten, this is done by deliberative, pluralistic, lawful, and constitutional procedures<sup>6</sup>

To begin with electoral democracy, the first observation concerns elections in Venezuela and Colombia: although both Presidents Alvaro Uribe and Hugo Chávez enjoy broad popularity, there are serious problems with electoral processes, actors, and institutions in the two countries. For sharply contrasting reasons, there is a solid basis for concern about the ability of the governments in both countries to hold elections in the future that will meet basic normative standards. The second observation concerns the constitutional separation of powers. There is a trend toward the concentration of executive power in most countries in the sub-region. The separation of powers has been most sharply eroded in Venezuela. Bolivia and Ecuador are moving in a similar direction. Although Bolivia has avoided the destruction of its congress, both countries have lost judicial independence. The case of Colombia represents an interesting novelty. Colombia has a robust constitutional order, including a remarkably independent

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by the Instituto de Estudios Peruanos (IEP). Another report, by Gonzalo Rojas Ortuste, entitled "Bolivia ante el cambio:

¿Reforma pactada o revolucionarismo etnicista?" will be published with *Umbrales* in Bolivia.

<sup>3</sup> These criteria are drawn from the United Nations Development Program (2004), pp. 77-84.

<sup>4</sup> These are issues that fall broadly under the rubric of what Guillermo O'Donnell (2007:49-75) calls "horizontal accountability".

<sup>5</sup> Although Gerry Munck (in this volume) rightly notes that independent judiciaries may serve as counter-majoritarian institutions, most of the day-to-day routine work of courts involves the interpretation and application of existing laws, which, insofar as they are produced by representative legislatures, are expressions of the will of the majority. An independent judiciary is, therefore, both an essential guarantee as well as a potential constraint on the will of the majority.

<sup>6</sup> Initially the last three encompassed respect for civil, political, and social and economic rights, respectively. In the course of the research it became clear that we also needed to address mechanisms of participation and constitutional reform.

judiciary. Here too, however, constitutional order is threatened by the growing concentration of executive power. Notwithstanding this threat, the decision by the courts to deny Uribe the chance to run for a third term in office is a major victory for the constitutional separation of powers. Peru is in a period of constitutional re-equilibration, while the separation of powers is fully functional in Chile.

The third finding is that Andean countries are experimenting with new mechanisms of participation. Without hyperbole, the sub-region is moving from a crisis of representation to a revolution in participation. Depending on the model of participation adopted, this may result in important tensions between participation and representation. Within this general point, there are a number of subsidiary observations worth mention: (1) There are sharp contrasts between the model of participation in Bolivia and Venezuela, two countries often lumped together by observers. (2) Despite ideological differences, there are striking similarities in the presidential styles of Uribe and Chávez. (3) Among Andean nations, only Chile is not undergoing a revolution in participation. Peru has adopted legislation to facilitate participation but has done less than other countries in the region to promote participation in practice.

Finally, three of our six cases -Venezuela, Bolivia, and Ecuador- have re-written their constitutions in an attempt to encourage the exercise of constituent power. These cases exhibit variation in terms of the degree to which deliberative, pluralistic, lawful, and constitutional procedures were used. Whereas Venezuela's Chávez used constitutional reforms to neutralize and control existing institutions, Evo Morales exhibited a greater willingness to work within Bolivia's democratic institutions and negotiate with his adversaries. Although Correa, like Chávez, approached constitutional reform in a highly confrontational and partisan manner, the constituent assembly process in Ecuador was broadly inclusive of civil society.

## II. Electoral Democracy: Core Institutions at Risk in Colombia and Venezuela

All Andean governments enjoy democratic legitimacy in the sense that periodic elections are held that express the will of the majority, and nowhere are irregularities so widespread or systematic as to cast doubt on whether governmental incumbents rightfully hold office. In most cases, the right to vote is respected, elections are clean and free, and public officials are chosen by means of elections and allowed to govern. Nevertheless, the articles in this thematic issue by Michael Penfold and Felipe Botero and his colleagues suggest that in two countries, Colombia and Venezuela, problems have been identified that raise significant questions about the electoral process. These problems are alarming insofar as they affect the core institutions of electoral democracy.

The government of Venezuela has violated a fundamental political right: the right to run for public office. The Comptroller General impeded candidates from running for public office without due process of law (see Penfold). Over 2/3rds of the persons on a list of banned candidates, named the Russian list (after Clodosbaldo Russian, the Comptroller General) were from the opposition, including a number of prominent leaders. The denial of the right to run for office without a trial constitutes not only a violation of a basic political right but also of the presumption of innocence. Moreover, the acceptance of such prohibitions by the National Election Council (CNE), the Human Rights Ombudsperson, and the Supreme Tribunal of Justice

sets a dangerous precedent for the exercise of administrative prerogative over the guarantee of a basic political right. In short, the Russian list points to a deeper problem: the politicization of state institutions.

In Colombia, the problems of electoral democracy are of a different nature. The government agency responsible for organizing elections, the National Election Council (CNE), is widely regarded as an efficient and clean operation: votes are collected and counted honestly. The election system itself works; the problem is political actors, not public institutions. Violence by illegal actors (paramilitary organizations, guerrillas, drug dealers) affects both the ability to vote and to run for office. The threat or use of coercion can intimidate candidates, deterring them from running for office and discouraging voters from voting. Many candidates have been killed, including prominent national leaders. Guerrilla violence in the past tended to be more indiscriminate (aimed at disruption of elections) and paramilitary violence more targeted (aimed at influencing the outcome). More recently, the FARC has also sought to win municipalities with the objective of capturing and siphoning off revenue. Violence is most intense in rural areas where a large number of voters report being pressured or threatened either to vote for a particular candidate or not to vote at all. Many voters flee the countryside, losing their land in the process.

Until the *parapolitica* scandal, most observers thought that Colombian elections were clean. It now appears they are not. The *parapolitica* scandal refers to agreements between paramilitary leaders and local politicians. Voters themselves perceive this as a limitation on the freedom and fairness of elections. The *parapolitica* scandal is significant for three reasons. First, coercion limits pluralism. Candidates can be intimidated into not running so that the *paras* get their own candidate in office. Second, the influence of the *paras* violates rules governing campaign finance (which in Colombia has been a major problem in the past). Third, paramilitary infiltration of the state corrodes public institutions. It is not only local officials who are in the pockets of the *paras*, and who thus become agents of impunity: the Colombian intelligence agency was recently exposed for wiretapping judges and journalists investigating the *parapolitica* scandal.

The problems of electoral democracy in Colombia and Venezuela are masked to some extent by the popularity of their leaders. Flawed electoral processes are less likely to provoke a political response when outcomes more or less clearly reflect a strong preference for the incumbent leadership. In this respect, it is worth noting that presidents everywhere in the Andes, except in Peru (see Tanaka and Vera), enjoy great popularity, even though satisfaction with the performance of democratic institutions is low. This is in stark contrast to the relatively recent past.

### III. Constitutional Separation of Power: A Trend toward Executive Concentration

There is a growing concentration of executive power in Venezuela, Ecuador and Bolivia -and there is a danger that Colombia is moving in the same direction. The Venezuelan government has a super-majority in the National Assembly due to an ill-advised boycott of the 2005 legislative elections by the opposition. Some defections have reduced the initial near-unanimity of the legislature, but there is little separation of purpose between legislature and executive. Rather, the legislature has facilitated executive control over the National Election Council, the Comptroller General, and the office of the Public Prosecutor. The executive exercises a permanent veto on the

actions of these offices because their incumbents can be removed at will by a pliant legislature. The initiative in the most important areas of legislation (including major constitutional reform proposals) has come from the executive, with the legislature acting like a virtual rubber stamp (as, for example, when the National Assembly approved the legislation setting in motion the constitutional reforms of 2007). The legislature is not a productive body; it does little more than approve conventions with other countries and other relatively superficial activities. The weakness of the legislature is due, in part, to the collapse of the party system and the lack of strong opposition parties.

Venezuelan hyper-presidentialism, to use Penfold's term, is exacerbated by the elimination of term limits following a referendum in 2009. In the absence of the rule of law and term limits, the president becomes almost unbeatable. The government has repeatedly attempted to change the constitution, and has done so by plebiscitary but not illegal means (again, facilitated by executive control over the legislature and judiciary). Constitutional reforms have tended to reinforce centralized presidential power, weaken federalism, and marginalize the opposition. Enabling laws have granted the executive the authority to legislate during three separate 18-month periods. This means that the executive has had legislative authority for a total of 3Vi years, or 1 /3rd of the entire time Chávez has been in office. The executive has made extensive use of this authority to legislate in a wide range of policy areas. Most recently 26 laws were promulgated at the end of one such period. Some of the legislation passed by this means has increased the concentration of presidential power (for example, by giving the state sweeping powers of expropriation). There has been no need to bully or marginalize the legislature, due to an overwhelming government majority.

It is often suggested that Bolivia under Morales is following the Venezuelan "Bolivarian" model. The comparison is inexact. In the first place, checks and balances have tended to reflect the partisan composition of congress (that is, whether parties sought to hold the executive to account). With the election in 2005, for the first time in the current democratic era, Bolivia had a majority government (in the lower house, but not Senate). This created opportunities for the centralization of presidential power, but congress remained an important institution in Bolivian politics. Indeed, the congress was the site of negotiations that resulted in the 20 October 2008 pact that ultimately made possible the adoption of the new constitution. In the process, significant improvements were made to the text of the new constitution. There are disturbing examples of executive attempts to bully or manipulate the congress. On occasion, organizations linked to the MAS have surrounded congress and refused entry to the opposition during voting. Members of the opposition have been called away to meetings with government officials only to find that the congress was voting on legislation while they were away. Nevertheless, congress remains considerably more than a rubber stamp for the executive.

In Ecuador, the concentration of executive power is more in line with the Venezuelan model, in that it involves both the subordination of congress and the courts, and it is all the more surprising given the country's recent history. As Santiago Basabe and his coauthors note, since 1996 no Ecuadorian president has served his full term in office; each has been removed extra-legally. In every case, the legislature played a key role. The removal of presidents before the end of their terms constituted unconstitutional encroachments on executive power. Indeed, conflict between legislature and executive has been a pervasive feature of democratic politics in Ecuador. The

most dramatic recent example was the conflict between President Correa and the congress over the decision by the Supreme Electoral Tribunal, to call for a "popular consultation" to convene a constituent assembly. When the congress rejected this decision, removed the head of the TSE, and ordered the trial of the members of the TSE who supported the decision, the TSE replied by removing the 57 deputies who had attempted to sack them. With the majority of members of congress in the hands of alternates, the government was able to get its way. The TC tried to support the suspended legislators, but the new congressional majority removed the judges of the TC on grounds considered arbitrary and unconstitutional.

Conflicts between legislature and executive have politicized the judiciary, and judges have become political agents. The new constitution creates a supreme court that is weaker and less autonomous, and a very powerful constitutional court, with few mechanisms of accountability. The new Constitutional Court is a key element in the new political system. It can override the supreme court. Its concurrence is necessary for the president to dissolve the legislature, or for the legislature to impeach the president. Its support must also be secured before any legislative initiative of citizens, or any popular consultation. Yet the Constitutional Court cannot be held accountable - there is no political justice for its members. The new constitution also creates a more powerful executive, one with extensive executive prerogatives and legislative powers. The president can initiate legislation in urgent economic matters, veto legislation, and propose alternative laws that can only be defeated by a super-majority. Agents of horizontal accountability are placed outside the control of the legislature, reinforcing the executive.

The similarities and differences between Colombia and the other Andean nations are instructive. President Uribe has sought to concentrate executive power, but he is operating in an institutional environment with a more robust constitutional separation of powers. Uribe is an outsider. He ran as an independent in both the 2002 and 2006 elections, and has governed with a heterogeneous and fragile coalition, but one that has nonetheless afforded his government a legislative majority. The biggest threat to his majority is the fact that 73 members of congress are under investigation as a consequence of the *parapolitica* scandal, and 30 have been sentenced and imprisoned (see Botero, Hoskin and Pachón). Many of those implicated in the scandal are from the government coalition. Some lawmakers have resigned their seats rather than be investigated by the constitutional court. They believe they have a better chance if they are tried in common courts (moreover, they always have the possibility of appeal).

A political reform to address the *parapolitica* scandal sank when it became clear that any sanctions imposed on parties for involvement with paramilitaries would result in the loss of the government's majority. The executive has strong legislative and other powers, including: procedural and substantive veto; broad powers to declare a state of siege; the ability to prioritize a bill through an urgency petition; and areas of exclusive rights to legislate (regarding ministries, public sector salaries, budget, trade, tariffs, debt). The executive also has extensive powers of appointment and nomination. The 1991 Constitution imposed a strict "no-re-election" term limit, which was changed in 2005 to enable Uribe to be re-elected, without other measures being taken to ensure the balance among branches of government from being altered. Critics of re-election suggested that the longer presidential term created the threat that the executive would be able to exert his administrative and appointment powers to pack the courts, control other agencies of horizontal accountability, and influence the central bank. Had Uribe been allowed to run for a

third term, this would have further increase presidential powers. However, in a landmark decision in February 2010, Colombia's constitutional court voted 7-2 against a referendum to allow Uribe to run for a third term, largely on the grounds that another term would weaken checks and balances in Colombia's democracy.

The biggest difference between Colombia and most of its Andean neighbors is that it has a remarkably independent and energetic judiciary. Uribe has tried to rein it in, and he has also tried to turn public opinion against the judiciary, but so far has failed. Had he been allowed to run for re-election, he would have been able to continue to extend his influence over the court system. The Constitution of 1991 strengthened the powers of the judiciary, and created new judicial bodies (including a constitutional court), reorganized its functions and competencies, and created new instruments to protect fundamental rights and freedoms. It provided the judiciary with a legal figure known as "*acciones de tutela*," (injunctions) which are sweeping powers to protect rights. Injunctions are initiated by citizens to demand justice from the courts. Judges can issue injunctions against other citizens (including government officials) in defense of rights on penalty of incarceration. As a result, the courts have an important role in setting the legislative agenda, as congress must provide appropriations to ensure compliance with injunctions. Citizens can take their injunctions to congress and demand their rights be upheld. As a result, citizens increasingly turn to the courts before lobbying parties (this is also because parties have tended not to be as effective in protecting rights).

The executive has challenged the powers of the judiciary, especially by seeking to debilitate the constitutional court as a final interpreter of the constitution (on the grounds that this makes it a legislator). The executive seeks to reduce the *acciones de tutela*, and weaken judicial control over exceptional measures. At the administrative level, the executive has acquired greater influence over the supreme court. For example, he has appointed all the magistrates in its disciplinary chamber. Uribe has had frequent altercations with the supreme court, especially regarding investigations into the *parapolitica* scandal. The executive has repeatedly submitted counter-reform measures to weaken the sweeping powers of the judiciary that were written into the 1991 Constitution in a deliberate effort to check executive power. Another disturbing feature of Colombian democracy is the tendency to respond to protests with repression or to criminalize dissent, a pattern observed in virtually all the other Andean cases to some degree as well.

#### IV. From Crisis of Representation to Participation Revolution

In an attempt to address the growing concern with inclusive citizenship that has animated many of the most important democratic innovations in the region in recent years, the methodological template encouraged researchers to assess civil, political, and social, economic and cultural rights. In the course of our research we recognized the importance of focusing on models of participation, in addition to rights of citizenship, and we amended our Decalogue accordingly.

In the contemporary Andean context we witness the proliferation of new mechanisms of more direct participation. Rafael Roncagliolo and his collaborators have documented a wide range of forms that direct democracy can take which include, inter alia, referenda (citizen or government

initiated), recall, citizen legislative initiatives, community councils, and participatory budgeting.<sup>7</sup> Participation in constitutional reform is another important mechanism of direct democracy. A key question that we must ask, at least from the point of view of the assessment of the state of democracy, is whether these new mechanisms of participation will reinforce or weaken representation. All too often, participation is framed as a replacement for representation, but the evidence, at least in terms of direct democracy and participatory budgeting; shows that participation works well where representation also works well (Selee and Peruzzotti 2009); even though it may be used to undermine the quality of democracy where representation is in crisis.

In Venezuela, there has been an explosion of participation, from Bolivarian circles, to units for electoral battles, to units for endogenous development, and now Communal Councils.<sup>8</sup> These organizations are chartered and regulated by the state, and there are mechanisms of vertical control that reduce their ability to serve as mechanisms of social accountability. Thus, for example, Communal Councils (which are estimated to number in the thousands) are designed to be the backbone of popular, "protagonistic," participatory democracy. They are typically structured around five elements: an assembly, an elected executive, a credit cooperative, a social control unit, and working groups. They are created by means of a constituent assembly (Article 19, Communal Councils Law), and have access to public funding. The Councils have a pluralistic membership (in one survey, 8 out of 10 Councils have members with different political viewpoints [Machado 2008]), which reflects the high level of democratic conviviality at the local level. Communal Councils may serve as "schools" for participatory democracy, and provide basic services like places where family violence can be reported.

At the same time, the Communal Councils fall under the jurisdiction of a Presidential Commission - in other words they are fiscally controlled by the President. It is clear, as Penfold argues, that the Community Councils are designed to allow the executive to penetrate areas of local and gubernatorial jurisdiction. Their decision-making is restricted to micro-level issues of concern to local communities, issues of housing or infrastructure; they are in no way a counterweight to executive power, no impact at the national level. It is as yet unclear how resources will be managed through this system.

Bolivia is another country that has experienced a substantial increase in direct participation. With the collapse of the party system, the emergent model of participation is based on social movements and the governing MAS is the instrument of these movements. The MAS has contributed to the enfranchisement of rural, indigenous, and other historically excluded groups, and it is active throughout the national territory. The MAS has also encouraged the participation of women, and women were an organized part of the MAS from the start. Women hold 30 percent of the positions within the MAS (they are, however, less well represented at the cabinet level). In addition, the new constitution recognizes the multiethnic and pluricultural character of Bolivia. Bolivia ratified ILO Convention 169, recognizing the right to land and self-determination of indigenous peoples. The Law of Popular Participation recognizes urban and rural communities (*juntas vecinales, comunidades indigenas*) as agents of participation at the

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<sup>7</sup> See Rafael Roncagliolo et al, "Ejercicio de la representación y la participación política: el caso de Peru/ unpublished report prepared for the Andean Democracy Research Network.

<sup>8</sup> See Luis Gómez Calcaño et al. "Venezuela: Democracia en crisis/" unpublished report prepared for the Andean Democracy Research Network.

municipal level. The Law of Agrarian Reform grants the right of collective ownership of land. The Law of Environment gives indigenous communities management of biodiversity, while the forest law places agrarian rights above the right to log, and the hydrocarbon law gives indigenous control over oil and gas in their territories. 12,000 communities have been granted legal personality, and indigenous people are granted representation in all legislatures and the executive. Thousands of indigenous communities have benefited, as well as communal peasant and smallholdings.<sup>9</sup>

Ecuador's new constitution adopted participatory mechanisms including legislative initiative, popular consultations, and recall. These are not all entirely new. There have been popular consultations since 1967, and legislative initiative and recall have been enshrined in law (but never used) since 1978. The new constitution creates an "empty seat" in local governments to be occupied by civil society stakeholders. It encourages participatory budgeting and open assemblies (*cabildos abiertos*). In the new constitution, mechanisms of direct participation are given a more central place: it is easier for citizens to initiate legislation, and it is easier to initiate referenda, but the initiative must be accepted by the constitutional court.

Since 1980, Peru has progressively adopted more mechanisms of direct participation. The first step was decentralization (begun in 1988 but interrupted in 1992).<sup>10</sup> The 1993 Constitution enshrined mechanisms of direct participation such as referenda. Under President Paniagua, decentralization was resumed, and participatory budgeting was passed into law. Today Peru and Venezuela are the two countries that have the juridical frameworks most favorable to participation, though in practice Peru has lagged behind Venezuela in promoting participation. The main legal instruments that Peru now has include Referenda Law 26300, enacted in 1993, entitled Right of Participation and Citizen Control. This allows for popular consultations and citizen initiatives. Both president and citizens can call for referenda to change the constitution or laws. Law 26300 allows citizen-initiated legislation, provided such initiatives have the support of at least 0.3 percent of the electorate. Voters in any district can remove their elected officials by a recall referendum. To call a recall vote, 25 percent of the electorate must sign their support for the initiative. Participation has been encouraged through changes in legislation governing decentralization, municipalities, and participatory budgeting (which occurs in as many as 1,800 districts of Peru). A forum for dialogue has been created with the purpose of bringing together government and civil society around a common agenda for development.

Chile is often extolled as an exemplary democracy, yet when it comes to participation it has lagged.<sup>11</sup> There is no recall, no citizen initiative, no communal councils, no local assemblies, and very little participatory budgeting. The absence of participatory mechanisms in Chile might be explained by its authoritarian constitution, or the gap between parties and civil society, but it also reflects that lack of interest in promoting direct participation by the government in the context of a political system with stable parties and a well-institutionalized bureaucracy. The spread of participation elsewhere in the Andean region has occurred largely because governments have come to office that wish to encourage participation, and the form that mechanisms of participation have taken reflects governmental objectives as well as demands

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<sup>9</sup> See Toranzo Roca, Carlos, Eduardo Rodríguez & Carlos Romero, "Bolivia: Diagnóstico de la democracia boliviana".

<sup>10</sup> Roncagliolo *et al.*

<sup>11</sup> See Altman and Luna, unpublished report prepared for the Andean Democracy Research Network.

from civil society. It is, therefore, necessary to inquire into the reasons for the adoption of participatory mechanisms, especially in light of the aforementioned crisis of representation.

In some cases, participatory mechanisms appear to have been designed to exploit the weakness of representative institutions -parties and legislatures- and enhance executive power. President Chávez appears to see the potential for rivals to emerge from the regions, so he has put roadblocks in the way of ambitious governors and mayors. Part of the motivation behind the creation and funding of Communal Councils is to weaken local and regional governments. By creating non-elected parallel powers, bypassing representative institutions, the power of the central government is reinforced at the local level. The central government has obstructed the inauguration of elected governors and mayors, cut their budgets, and limited their powers. The elected mayor of Caracas, Antonio Ledezma, had his budget cut by 80 percent by the central government, and an un-elected vice-president was appointed for Caracas, assuming some of the mayor's functions. The central government ignored the National Association of Governors and created the Association of Bolivarian Governors. In short, the spread of Community Councils is part of an attempt to create direct linkages between the executive and the grassroots to short circuit existing structures of representation.

Despite their differences, there are parallels between the way in which President Uribe in Colombia and Chávez in Venezuela have used mechanisms of direct consultation to reinforce executive power and bypass parties and congress. President Uribe has held hundreds of Communal Council meetings in the period between 2002 and 2007. The purpose is to promote the national development plan. Topics include security, employment, social services, urban problems, education, natural disaster management. Targets are set, and government agencies held accountable to show results. These councils have involved and benefited as many as 4 million Colombians, with 80 percent of social spending going through the president's office.

#### V. Assemblies in Venezuela, Ecuador, Bolivia

Every country in the Andes (excepting Chile) has changed its constitution within the past generation. Peru and Colombia changed their constitutions in the 1990s. In Peru the change occurred in a semi-authoritarian context and resulted in the expansion of executive powers. In Colombia, the constitution was changed by legal and democratic means, so that it reinforced the separation of powers. In the last decade three countries (Venezuela, Bolivia, and Ecuador) have adopted new constitutions. The process of constitutional change has not involved the rupture of the constitutional and democratic order (as in Peru in 1992). But unlike Colombia (which adopted a new constitution in 1991), the recent wave of constituent assemblies have, to varying degrees, appealed to notions of constituent power in ways that challenge liberal and representative democracy.

Constitutional reform that appeals to the inherent right of the people to change their form of government runs the risks that have always been associated with democracy. Since the time of the ancient Greeks it has been understood that democracy, unconstrained by conventions or established institutions, may create unchecked and unlimited power. Such power may provide cover for the aggrandizement of the executive branch of government masquerading as the embodiment of popular sovereignty. It is therefore imperative to assess whether the constituent

process is truly deliberative, plural, and legitimate in terms of basic legal and constitutional principles. A brief comparison of the constituent assemblies in Venezuela, Ecuador and Bolivia exposes major differences that may well, in turn, influence the legitimacy of the emerging constitutional order. Whereas the opposition has played little or no role in the construction of a new constitutional order in Venezuela, it played a significant role in Bolivia. Ecuador represents an intermediate case.

Chávez's allies overwhelmingly controlled the Venezuelan Constituent Assembly of 1999. The sitting congress was closed, its powers usurped. Although the new constitution was radically different from the 1961 Constitution, the process of constitutional change was used to concentrate executive power and to bring the judiciary and other government agencies under the control of the executive. Although the constitution was initially rejected by much of the opposition, factions of which attempted to remove Chávez by non-constitutional means in April 2002, it has been tacitly accepted by all parties since then. It is far from clear whether this is due to conviction or convenience, however, for is it clear whether the Bolivarian Constitution would survive Chávez's departure from office. This uncertainty motivated the push for indefinite presidential re-election. The idea of constituent power has taken on a life of its own in Venezuela. For the Chavez government, the doctrine of constituent power implies a process that has been expanded, extended, and remains ongoing. Indeed, it has been extended to the micro-level through Communal Councils (discussed above). A second constitutional reform by referendum was attempted (unsuccessfully) in 2007; this was followed by a referendum on term limits in 2009 that passed. As Penfold notes, the elimination of term limits substantially increases executive power.

Bolivia's constituent assembly was elected to change the constitution, but significantly the government did not have the 2/3rds majority to pass a constitution made to measure. The electoral system used to select the Constituent Assembly virtually guaranteed that the government would not have the necessary super-majority to change the constitution unilaterally. There were 5 members for each of 9 department (45 in total), and then three representatives in 70 districts (total of 210). The top vote winner would take the first seat, and the runner-up would get the second. The third seat would go to the first party if it had over 50% of the vote. This made it almost mathematically impossible for any party to win 2/3rds of the seats. Yet the "Ley Especial de Convocatoria" expressly required a 2/3rds majority.

The constituent assembly did not usurp the powers of congress. Within the constituent assembly, there were important flaws in the deliberative process. Much time was spent arguing over procedural rules not substance. When agreement could not be reached with the opposition, the text was approved by pro-government members only (under military protection). Nevertheless, the presence of a sitting congress, under immense pressure from Bolivia's social movements, helped resolve the impasse. The text was submitted to congress, which modified many of its articles, thereby ensuring input from opposition, before it was submitted to a referendum. With the 2009 referendum, the text became law.

In Ecuador, a constituent assembly rewrote the constitution and submitted it to a referendum. The constituent assembly was composed of 24 national representatives, 100 from the provinces, 6 representing migrants. The election process was conducted without irregularities. The

assembly was convened under the auspices of the government, and a majority, 80 of 130 seats, was held by the governing PAÍS coalition. In contrast to previous constituent processes in Ecuador, this one was more inclusive and participatory. A Social Participation Office was created which channeled input from society into the assembly, ensured these ideas were given a hearing, facilitated observation by civil society, and brought the outcome back to the public. Public hearings were held throughout the country, allowing a space for participation by citizens. As many as 70,000 people participated, and made a total of with 1,632 recommendations. Independent civil society organizations recognized the opportunities for dialogue. Citizens were then able to vote on the constitution in a popular consultation.<sup>12</sup>

Ecuador's new constitution places a strong emphasis on a broad array of rights, especially those pertaining to participation. It creates a new body with civil society representation, the Consejo de Participación Ciudadana y Control Social (or Council of Citizen Participation and Social Control, CPCCS), that through its commissions, participates in the appointment of the Attorney General, Comptroller General, Human Rights Ombudsman, National Election Council, superintendents, the Board of the Judicature. There were appointments previously made by the legislature. The selection of the CPCCS is competitive and based on merit and an exam. The composition of the CPCCS is critical because if its members side with the president, this will enhance executive power in areas that in the past were the jurisdiction of the legislature. Both critics and supporters of this new body agree that the idea is to remove political parties from the designation of these authorities (see Basabe *et al*).

## VI. Conclusions

It might be tempting to rank Andean democracies, contributing to the proliferation of such indicators. In fact, our methodological template was designed explicitly to be congruent with at least one such indicator: the electoral democracy index of the UNDP. However, because we examine three separate dimensions of democracy -electoral, constitutional, and citizenship- the construction of a single ordinal (much less cardinal) ranking could be misleading rather than illuminating. It is fair to say that the cases of Colombia and Venezuela are of the greatest concern because the problems in these cases affect elections, the core institutions of democracy, and yet the problems in each case are fundamentally different.

In Venezuela, the violation of a basic political right, the right to run for office, has occurred in a context in which the politicization of electoral and judicial institutions has limited the possibilities for redress. In Colombia, the problem lies not with electoral institutions or the judiciary, but with the penetration of the political system by paramilitary actors, and this occurs in the context of widespread abuses of human rights by both state and non-state actors. If we shift our focus to constitutional order, we observe a range of variation from Chile, where the constitutional order is extremely stable but with important authoritarian features inherited from military rule and virtually no institutional innovation to promote participation, to Venezuela where radical change has occurred, involving broader participation, in the context of increasing centralization of executive power. It adds little to say that the other cases lie between these extremes, since they do so in very different ways. Thus, there are remarkable similarities

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<sup>12</sup> Miguel Arnulfo Ruiz Acosta, "Democracia, proceso constituyente y nueva Constitución en el Ecuador contemporáneo". Unpublished report prepared for the Andean Democracy Research Network.

between the presidential style of Chávez and Uribe, and yet Uribe operates in a context of greater constitutional constraints. There are notable similarities in the ways that leaders in Venezuela, Ecuador and Bolivia have responded to failures of representation by promoting more participation, and yet both the process and outcome of constitutional reforms have also diverged.

One implication of our studies is that it is overly-simplistic to suggest that there are two clusters of democracy in the Andes: the precarious democracies where radical populists have come to power and are acting at the margins of the constitutional order, such as Venezuela, Bolivia and Ecuador, and the more robust and stable democracies in which responsible governments are pursuing market-friendly policies within the framework of constitutional institutions (Chile, Colombia, and Peru).<sup>13</sup> Taken as a set, the studies here provide the foundations for a much more nuanced (if difficult to quantify) characterization. Chile's democracy shows real strengths in terms of constitutional order and the rule of law, but it is sorely deficient in terms of participation. The leaders of Venezuela and Colombia share little in terms of ideology, and they are pursuing radically different economic development strategies and international alignments, yet in important respects their autocratic leadership styles are remarkably similar. Venezuela, Bolivia, and Ecuador have all pursued constitution reform, but the deliberative quality of the processes by which reform has been sought has varied. Whereas most Andean countries are promoting grassroots participation in the response to the failure of representative institutions, Peru has neglected the mechanisms that it has available in an efficacious way - with tragic consequences in the case of the massacre at Bagua. The larger point is clear: one-dimensional understandings of democracy are potentially misleading, and that there are manifold tensions between different components of the democratic regime emerging in the Andes.

A key question for the immediate future concerns whether participation must undermine representative institutions. Are we witnessing yet another example of the tendency toward delegative rule in Latin America, the inevitable consequence of which will be to erode representative democracy and the constitutional separation of powers? Such a view has some foundation, but it is important to recognize differences in the emerging models of participation. For example, a major difference between Bolivia and Venezuela is the relative power of social movements in the former prior to the election of Evo Morales, on the one hand, and the greater need of the Morales government to negotiate with the opposition once in power, on the other hand. As a result, the constitutional order emerging in Bolivia, and reinforced by the re-election of Morales in December 2009, represents a synthesis between existing forms of representation and new mechanisms of direct participation. The assessment of democracy in the Andean region suggests a lesson that transcends the current conjuncture in this particular piece of geography: there is no single type of democratic regime. An ecological metaphor is useful. Democracies are complex, interdependent ecosystems, and they constantly evolve and adapt to changing conditions.<sup>14</sup> Rather than ranking countries on scales that suggest progress from lower to higher levels, we should think of democracies as dynamic systems that must balance electoral processes, constitutional order, and participatory action.

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<sup>13</sup> See Maxwell A. Cameron and Eric Hershberg, eds. (forthcoming).

<sup>14</sup> I am grateful to Mark Warren for suggesting this metaphor.

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## **“The Fate of Democracy and Multilateralism in the Americas”**

Alejandro Toledo, Former President of Peru

The Brookings Institution

June 24, 2010

The election of Barack Obama has raised enormous expectations around the world, including in Latin America and the Caribbean (LAC). While President Obama’s attention has understandably been focused predominantly on formidable challenges at home, in the Middle East, and in Asia during his first year in office, there are three reasons why intra-hemispheric relations are increasingly of crucial importance:

1. The social discontent in LAC, the region with the world’s greatest disparity in the distribution of wealth and incomes, threatens many of our citizens’ faith in democracy. Anger and dissatisfaction with the status quo are empowering politicians who are recycling dangerous populist formulas that place leaders above institutions. In the streets of LAC, one can hear the sound of 200 million poor and excluded women and men who were unable to taste the economic fruits of prosperity prior to the global financial meltdown. They are demanding a job with a decent salary, access to potable water and sanitation, quality healthcare and education, clean energy, an uncontaminated environment, and equal access to justice. The youth are eager to attain access to the digital world.
2. While the US is absorbed with other issues, emerging powers are crossing the oceans to approach LAC, where they are making considerable progress towards their own agendas. China’s motor is being fueled by the region’s natural resources; Iran is seeking raw materials for its nuclear weapons program, and also an alliance of convenience with the authoritarian populist governments of our hemisphere.
3. Ties between North America and LAC will continue to grow stronger in the foreseeable future. There are 45 million Latinos in the US today (17% of the population); projections suggest that, by the year 2050, this population will nearly double.

If economic growth in our region is not accompanied by deliberate social policies that deliver concrete and measurable results to the poorest of the poor, and if we lack strong democratic institutions, we run the risk that poverty could truncate our economic prosperity and conspire against democracy.

### **The Needs of Our Hemisphere**

In the past 15 years, LAC has experienced dramatic changes in the economic, social, political, and diplomatic spheres. These shifts have prompted many attempts to redefine the relations between the region’s countries, as well as their collective position towards the rest of the world, particularly through the creation of new multi-lateral organizations, such as the Union of South American Nations (UNASUR) and the South American Defense Council. The Community of

Latin American and Caribbean States, launched in Playa del Carmen, Mexico, just at the end of February, is the latest attempt to redraft the region's international relations.

The frequent creation of new institutions suggests that our region's long-established, multi-lateral political body, the Organization of American States (OAS) (which includes the United States and Canada), must work harder to avoid becoming redundant. The Inter-American Democratic Charter, adopted in Lima, Peru, during the 2001 General Assembly of the OAS, is binding on the 35 member states. The Charter warns that illiteracy and low levels of human development are factors that have negative repercussions on not only our economies, but also on the consolidation of democracy. Thus, the signatory governments recognized that the elimination of extreme poverty is key to the preservation of democratic order; this crucial task is the common and shared responsibility of the American States. Our leaders and multilateral institutions must take action and deliver results to prevent this democratic Charter from becoming little more than a collection of dead words.

The OAS, *which belongs to all of the citizens of the Americas*, has the enormous challenge of contributing in a significant, clear, and measurable manner to the strengthening of democratic institutions, to ensure that they be independent, participatory, transparent, resistant to manipulation, and that they provide a space of downward accountability – from elected officials toward those whom they govern.

In short, our American States need a new, shared and explicit social agenda for democracy. We must go beyond the extraction of raw materials and invest intelligently in the gray matter of our people, which is necessary to compete with other regions in today's knowledge economies. In achieving these goals, we must also bear in mind that we carry a great responsibility to protect the environment for the sake of our children and our children's children.

In few times in its history has LAC had such an enormous potential to become a promising region with a leading role in the global economy and the world community of democracies, as it now has in the next 10 to 15 years. To ensure that this opportunity is not lost, together we must build a concerted Social Agenda that promotes sustained economic growth with distribution (because we cannot redistribute poverty), as well as a social inclusion that respects our cultural diversity and strengthens the sustainability of healthy political systems.

### ***The Social Agenda for Democracy***

Luckily, the OAS need not face these challenges alone, nor build accord from scratch. Over the last 28 months, a group of 20 former Presidents from LAC, leaders in their respective countries and in the region, have joined forces with other world leaders and top development experts, who have all generously contributed their experiences to the drafting of a *Social Agenda for Democracy in Latin America for the Next 20 Years* (an initiative spearheaded by the Global Center for Development and Democracy).

The 63 social-policy recommendations for the public and private sectors contained in the *Social Agenda* have been presented to the current heads of state who attended the Ibero-American Summit in Portugal in December 2009.

This set of social-policy recommendations constitutes a modest contribution – but one of solid content – for promoting more inclusive economic growth and a greater solidification of representative democracy within the Ibero-American system. These recommendations span across 16 fields, all of which are interrelated:

- Democracy and Poverty in LAC;
- Quality and Fairness in Education and Poverty;
- Conditional Direct Cash Transfers and Poverty;
- Food Security and Poverty;
- Healthcare and Nutrition in the Fight Against Poverty;
- Decent Work and Poverty;
- Fiscal Policy and the Poor;
- Potable Water and Sanitation for the Poor;
- Access to Energy and Poverty;
- Access to Microfinance and Poverty;
- Climate Change and the Poor;
- Indigenous Peoples in LAC and the Deepening of Democracy;
- Women in LAC and the Deepening of Democracy;
- Remittances and Poverty Reduction;
- Armed Violence, Personal Security, and Poverty; and
- Decent Housing and Poverty Reduction.

In addition to being interconnected with one another, each of these policy areas is structured for accomplishing four objectives: sustained economic growth, the eradication of poverty, increasing social inclusion, and strengthening democracy.

The policies recommended under the rubric of “Reforming Political Institutions,” for example, are aimed first and foremost at empowering effectively disenfranchised populations by deepening their inclusion in their countries’ democratic processes. This example set of recommendations, which the twenty former Presidents have humbly offered to the sitting heads of State of Ibero-America, includes measures for improving transparency, enhancing responsiveness, increasing deliberative democracy, and strengthening accountability:

**Improve Transparency:** Governments should adopt both active transparency measures, which place as much government information as possible on the websites of government agencies, and passive measures (such as a Freedom of Information Act) that enable citizens to request and obtain government information that does not strictly need to be withheld in the interest of national security. Government ministries and agencies should detail, in an accessible way, how they are spending their budgets. Bidding for services, supplies, and new capital projects should be publicized on the Internet.

**Enhance Responsiveness.** Governments should make more creative and energetic use of new information technologies to engage citizens in a two-way dialogue on the practical issues of governance. Specifically, citizens should be given means to register complaints, via “hotlines,” Internet sites, ombudsmen, etc., and to receive replies to their petitions. Citizens should be able

to file complaints and petitions through mobile-phone text messaging to a free government hotline.

**Deliberative Democracy.** Communications technology can be used to structure a discussion on policy choices among a representative sample of citizens, at the local, regional, or national levels. First, a random sample of citizens is drawn. Then they are brought together in one place to hear and debate alternative policy options (or spending priorities). As a product of this more informed deliberation, the society may be able to arrive at a broader and more sustainable agreement on difficult policy and spending choices.

**Strengthen Accountability.** Democratically elected governments must do more, and must be perceived to be doing more, to control, expose, and punish corruption. In addition to the above measures, they should learn from successful instances of corruption control, such as Hong Kong's Independent Commission against Corruption (<http://www.icac.org.hk/en/home/index.html>), to modernize and strengthen ethical codes and means of monitoring and enforcement. This objective requires not only more substantial staffing and legal authority, but also vigorous campaigns of public education and innovative means for citizens to report tips and complaints about corruption.

The implementation of these measures will not only strengthen democracy and increase social inclusion, but they will also indirectly stimulate the knowledge economy that our region needs to ensure for long-term economic growth and independence.

In a short time, various LAC countries will be celebrating their 200 years of political autonomy. The leaders of LAC now have in our hands the imperative challenge to initiate and accelerate our second great independence: to free our vulnerable economies from being fettered to fluctuations in the prices of raw materials (gold, silver, copper, tin, oil, gas, coffee, etc.) in the international market, and to build knowledge societies that allow us to produce value-added products. Only then can we achieve higher levels of competitiveness and flexibility to successfully adapt to an increasingly globalized world.

Today's social-networking technologies will permit us to simultaneously energize our economies and enable a broader distribution of political inclusion for our citizens to communicate with municipal, regional, and national governments – thus permitting a two-way democratic governance.

### **The Opportunity Is Now**

In LAC, we are conscious of the fact that the Americas are sister continents, and that we are partners with the United States and Canada. During our history, we have traveled a long path of common interests, although it has not always been free of obstacles. In light of the new, urgent challenges that our hemisphere and the world face today, the authors of the *Social Agenda* are convinced that this recently begun mandate of the OAS is the most opportune moment to sit down at a round table to talk and listen to one another, and together to redefine the components of a new Agenda for the relationship between LAC and North America.

We seek an Agenda of commitment, mutual cooperation, and measurable results that go beyond – yet do not overlook – our obvious common interests concerning security, the fight against drug trafficking, free-trade treaties, and the Cuba issue. The future demands new inter-hemispheric relations that prioritize economic, social, political, and judicial stability, safeguarding our environment, the eradication of poverty, the reduction of inequalities and social exclusion, and the reduction of the digital gap (the Global Center for Development and Democracy has already initiated a Digital Democracy project to incorporate marginalized populations into their countries' political processes).

This new, redefined Agenda is not motivated to attain greater amounts of foreign aid from North America; rather, it seeks a horizontal dialogue on a wider spectrum of issues that are now pertinent to our entire hemisphere.

While a number of the policy recommendations set forth in the *Social Agenda for Democracy* pertain to internal governance issues, the OAS can contribute by encouraging the strengthening of democratic institutions, accountability, respect for the freedom of expression, and human rights in our region.

Together, we must confront our hemisphere's challenges with pragmatism, with the political will to take action, and, as always, with hope.

*Editor's Note: Contributions to this article are courtesy of Avi Tuschman, senior writer and international projects adviser for the Global Center for Development and Democracy.*