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No Longer Washington’s Backyard

MICHAEL SHIFTER AND DANIEL JOYCE

Just one month before Barack Obama’s historic inauguration, all 33 of the United States’ southern neighbors convened at an unprecedented “mega-summit” hosted by Brazil, Latin America’s largest country and a rising global power. The gathering at Costa do Sauipe, in Brazil’s eastern state of Bahia, showcased yet another of the regional arrangements that are emerging to deal with a variety of vexing issues.

It also highlighted the region’s eagerness to play a more assertive and independent role on the global stage. That the United States was, quite consciously, not invited to the gathering should have been carefully noted by Obama and his foreign policy team. Latin America plainly wants greater distance from its historical hegemon.

In fact, a variety of regional institutions already exclude the United States—ranging from the recently formed Union of South American Nations (UNASUR) to the Common Market of the South trade pact (Mercosur) to the Rio Group (which dates from 1986 and now includes 23 Latin American countries). The summit in Bahia represented another step in the region’s cumulative efforts to redefine its relationship with the United States and the rest of the world. The Bush administration, distracted by pressing global priorities and stymied by anti-US sentiment, was perceived as largely indifferent to Latin America. Unsurprisingly, countries in the region are now looking to discuss common concerns in entirely Latin American forums as a way to enhance their leverage as they confront a daunting global agenda complicated by a worldwide economic crisis.

To be sure, the substantive accomplishments of the meetings organized by Brazil at the end of 2008 were notably meager. Latin American leaders are under no illusions that the rhetorical unity espoused in recent regional forums is representative of the underlying reality. On the contrary, summits reveal the enormous tensions and divisions that characterize Latin America. Discord is mounting on economic and energy questions, a reflection of long-standing political disputes that belie claims of regional solidarity. Yet this disarray is precisely the reason that regional space is needed to air differences and explore cooperation.

Today, as Brazil’s mega-summit in December made clear, nations in a transformed region are demanding treatment befitting serious countries with global interests and ambitions. Latin America wants to deal with the United States on new terms—along the lines of the structure of the US relationship with Europe, for example. The United States participates in some European summits and agreements are reached on some issues, but not all. This give-and-take is the normal course of international affairs, but it would mark a sharp departure from past patterns of inter-American relations.

CONTROL OR RETREAT?

Most Latin American countries are seeking diverse alliances and greater independence, but the region still sees the United States as having an important role to play. Even amid the current recession, the economic might of the United States means that few governments can afford to shut it out completely. Indeed, Latin American nations may grow more reliant on the United States as a perverse result of the crisis that began on Wall Street. Latin American countries today have few alternatives to US capital and investment, especially as oil revenues fall in Venezuela. The Unit-

MICHAEL SHIFTER, a Current History contributing editor and an adjunct professor at Georgetown University, is vice president for policy at the Inter-American Dialogue. DANIEL JOYCE is a program associate at the Dialogue.

ed States, moreover, has legitimate interests in the region—including trade, drug trafficking, and immigration—which provide a foundation for a shared agenda with its southern neighbors. And Obama's election as president has generated a rare outpouring of goodwill toward the United States, clearing the path for more convivial relations. With the region in considerable flux, the Obama administration has an opportunity to establish the United States as a responsible and active participant in inter-American affairs.

To be successful, however, the incoming administration must avoid two approaches that have long prevailed in Washington. The first, reflecting a markedly paternalistic attitude, attempts to impose narrowly defined US interests on the regional agenda, and then bring along Latin American governments. This tutorial impulse might cast Latin American summitry, such as Brazil's recent initiative, as a threat to America's dominance in what has long been seen as its backyard. In the past, such a view has irritated allies, strained relations with the region, and hurt US interests.

The second approach is to applaud Latin American political initiatives and then proceed to argue that such signs of political maturity should prompt the United States to withdraw further from the region. Propo-

nents of such a perspective include both those who see US meddling as the cause of the region's ills and those who regard Latin America as a complicated distraction from pressing US priorities. Both groups are content to turn away, and Brazilian-led regional initiative gives them the perfect pretext to rationalize Washington's indifference. Accusations of US neglect can be deflected by pointing to Latin America's long-sought political independence and its emerging, robust diplomacy.

Both approaches are shortsighted and reflect a fundamental misreading of what is happening throughout Latin America. Governments in the region are deepening formal ties throughout the world, partly in response to economic incentives and partly in understandable resistance to Washington's paternalistic reflex. Most regional leaders sought to maintain good relations with the United States even under the highly unpopular Bush administration. Still, if Washington fails to temper its condescending policies and rhetoric in light of the new international context, or re-

fuses to address the perception that it is indifferent to the region, hemispheric relations and US interests will suffer.

The beginning of the Obama administration has generated unprecedented enthusiasm and expectations, giving the new president a unique opportunity to find the middle ground between the twin impulses of control and disengagement. Of course, Obama has not yet focused on Latin America, given other urgent domestic and foreign policy challenges. His May 2008 campaign speech on the region, entitled "Renewing US Leadership in the Americas," conveyed a vision of broad, open partnership, but also relied on some recycled policy ideas from a different era. For example, increasing the number of Peace Corps volunteers and reinstating the Special Envoy position created during the 1990s do not respond to the fundamental doubts that most Latin Americans harbor about US policy.

The use of the term "leadership" in the speech, moreover, carried unfortunate connotations of the kind of tutelage that has long been associated with

the US role in Latin America—though this is probably not what Obama intended. Rather, his idea seems to be to exercise leadership by identifying and cooperating on genuine interests that the United States and

Latin America share. To develop such a strategic concept and framework, however, requires a nuanced appreciation of the diverse, underlying currents at play in Latin American politics.

COUNTRY OF THE PRESENT

It is no accident that the multiple, simultaneous meetings of the December 2008 mega-summit took place in Brazil. By virtue of its sheer size and undisputed role as a regional power, Brazil has a unique convening capacity in the region. Under the effective stewardship of the two-term presidencies of Fernando Henrique Cardoso and Luis Inácio "Lula" da Silva, the so-called "country of the future" has established the underpinnings of economic and political stability that had long eluded it.

Brazil's competent leadership has helped it become the tenth-largest economy in the world, while effective social programs have reduced poverty levels and even inequality, the country's traditional Achilles' heel. To be sure, progress at

Bolivia, Ecuador, and Venezuela possess a number of vulnerabilities that may grow more serious over time.

home has been far from uniform. Although Lula's personal popularity in public surveys stands at 80 percent, his administration has been burdened by corruption scandals, an unwieldy bureaucracy, and drug-fueled violence. Such problems, however, have been largely overshadowed by the country's continued economic buoyancy and political steadiness.

Indeed, these advances have enabled Brazil credibly to play the sort of international role to which it has long aspired, a role exemplified by the Bahia summit. Along with Russia, India, and China, Brazil was identified by the investment bank Goldman Sachs in 2001 as one of the "BRIC" countries bound for global preeminence, and Brasilia is increasingly demonstrating its clout at international gatherings like those regarding the Doha round of World Trade Organization negotiations. Petrobras, the Brazilian national petroleum enterprise, has proved extremely productive. Recently discovered offshore oil reserves might, when fully developed, transform Brazil into one of the world's top energy producers.

By fits and starts, Brazil has moved to build its global profile by taking a reluctant leadership role in the region. Brazil was constructive in defusing tensions between Colombia and Ecuador following a cross-border incursion in 2008. It has also acted as an honest broker in Bolivia's internal conflict and was a driving force in the United Nations peacekeeping mission in Haiti. Likewise, Brazil has taken the lead in UNASUR, an attempt to integrate various subregional trade groups, and in the "Group of 20," which made developing countries a force to be reckoned with in working out global trade deals.

Of course, disagreements and tensions with neighbors are inevitable for a regional power. Nationalist sentiments and policies in Ecuador, Bolivia, and Paraguay, for example, have complicated Brazil's investments in the region. Nevertheless, Brazil has moved to fill the vacuum left by a diminished US presence in South America and has helped steady its occasionally turbulent neighborhood.

BOLIVARIAN CONFRONTATION

Aside from Brazil, the only other South American government that aspires to play a wider leadership role in the region is Venezuela. Over the past decade President Hugo Chávez has sought to carry out a revolution in honor of the nineteenth century independence hero Simón Bolívar. Of

course, the contrast between the pragmatic moderation of Brazil and the confrontational politics of Venezuela could not be sharper.

Chávez has relentlessly pursued political power, often by distributing oil revenues and by taking advantage of resentment toward the United States. A military man who is a stranger to the give-and-take of democratic politics, Chávez has thrived on continuous battles. For him, the "rancid oligarchy" of the traditional Venezuelan political class and the "empire" of the United States are one and the same. His rhetorical attacks following US military action in Afghanistan in 2001 and the tacit US support for a coup against him in 2002 resulted in a severe deterioration in the US-Venezuelan relationship. Matters reached a low point when Chávez expelled the US ambassador from Caracas in September 2008, leading Washington to reciprocate.

Fears of a US invasion or an embargo of Venezuelan oil, however improbable those prospects might be, have prompted Chávez to step up military and economic cooperation with other adversaries of the United States. In November, Venezuela carried out joint training exercises with Russia, which has sold the Chávez government over \$4 billion in military equipment. Chávez is also seeking to diversify Venezuela's oil exports. The primary target is China, which is now the destination for more than 330,000 barrels of Venezuelan oil per day. This is up from 12,000 barrels in 2004 and is roughly one-third the amount that Venezuela exports to the United States. These relationships, along with Venezuela's growing alliance with Iran, are aimed at needling the United States while also curtailing the latter's influence in the region.

Backed by petrodollars, Chávez has been tireless in unveiling new regional initiatives, undertaken in the name of regional solidarity but also designed to bolster his own political position. This may change, however, if oil prices do not rebound from their steep drop in 2008. The Bolivarian Alternative in the Americas (ALBA)—made up of Venezuela, Cuba, Nicaragua, Bolivia, Dominica, and Honduras—is a response to the stalled Free Trade Area of the Americas, which is backed by the United States. Also central to Chávez's political mission are the Bank of the South, an effort to diminish the regional influence of Washington-based international financial institutions; and Petrocaribe, which provides low-priced oil for the Caribbean community and some Central Ameri-

can countries. The latter has garnered Chávez important allies, as have his purchases of \$7 billion worth of Argentine and Ecuadoran debt.

Political experiments in other countries in the region show some parallels to the Venezuelan experience. These experiments have been marked, too, by mobilization of long-marginalized social groups, authoritarian tendencies, heavy reliance on energy resources, and the collapse of a country's political establishment. President Evo Morales of Bolivia is using his indigenous identity, popular support, and natural gas revenues to forge a new governance system. Like Chávez, President Rafael Correa of Ecuador is taking advantage of a discredited political system, widespread popular frustration, and significant oil reserves to engineer a new political framework that concentrates executive power and increases state control of certain sectors of the economy.

Treating these cases as one is tempting but mistaken. Each case in fact derives from local circumstances, and national foreign policies vary. Ecuador, for example, has refused to join ALBA. And Chávez's ambition, money, and belligerence put him in a separate category of anti-Americanism. Both the Bolivian and Ecuadoran governments want to continue to receive US trade preferences, which the Bush administration suspended for Bolivia in retaliation for Morales's decision to expel the ambassador and the US Drug Enforcement Administration. Such punitive measures tend to be counterproductive, playing into anti-US rhetoric and alienating key allies like Brazil and Chile.

Bolivia, Ecuador, and Venezuela possess a number of vulnerabilities that may grow more serious over time, particularly in light of the severe fiscal constraints afflicting each of these countries. Without surplus oil revenue, Chávez will struggle to sustain his incipient resource-based alliances abroad, and he must also deal with rising public insecurity and increasingly vigorous electoral opposition at home. Indeed, nations such as Venezuela are not building a sustainable model for combining social justice and democratic politics. The United States, therefore, should be able to look beyond the provocative rhetoric of these countries' leaders and focus instead on working with other countries committed to offering a more viable alternative.

GEOGRAPHY MATTERS

The next mega-summit of Latin American and Caribbean governments is scheduled to take place in Mexico. The location, as in the case of the Brazil summit, is no accident. Despite its proximity to the United States, Mexico is not immune to the changes that have taken place in inter-American relations. Indeed, Mexico, like much of South America, is seeking greater political distance and independence from decisions made in Washington.

Mexico, when it was a non-permanent member of the UN Security Council in 2003, opposed the US decision to take military action in Iraq. This represented perhaps the country's clearest and most public departure from Washington's line in recent times. But even in working out details of immigration policy and the recent US anticrime package known as the Mérida Initiative, growing distance has been evident. The United States has been forced to deal with an increasingly pragmatic and assertive Mexico on more equal terms than in the past—a salutary development that is unlikely to be reversed.

Nonetheless, in contrast to the growing distance that characterizes relations between Washington and South America, US-Mexico ties have tended to be reinforced by the interplay of

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three global and national trends. First is the increasingly profound interconnectedness of the United States with its closest neighbor to the south. The reasons for the persistent significance of the US-Mexico relationship are obvious: a 2,000-mile border, a robust trade relationship under the 1994 North American Free Trade Agreement, continuing high levels of tourism and immigration, remarkable cultural intermingling, environmental concerns, and an array of other important bilateral issues.

The second trend is Mexico's increasingly open, competitive, and democratic politics. It has been nearly a decade since Mexico witnessed a transfer of power to the National Action Party after seven decades of rule by the Institutional Revolutionary Party. Authoritarian control is steadily giving way to more give-and-take in the government sphere.

The third trend cementing the US-Mexico relationship is less benign—an example of the darker side of globalization. Mexico has become a principal locus of drug-fueled organized crime, an activity that led to well over 5,000 murders in 2008. President

Felipe Calderón, facing brutal and well-financed mafias that have penetrated all levels of the Mexican state, has turned to the country's army to take on the drug gangs. This approach involves considerable human rights risks and has yielded disappointing results. The United States, as the main consumer of drugs trafficked in Mexico and the main source of arms used in Mexican murders, is hardly an idle bystander in the crisis. US aid through the Mérida Initiative may help restore greater state control in Mexico, but a longer-term solution will require the United States to address the ways in which it is contributing to the problem.

Conditions in Central America and the Caribbean are similarly combustible. Guatemala, the largest country in this vulnerable subregion, and other nations have scant capacity to respond to transnational organized crime and an economic slowdown, both of which are exacerbating enormous insecurity.

The United States thus remains the principal reference point for its closest neighbors—Mexico, Central America, and the Caribbean, even though their political independence is greater than it was in the past. The subregion is highly sensitive to what happens in the United States, reaping benefits in good times and suffering during economic downturns. Despite ebbs and flows in remittances and migration, the United States remains the subregion's main trading partner, and the shift toward deeper economic and cultural integration is unlikely to be reversed in the foreseeable future.

A REGIONAL MOSAIC

Chile may be the only Latin American country that is more intensely globalized than Brazil. Unlike Brazil, however, Chile has long enjoyed solid economic growth and, with the prominent exception of the Pinochet years, an extensive democratic tradition. Chile seems determined to exercise as many of its options as possible on the global stage, as evidenced by its 28 trade agreements, a notable example being its pact with China. As a non-permanent member of the UN Security Council in 2003, Chile, like Mexico, voted against authorization of the US war in Iraq. However, the Bush administration put aside its disappointment and proceeded to approve the US-Chile free trade agreement shortly thereafter.

The example of Washington's relationship with Chile—in which trade links are balanced with occasional political disagreements—presages the

kind of relationship that Washington will need to forge with other countries in an increasingly globalized and independent region. While Chile is better positioned economically than most other Latin American countries, it is not immune to the global slump, and there are rumblings of discontent with the long-ruling Concertación coalition.

Argentina, though it is geographically contiguous with Brazil and Chile and shares some characteristics with both countries, is moving in a different direction. The government of Cristina Fernández de Kirchner has shown troubling signs of centralization and insularity while taking confrontational positions toward both the domestic opposition and the international community, particularly the United States. Argentina is saddled with an unpopular administration, a real inflation rate second in Latin America only to Venezuela's, and a heavy reliance on soy exports that have been hurt badly by the global economic downturn. The government has tried a variety of measures to cope with its challenges, but the country today faces considerable uncertainty.

Colombia, too, is beset by economic anxiety, a product of both the global slowdown and the recent collapse of a widespread domestic pyramid scheme in which millions of investors were defrauded. Criticism of the government's response to slowing growth and to the financial fraud may well cost President Alvaro Uribe a chance to run for a third term in 2010, opening a competitive fight to succeed him. During the administrations of Presidents Bill Clinton and George W. Bush, substantial US antidrug aid and the prospect of free trade pushed Colombia into a close alliance with the United States. Now a likely reduction in security funding and the stalled progress of a trade pact may prod Colombia to try to diversify its foreign relations. While less dependence on the United States may be a positive development for Colombia, there are few obvious alternatives for partnerships, at least in the short term.

The Obama administration would do well to consult with the Uribe government on the future focus of antidrug aid and on the new president's plans for coordinating with Congress to eventually pass the free trade agreement. The United States, already viewed as unreliable in much of Latin America, cannot afford to be seen as snubbing a key ally.

THE CASE OF CUBA

Cuba, of course, has been a *sui generis* case for the past half century, and the passing of control

from Fidel to Raúl Castro leaves big questions unanswered. All signs point to political stability and continuity, with democratic and economic openings coming about only gradually. While a true transition to liberal governance is not imminent, some cautious but pragmatic economic changes have been carried out, such as the leasing of land to private entities and the lifting of restrictions on sales of cell phones, appliances, and cars.

Cuba receives an estimated \$2 billion per year in oil and aid from Venezuela, a subsidy that it can ill afford to see cut off given its limited economic options. Although Venezuelan assistance to Cuba has increased since Fidel formally stepped aside as president in February 2008, Cuba has actively sought to diversify its economic and political relationships. Lula has extended \$1 billion in credit to Cuba, and China and Russia factor heavily in Cuba's foreign policy priorities. These and other global partners are keen to help Cuba exploit significant oil reserves discovered in its waters. Especially in light of a changing political environment in the United States, it appears just a matter of time before a long-standing, ineffective US embargo on Cuba gradually gives way to a more open posture. At Brazil's mega-summit, Latin American governments formally incorporated Cuba into the Rio Group, in the process registering their displeasure with the hard-line US stance.

US policy toward Cuba has been stuck on autopilot for decades. The policy has failed to force democratic reforms from the Castro government, succeeding only in undermining US credibility throughout Latin America. Obama has pledged to lift Bush administration restrictions on travel and remittances by Cuban-Americans. This would send a positive signal that the United States will be more responsive to regional concerns. But these measures should mark the beginning, not the end, of the debate. Removing travel restrictions for any US resident would be a logical next step. Although an immediate dialogue with Raúl Castro or an end to the embargo is unlikely for political reasons, the Obama administration should make it clear that it is flexible in its Cuba policy and open to future negotiations.

RETHINKING US POLICY

Latin America's transformed and fluid landscape should serve as the basis for a fundamental rethinking of US policy toward the region. But before devising a new approach, the United States first needs to understand the contradictory

and overlapping currents in Latin America. The intersection of global forces with national institutions and leadership styles is shaping the divergent trends outlined above—including South America's growing independence from the United States; deepening US economic and cultural interdependence with Mexico, Central America, and Caribbean nations; as well as country-specific developments. None of these trends is captured by a single label or by an ideological left-right dichotomy that tends to obscure more than illuminate what is happening in this highly dynamic region. Rather than allowing diversity in the region to overwhelm US policy, the new administration can focus on the most productive partnerships while keeping the door open to positive relations with all countries.

The message from most governments is clear: They want the United States to be neither on the sidelines nor heavy-handed. They would prefer that the United States be engaged but not overbearing. Rather, the agenda needs to be forged through a genuine process of collective consultation, especially with those governments best positioned at a global level to advance the hemisphere's interests regarding trade, security, the environment, immigration, and democracy.

Sustained bilateral meetings are essential, but the Obama administration should also accord importance to, and invest in, the inter-American system. Multilateral forums offer a space for the United States to engage with countries with which a close partnership is not feasible, keeping lines of communication open in order to take advantage of opportunities or to manage crises.

In recent years, the United States and other governments in the hemisphere have not taken the Organization of American States seriously. However, the institution performs some valuable functions, such as electoral and human rights monitoring, and with the right measure of political support it could be far more effective in fostering cooperation. Likewise, although the April 2009 Summit of the Americas meeting in Trinidad and Tobago is unlikely to lead to a breakthrough in regional relations, a convivial atmosphere could set a positive tone for future bilateral and regional talks. Multilateral deliberations are not mutually exclusive of intense, high-level bilateral consultations.

All countries in Latin America are looking for greater political and economic autonomy. This fact is reflected in the growing role of extra-hemispheric actors, such as China, India, Russia,

and Iran. Europe, particularly Spain, also continues to be substantially involved in regional affairs. Although the financial crisis has slowed external players' pace of engagement, they will continue, in pursuit of different ends and to different degrees, to be active. Because the Monroe Doctrine has long been defunct, and the presence of outside governments has expanded in recent years, the United States faces competition in its efforts to forge relationships, particularly in South America but even in Mexico and Central America.

Given Brazil's role and importance in the region, the United States needs to build significantly on the Bush administration's efforts to forge a productive partnership with Brasilia. This requires regular bilateral consultations across a range of issues, as well as coordination in pushing a common, multilateral agenda. Such an exercise would yield a host of diplomatic and economic advantages for the United States in the region. Inevitably, there will be legitimate policy differences with Brazil, especially on the difficult question of US tariffs on ethanol imports—but areas of agreement also exist, and the Obama administration can deepen these to foster closer cooperation with the Lula administration and subsequent governments.

Mexico's fundamental importance for the hemisphere and for the United States calls for enhanced cooperation on a variety of issues. Chile, too, can and should be an important ally in pushing a region-wide agenda. Regarding Venezuela, the United States should neither confront nor embrace Chávez. The Obama administration can keep a safe distance by remaining cautious, reinstating the US ambassador, and discreetly pursuing consultations in key areas like drugs—all without reacting in a way that would offer Chávez fuel for his belligerent rhetoric.

RECONNECTING ON NEW TERMS

The overall challenge is to build on existing groupings to construct manageable governance structures, with US involvement, that more effectively connect the hemisphere with global concerns. Such an approach would entail, for example, devising a US immigration policy that takes into account not only narrow domestic

and economic interests, but also the concerns of the hemispheric partners that are affected by the consequences of immigration policies. It is noteworthy that in debating the legislation that resulted in the construction of a "wall" on the US-Mexico border, no consideration was given to the effect it might have on bilateral or hemispheric relations.

Similarly, although US drug policy has demonstrably failed both in the United States and in Latin America, it has remained largely unchanged for decades, the prisoner of US domestic politics. Consultations in a high-level forum with hemispheric partners might well produce an approach that is less parochial and more concerned with countries where production, trafficking, and consumption pose a serious risk to democratic governance and the rule of law. Politically feasible options exist that would restore some US credibility and answer

charges of hypocrisy on the drug issue. These include higher-level attention and cooperation, shifting from eradication to serious alternative crop development, and a renewed emphasis on drug rehabilitation and harm reduction.

To the extent possible, trade should be thought of as a foreign policy issue rather than purely a matter of domestic politics. The US free trade agreement with Colombia, for example, has unfortunately become a victim of partisan posturing and rancor, sending a message to the region that the United States cannot be depended on as a partner.

The Obama administration will have to contend with formidable domestic political constraints and a very difficult economic environment. But all signs indicate that the traditional approach toward the region that characterized the cold war years and then returned at the start of the twenty-first century remains counterproductive and has run its course. The complications that accompany financial and economic crises are of great concern, but they may paradoxically produce a rare opportunity to question long-held assumptions and break old habits. The region is ready to embrace a renewed relationship with the United States, and the Obama administration is well positioned to establish a more constructive partnership that reflects shared interests and priorities. ■

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