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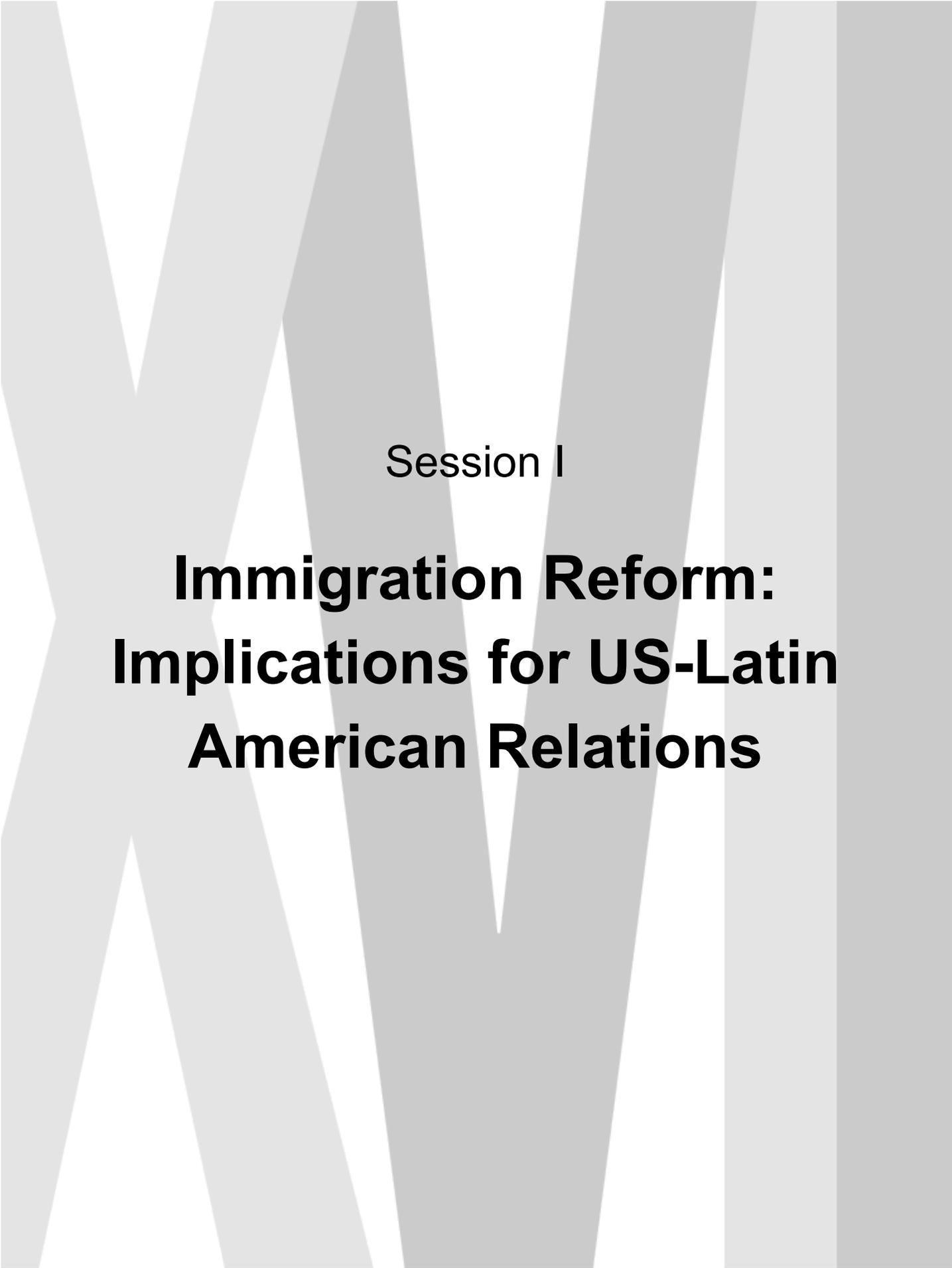
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Session I

**Immigration Reform:
Implications for US-Latin
American Relations**

Stars align at last for immigration reform

By Bill Richardson

CNN, 29 January 2013

The stars may finally be aligning for a comprehensive immigration overhaul. Whatever the reasons -- and there are many -- it's about time.

During my two terms as governor of a border state, there were times when I was hopeful for a breakthrough. But political fear-mongering often ruled the day as immigrants and drugs illegally crossed into the United States and weapons flowed to the south. With every border flare-up, the American public -- and their elected leaders -- put immigration on the back burner.

I am encouraged by the news that a bipartisan group of senators has crafted a plan and is working on building consensus toward a political way forward. The Congressional Hispanic Caucus is also taking an active role and showing leadership on this issue. My hope is that we end up with a truly comprehensive solution that does not tear families apart.

A comprehensive plan should create a path to earned citizenship, enforceable border security, a realistic guest worker plan, accountability for employers that hire illegal immigrants and passage of the DREAM Act.

We have a window of opportunity now that didn't exist before because immigration is at a low point, and addressing the issue makes more sense politically.

Our struggle to recover from the financial crisis doesn't just mean fewer jobs for Americans; the lack of work has also deterred many would-be immigrants, especially those who come to America to find construction and manufacturing jobs.

The U.S. Census Bureau estimates that we have nearly 1 million fewer illegal immigrants living in America than we did in 2007. Census officials say the economy is the primary reason for the decline. The aging population and the growing middle class in Mexico may also be factors that explain the new trend.

While nobody is celebrating the poor economy and the lack of jobs, the reality that illegal immigration isn't seen as a "crisis" at the moment, gives us the opportunity to have a reasoned debate, without the unnecessary rhetoric, and finally enact a comprehensive immigration plan.

With a stable and reasonable immigration system in place, I believe we'll have more opportunities for bilateral economic growth and trade between the United States and Mexico. That will mean more jobs on both sides of the border.

Politically, the results of the recent election strongly suggest this is the moment for reform.

First, President Barack Obama is following through on his promise to make an immigration overhaul a priority, using the good will he earned with the Hispanic constituencies, and will announce his proposals Tuesday.

Second, many Republicans in Congress realize that they need a new political strategy if they have any hope of bouncing back from the devastating losses they are experiencing with Hispanic voters.

Hispanics of all ethnic backgrounds are embracing Democratic candidates and their message of inclusiveness and opportunity for all. Opposition to immigration overhaul, including the demonization of foreign-born families that look to America for opportunity, is hurting Republicans at the polls.

Third, the Supreme Court ruled emphatically that immigration is the responsibility of the federal government, not the states. While I am certainly sympathetic as a former governor with the issues that states must deal with as a result of illegal immigration, the onus is on Congress to pass an immigration plan.

Unless we come to grips with all aspects of the immigration issue, we are going to end up with the same impractical, expensive and ineffective solutions we have had for years.

To do nothing would be de facto amnesty

By Alberto Cardenas

Washington Times, 11 July 2013

A comprehensive immigration reform bill recently passed the Senate by a 68-32 vote — with the support of 14 Republicans. However, House Speaker John A. Boehner and colleagues have publicly declared the Senate bill “dead on arrival.”

Instead, the House plans to create its own bill, and the speaker has also clarified the process by which immigration reform will be vetted. First, bills will proceed through regular order. Second, the bill will get to the floor if and when a majority of the Republican caucus has agreed to support the bill. Third, provisions of immigration reform will be processed on a piecemeal basis under the jurisdiction of Judiciary Committee Chairman Bob Goodlatte, Virginia Republican.

Opponents of immigration reform are already pounding their chests in victory, forecasting a defeat for immigration reform in the House. However, can we recognize that all of our current challenges will get exponentially worse if we fail to act?

For the sake of our nation, let’s hope the “people’s chamber” is reflective, mature and transparent in its deliberations. There should be no argument that immigration reform is needed and that America is worse off today as a result of Congress not finding a solution five years ago.

Since then, we have not properly secured our borders, our broken legal system has cost America hundreds of thousands of jobs, and an untold number of illegal immigrants have overstayed visas or come into our country unlawfully.

At a minimum, let’s agree that we have de facto amnesty by executive fiat, thanks to President Obama. That is the status quo, so we’re not operating from a blank canvas. Still, some of my conservative colleagues are proposing a more politically expedient option to our House conservative membership: Kill the bill. Do nothing. What’s the rush?

Is that what we conservatives want to be known as — the “no” movement?

The immigration challenges in America are a big deal. How long can this country continue to afford to postpone energy, tax and immigration reforms until “later on”? The issues need to be addressed with the sense of urgency, conviction and resolve that the circumstances warrant.

I am a first-generation American. When my family arrived in this country in the 1960s, approximately 80 percent of its citizens were white. If I reach my life expectancy, white Americans will be in the minority by then — in just one generation. Whether we act, or fail to act, in passing immigration reform, this will be an irrefutable fact.

If we proceed with conviction instead of fear of change, we can ensure that the values of our Founding Fathers live on for generations to come.

If we turn our backs to the challenges ahead and just say “no,” in a few years we will not have 11 million, but 20 million illegal residents in our country — with billions more to be paid in benefits, billions of tax dollars lost to an underground economy and millions of jobs lost to global competitors.

There is a conservative solution to our broken immigration system. Find it, debate it and pass it in the House. To say “no” would be a cop-out and an inference that the House majority is incapable of applying conservative principles to resolve challenges facing America. There are conservative answers to broken borders: border enforcement, verification of employment, legal immigration with labor prioritization and, yes, a solution to the status of 11 million illegal immigrants currently in this country.

There are also a lot of liberal, unnecessary “pork spending” provisions in the Senate bill that just passed. All of that waste needs to be removed from the House version of immigration reform.

I support efforts in the House to create a more market-based legal immigration system rather than the limited, labor union-driven, restrictive quota system accepted by the Democrat-led Senate; to strengthen

E-Verify provisions; and to confirm limitations on benefits to those granted legal status. If you have been watching the activity level at the Judiciary Committee, you should be encouraged with the progress on these issues.

If these steps are taken up by our leadership sooner rather than later, then one should be optimistic that a good House bill will go to conference with the Senate proposal.

With respect to the status of the 11 million undocumented immigrants, we are faced with four choices:

1. Say “no” and continue with de facto amnesty,
2. Adopt the Senate’s path to citizenship proposal,
3. Pass a work-permit legal-status alternative,
4. Call for mass deportations.

De facto amnesty is against the rule of law and mass deportation is unworkable. A majority of Republicans need to settle this issue in caucus meetings so that the immigration bills can proceed with confidence through “regular order.”

Let’s get to work. Let’s get this done.

The Washington Times

Moving beyond illegal immigration enforcement policies

By Doris Meissner

Washington Post, 7 January 2013

Illegal immigration and enforcement have been the dominant concerns driving immigration policy for more than 25 years. Deep public skepticism over the federal government's will and ability to enforce the nation's immigration laws has come with them. As a result, "enforcement first," a proposition that argued for effective enforcement as a precondition to broader reforms, became widely embraced.

In a report released Monday, the Migration Policy Institute documents how dramatically facts have changed from those long-held perceptions. Particularly since Sept. 11, 2001, but dating to the 1986 Immigration Reform and Control Act (IRCA) — which attempted to end illegal immigration through employer sanctions, increased border enforcement and legalization — the nation has made unprecedented, steep investments in the capacity of federal agencies to aggressively enforce immigration laws.

Since the 1986 legislation was enacted, nearly \$187 billion has been spent on immigration enforcement. Budgets for the two main federal enforcement agencies — U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE) — and its primary enforcement technology initiative, the U.S. Visitor and Immigrant Status Indicator Technology (US-VISIT) program, are nearly 15 times what was spent to operate the U.S. Immigration and Naturalization Service in 1986.

Today, the federal government spends more on its immigration enforcement agencies than on all its other principal criminal law enforcement agencies combined. Spending for Customs and Border Protection, Immigration and Customs Enforcement, and US-VISIT reached nearly \$18 billion in fiscal 2012. Contrast that with the \$14.4 billion spent for the FBI, Drug Enforcement Administration, Secret Service, U.S. Marshals Service and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Such spending — which reflects a strong, pro-enforcement consensus in Congress — has built a muscular, complex, cross-agency system. It extends beyond U.S. borders to screen visitors against multi-

ple intelligence and law enforcement databases before they arrive in the United States. It also reaches into communities across the country through information sharing, interoperable databases and partnerships with state and local law enforcement.

The system that has emerged is generating record levels of enforcement results:

- Customs and Border Protection and Immigration and Customs Enforcement refer more cases for federal prosecution than all the Justice Department law enforcement agencies combined, including the FBI, DEA and ATF.
- A significantly larger number of individuals are detained each year in the immigration detention system (just under 430,000 in fiscal 2011) than are serving sentences in federal Bureau of Prisons facilities for all other federal crimes.
- More than 4 million noncitizens, primarily unauthorized immigrants, have been deported from the United States since 1990, with removals rising from 30,039 in fiscal 1990 to a record 409,849 in fiscal 2012.
- Imperatives for border control have led to record highs in Border Patrol staffing, technology and infrastructure. At the same time, apprehensions have fallen to 40-year lows — 340,252 in 2011, down from more than 1.6 million in fiscal 2000. After the 1986 reforms, growth of the resident unauthorized population resumed and increased to levels of about 525,000 annually. But that began to change in 2007, and there has been a negative flow since. The shift primarily stems from reduced job demand in a recession economy and changing conditions in Mexico, but it also reflects the buildup of enforcement capacities. Together, they have led to a fundamental reset in the calculus of illegal migration.

The nation has built a formidable immigration enforcement machinery. Judging by resource levels, case volumes and enforcement actions, immigration

enforcement ranks as the federal government's highest criminal law enforcement priority. "Enforcement first" has become the nation's de facto response to illegal immigration. Changes to the immigration system have focused almost entirely on building enforcement programs and improving their performance.

Gaps in enforcement, such as employer accountability, remain to be addressed. But building an ever-larger enforcement bulwark is hard to justify in an era of fiscal restraint and one in which illegal immigration has abated because of factors that include strengthened enforcement and immense resource infusions.

Even with record-setting expenditures and the full use of a wide array of statutory and administrative tools, enforcement alone — no matter how well administered — is an insufficient answer to the broad challenges that illegal and legal immigration pose for America's future. Changes must also be made to better align immigration policy with the nation's economic and labor market requirements and with future growth and well-being.

The enforcement machinery that has been built can serve the national interest well if it also provides a platform for policy changes suited to the larger challenges that immigration represents for the United States in the 21st century.



The Washington Post

August recess: A time to align political forces

By Michael Shifter

El Colombiano, 13 August 2013

August is a quiet month in Washington. The Congress is in recess for five weeks, until early September. When lawmakers return, they will face a number of crucial battles, including on the budget. In such a polarized political environment, none of these will be easy.

Immigration reform will occupy a key spot on the agenda. In June, in a rare and refreshing display of bipartisanship, four Democratic and four Republican senators – the “Gang of Eight” – agreed on a comprehensive immigration package that was ultimately approved by the Senate. The key elements included enhanced border security, temporary work programs, and – most controversially – a “path to citizenship” for the 11 million unauthorized immigrants in the US.

The problem has been in the Republican-controlled House of Representatives, where there is an allergy to any measure that is “comprehensive” and a preference for a “piecemeal” approach to immigration reform. The Republican Party is split on this issue. While most “establishment” figures favor the Senate-backed reform, many Republicans (the Tea Party, for example) do not. They argue that compliance with border security is not assured, and what they see as an “amnesty” would encourage illegality. In September the House will offer its own proposal.

The big question is whether in the coming months it will be possible to reconcile the Senate and House versions of immigration reform. The optimists acknowledge that a piecemeal approach may be the answer, but that would only pass the Senate if a citizenship component for unauthorized immigrants were included. The pessimists believe that a majority of House Republicans would never accept such a provision and, if that is the case, the bill’s prospects are not encouraging.

The Republican Party’s leadership warns that it will be very difficult for the party to succeed at the national level as long as it maintains a hardline position on an issue so central for the country’s Latino

population. The demographic changes in the US are dramatic. As the 2012 presidential contest clearly showed, Latinos enjoy increasing electoral clout.

Mitt Romney’s reference to “self-deportation” in the campaign had a huge political cost, alienating Latino voters. While immigration is surely not the only issue on which Latinos make voting decisions, it is an important one that would make it possible for Republicans to increase its share of the Latino vote (which dropped from over 40 percent for George Bush in 2004 to 27 percent for Romney last year).

The problem is that many House Republicans are thinking more about their reelection in 2014 than in recapturing the White House in 2016. They worry that if they support the Senate proposal, they would risk facing a challenge from the right in the primaries. Just 24 of the 234 House Republican members represent districts with a Latino population of more than 25 percent. Viewed as a matter of narrow self-interest, many have little to lose by taking a tough stance on immigration.

For President Obama and his legacy, immigration reform means a great deal. He has wisely let the bipartisan Senate group take the lead. August is a critical month – not in Washington, but in the nation, where lawmakers will be consulting with their constituents. Soon they will decide how to act on this fundamental question.



Session II

**Elections and Political Trends
in Latin America: Focus On
Venezuela, Chile, Paraguay**

Americas Election Guide, 2013-2014

Table 1: Upcoming Elections

Country		Date	Type
Argentina		October 27, 2013	Legislative
Chile		November 17, 2013	Presidential and Legislative
Honduras		November 24, 2013	Presidential and Legislative
Haiti		2013 (TBD)	Legislative
Dominica		2013 (TBD)	Presidential
Costa Rica		February 2, 2014	Presidential and Legislative
El Salvador		February 2, 2014	Presidential
Colombia		March 16, 2014 May 25, 2014	Legislative Presidential
Panama		May 4, 2014	Presidential and Legislative
Uruguay		October 26, 2014	Presidential and Legislative
Brazil		October 5, 2014	Presidential and Legislative
United States		November 4, 2014	Legislative
Bolivia		December 2014	Presidential and Legislative
Antigua and Barbuda		March 2014	Legislatives

Table 2: Results of Venezuela's Presidential Elections, 23 April 2013ⁱ

Candidate	Party	Percentage
Nicolás Maduro	Partido Socialista Unido de Venezuela	50.61
Henrique Capriles	Mesa de la Unidad Democrática	49.12
Eusebio Mendez	Nueva Visión para mi País	0.13
Maria Bolívar	Partido Democrático Unidos por la Paz y la Libertad	0.08
Reina Sequera	Poder Laboral	0.02
Julio Mora	Unidad Democrática	0.01

Table 3: Results of Paraguay's Presidential Elections, 21 April 2013ⁱⁱ

Candidate	Party	Percentage
Horacio Cartes	Partido Colorado	45.83
Pedro Alegre	Alianza Paraguay Alegre	36.92
Mario Ferreira	Avanza Pais	5.88
Aníbal Carrillo	Concertación Nacional Frente Guasu	3.30
Miguel Galiano	Partido Patria Querida	1.12
Lino Oviedo	Unión Nacional de Ciudadanos Éticos	0.81

Table 4: Results of Chile's Primary Presidential Elections, 30 June 2013ⁱⁱⁱ

Coalition	Candidate	Party	Percentage
Nueva Mayoría	Michelle Bachelet	PS	73.11
	Andrés Velasco	ILA	12.96
	Claudio Orrego	PDC	8.86
	Jose Antonio Gómez	PRSD	5.05
Alianza	Pablo Longuería	UDI	51.37
	Andrés Allamand	RN	48.62

Table 5: Polling Results for Chile's Presidential Elections, March 2013^{iv}

If elections were held today, for whom would you vote?

Candidate	Party	Percentage
Michelle Bachelet	PS	43.0
Laurence Golborne	IND	8.8
Andrés Allamand	RN	5.8
Marco Enríquez-Ominami	PRO	5.5
Franco Parisi	IND	3.6
Andrés Velasco	ILA	2.8
Claudio Orrego	PDC	1.1
Other		0.5
Abstaining		15.9
I Do Not Know		12.9

Table 6: Results of Argentina's Legislative Primary Elections, 11 August 2013^v

Party	Senate Percentage	Congress Percentage
Frente para la Victoria	27.45	26.31
Frente Renovador	12.01	13.45
Frente Progresista Cívico	11.77	8.27
Unión Cívica Radical	4.92	5.74
Unidos por la Libertad y el Trabajo	4.76	4.07
Others	36.45	38.79

Table 7: Polling Results for Honduras' Presidential Elections, July 2013^{vi}

If elections were held today, for whom would you vote?

Candidate	Party	Percentage
Xiamora Castro de Zelaya	Libertad y Refundación	19.8
Juan Orlando Hernández	Partido Nacional	16.7
Mauricio Villeda Bermúdez	Partido Liberal	7.0
Salvador Nasralla	Partido Anticorrupción	6.2
Other		1.4
Abstain		31.4
I Do Not Know		17.5

Table 8: Polling Results for Costa Rica's Presidential Elections, August 2013^{vii}

If elections were held today, for whom would you vote?

Candidate	Party	Percentage
Johnny Araya	Liberación Nacional	52.4
Rodolfo Hernández	Partido Unidad Social Cristiana	23.2
Otto Guevara	Partido Movimiento Libertario	9.7
Luis Guillermo Solís	Partido Acción Ciudadana	8.2
José María Villalta	Frente Amplio	3.2
Óscar López	Partido Accesibilidad sin Exclusión	1.8
José Miguel Corrales		1.2
Abstain		31.4
I Do Not Know		17.5

Table 9: Polling Results for El Salvador's Presidential Elections, August 2013^{viii}

Who would you chose for president if you had to choose between Sánchez Cerén, Quijano, and Saca?

Candidate	Party	Percentage
Norman Quijano	ARENA	54.9
Salvador Sánchez Cerén	FMLN	36.0
Antonio Saca	Unidad	28.0
Other/None		11.1

Table 10: Polling Results for Colombia's Presidential Elections, January 2014^{ix}

Who would you vote for if the presidential elections were tomorrow and the candidates were as follows?

Candidate	Party	Percentage
Juan Manuel Santos	Partido Social de Unidad Nacional	46.8
Clara López	Polo Democrático Alternativo	12.56
Other/None of the Above		40.64

Table 11: Polling Results for Panama's Presidential Elections, August 2013^x

Candidate	Party	Percentage
Juan Carlos Navarro	Partido Revolucionario Democrático	28
José Domingo Arias	Cambio Democrático	25
Juan Carlos Varela	Partido Panameñista	18
Other		3
Abstain		14
I Do Not Know		12

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^x La Prensa, "Pulso de la Nación," June 2013, accessed 21 August 2013.

New issues in democratic governance

By Michael Shifter

Introduction to *Constructing Democratic Governance in Latin America* (Baltimore: John Hopkins UP, 2013)

A more prosperous region

In recent years, the state of democratic governance in Latin America has been decidedly mixed. Discussion has turned away from elections and the leftward swings in several countries. Electoral contests are increasingly a matter of routine, and ideology has become notably less salient. As this fourth edition of *Constructing Democratic Governance in Latin America* makes clear, the debate now centers on how leaders and institutions confront the complicated tasks of managing their economic and social affairs while representing heterogeneous societies with heightened demands and expectations.

It is striking that while a bulk of the region's governments have taken markedly different directions, most of them have performed reasonably well. They have benefited from a mostly favorable economic environment over the last decade as well as social policies that have succeeded in reducing poverty and even, in a number of countries, in equality (López-Calva and Lustig 2010). The wide disparity between the region's rich and poor has long been—and arguably still remains—Latin America's Achilles' heel. Yet for the first time since this effort was launched in the early 1990s—and in contrast to the analyses in the three previous volumes—there is considerable progress to report on the social front.

Brazil's notable success is a significant piece of the regional picture. As David Samuels elucidates in this volume, under the effective leadership of Luiz Inácio "Lula" da Silva and the Workers' Party, Brazil has registered remarkable social gains. Bolsa Família largely accounts for this success, lifting some 20 million out of poverty through prudent macroeconomic management and the cash transfer program.

Brazil's strides have been accompanied by persistently high levels of corruption and profound challenges in undertaking thoroughgoing institutional reforms of the political and justice systems. But Brazil's regional and global rise would have been unimaginable without a solid foundation of economic

and social development and effective democratic governance.

The Brazilian case also underlines a phenomenon that increasingly characterizes much of the region—an expanding middle class. Though there are debates about what precisely constitutes a middle class, few dispute that as Latin America deepens and multiplies its global ties, the number of its citizens with access to consumer goods and higher levels of education is growing considerably. A recent study by the World Bank estimates that Latin America's middle class expanded by 50 percent between 2003 and 2009, from 103 million to 152 million people ("Class" 2012). Indeed, in several countries the middle class constitutes roughly half of the total population. The implications for the region's politics and the quality of its democratic governance are immense (Fukuyama 2012). In fundamental respects, the expanding middle class is a salutary development that gives citizens a more substantial stake in their political systems, but its strength increases pressures on governments that, in many cases, have scant capacity to respond and deliver the public services demanded. Depending on how such expectations are managed, this could well be a recipe for public frustration and political uncertainty.

In Mexico, too, such a trend is evident (which in part explains why migration to the US has sharply declined and is now a net zero). This factor is, however, frequently eclipsed by reports of spreading criminal violence. But Shannon O'Neil's chapter on Mexico counters the dominant media portrayals of a country utterly overwhelmed by unrelenting drug-fueled chaos. The appraisal instead showcases the economic and social advances as well as the strengthening of democratic institutions. The country's 2012 elections, for example, revealed a highly competitive political party system and a vibrant press. Profound problems in democratic governance remain. These focus in particular on building the rule of law and constructing an effective justice system and police forces. Fiscal, energy, and labor reforms

will also be required for Mexico to achieve and sustain high growth rates and to pursue more vigorous antipoverty policies. Nevertheless, observers remain largely optimistic about the possibility of coalitional responses to these challenges.

Deficit of stable political parties

In his treatment of Colombia, Eduardo Posada-Carbó is similarly sanguine and highlights the country's rich democratic and institutional strengths, in particular, the progress made in recent years that defied the dire predictions of a decade ago. The "transition" from the more personalized leadership represented by President Álvaro Uribe (2002–2010) to the more institutional, consensus-building approach favored by his successor Juan Manuel Santos is quite remarkable. Despite such political stability and the laudable performance of key institutions such as the Constitutional Court, the country's political party system remains inconsiderable flux, serious security issues persist, and the social agenda is formidable.

Colombia is still the only Latin American country with an ongoing armed conflict and continuing political violence. Whether Santos will be able to achieve the durable peace that has eluded his predecessors is a major question. Colombia's evolving parties still remain preferable to the Peruvian case. Steve Levitsky points out in his chapter that Peru's democratic system is virtually devoid of coherent political parties. Since the collapse of the political party system in the late 1980s, personalistic instruments and ad hoc movements as electoral vehicles largely predominate. Without doubt, Peru stands out for its performance not only in sustaining impressively high levels of growth but also in substantially reducing poverty—from more than 50 percent to just 34 percent over a decade—and even modestly narrowing the gap between the rich and the poor.

Yet paradoxically, such positive economic and social gains have not been accompanied by institutional reforms and a more consolidated democratic system. Indeed, as outlined in the Peru chapter, the *Latinobarómetro* comparative survey indicates some of the region's lowest levels of trust in political institutions and politicians. Despite its leftist roots and promises of radical change, the government led by

Ollanta Humala, elected in 2011, largely represents continuity with its more conservative predecessors, Alan García (2006–2011) and Alejandro Toledo (2001–2006), deepening disenchantment among Humala's original supporters.

Even in Chile, arguably the region's best economic performer over the last several decades, there is growing dissatisfaction with political parties and leaders, who for many seem removed and indifferent to ordinary concerns. In his chapter on Chile, Peter Siavelis considers—albeit with some qualifications—the term "partidocracia," previously employed to describe ossified political structures in Peru (1990) and then Venezuela (1998), for a country frequently touted for its democratic success and institutional progress. The nation's continued economic advance is not at risk, though in the political realm there are growing calls—particularly by a vigorous student movement and youth in general—for political reform and renewal, more than two decades after the end of the Pinochet dictatorship.

Political party challenges are also a major theme in the country chapters focused on Argentina, Bolivia, and Venezuela. María Victoria Murillo and Ernesto Calvo amplify the notion of "dealignment" of the Argentine political party system, juxtaposing Argentina's impressive growth rates in recent years with profound institutional weaknesses and rampant factionalism and infighting within the dominant Peronist Party. On Bolivia, George Gray Molina asserts that the government headed by Evo Morales since 2003 appears increasingly stuck and stagnant. Opposition comes not from the remnants of the traditional party system or the local leaders from eastern Bolivia but rather from splinter groups within Morales's own *Movimiento al Socialismo* (MAS; Movement toward Socialism) coalition. The grandiose dreams of a sweeping transformation in the country have not been realized and have now mostly receded. Nonetheless, the chapter argues that, while difficulties have mounted, the Morales experiment has signified much higher levels of social inclusion and participation of previously marginalized groups—especially the country's majority indigenous population.

Mounting security concerns

In Venezuela, governance depended for more than a dozen years on the "one-man rule" exercised by

the late President Hugo Chávez who, Ángel Álvarez makes clear, was himself the beneficiary of an implosion of the traditional political parties in the late 1990s. An army lieutenant colonel, Chávez gave his government a decidedly military cast and governed autocratically, through confrontation and conflict. He controlled key institutions, including the justice system and electoral council. Though Chávez retained a strong emotional and sentimental connection with many Venezuelans, governance was dismal by most measures, crime and violence have skyrocketed, and the economy remains deeply troubled (in addition to shortages of basic goods, Venezuela's inflation rates are the region's highest). While the opposition over the last dozen years has been highly fragmented, and in many instances inept, it has recently shown a stronger capacity to unify and develop leadership and a clear-headed political strategy.

Venezuela's grave internal security crisis—clearly the most acute in South America—illustrates a broader regional trend that poses perhaps the greatest risk to democratic governance in most countries. According to all reliable polls, including *LatinoBarómetro* and *AmericasBarometer*, citizen security is the principal concern among most Latin Americans, even more so than unemployment. Citing these statistics, Lucía Dammert systematically dissects this challenge and points to its many complexities and varied manifestations throughout Latin America. The situation in the “Northern Triangle” of Central America—Guatemala, Honduras, and El Salvador—is especially dire and threatens the very integrity of the state. (According to the United Nations, in 2011 Honduras and El Salvador had the highest homicide rates in the world, and Guatemala was not far behind.) In countries in the Southern Cone, in sharp contrast, the chief concern is one of “victimization,” of crime against patrimony such as robbery instead of homicide.

Dammert goes beyond a straightforward analysis of the security challenges facing the region and explores the complex relationship between violent crime and democracy. Why is it that democratic consolidation has not reduced violence in Latin America and, in fact, in many cases has been accompanied by a rise in citizen insecurity? Some experts assume that weak institutions created a space for illegality

and organized crime, as reflected in such cases as Mexico and Central America. But other countries characterized by weak political systems do not exhibit comparable levels of violence. The chapter attempts to chart a strategy by which important processes in democratic governance can help, not hinder, efforts to reduce citizen insecurity in the region.

Media, constitutionalism, and commodities

Taylor Boas explores the role of the media in Latin America and its relationship with democratic governance. The media have performed a variety of constructive functions in the region, enhancing accountability, exposing wrongdoing and, as a “fourth power,” providing a further check on executive, legislative, and judicial branches of government. The media can, however, be quite problematic in terms of building more effective democratic governance. In some countries the media have become a tool for the consolidation of power, sometimes through intimidation and censorship. And journalists in some countries—Honduras stands out—are in physical danger because of their work.

The remaining thematic chapters in this volume—which deal with constitutionalism, resource nationalism, and commodity price booms—generate important comparative insights on a set of crucial issues. The region's various experiments with constitutionalism, Javier Corrales argues, have not fared well of late, resulting in greater concentration of power in the executive, with scant constraints or checks. Revamped constitutions can, however, yield more positive outcomes in countries with robust institutions and longstanding democratic traditions. Sebastián Mazzuca provides an illuminating chapter on the political and democratic governance implications of the worldwide commodities boom in several South American countries and the possible consequences of another global economic downturn. The politics and various regime types associated with both the natural resource blessings and curses are likely to mark much of the continent in coming years.

In discussing the nexus of commodity booms and democratic governance, a critical turning point for the region may have been in 2009 when, as Alejandro Foxley has argued, the dire predictions made by many economists proved wrong (Foxley 2009). Rebutting bearish forecasts, the crisis that

emerged in the United States—not Latin America—was weathered remarkably well by most of the region (with the notable exception of Mexico, mainly because of close economic links to its northern neighbor). To be sure, the decade’s prevailing economic order—especially China’s huge appetite for the region’s commodities—was a critical contributing factor to Latin America’s economic success and resiliency to crisis. Yet the region’s improved policy-making (using lessons learned from previous decades) and effective social programs also help account for its sound performance.

Convergent challenges?

For many Latin Americans, the 2008 crisis exposed as never before the weaknesses of fiscal management and democratic governance in the United States. Indeed, this volume—surely more so than the previous ones—suggests a growing convergence between the chief democratic governance challenges facing Latin America and those faced by the United States. This is particularly evident in the surveys highlighting the declining levels of trust in public institutions and confidence in democratic leaders across the Americas.

Levels of trust in political parties and institutions such as Congress, for example, are at rock bottom in the United States. A 2012 Pew Research Center study found that approval for the US federal government had fallen to 33 percent, down from 64 percent a decade ago. Approval of Congress is even lower, with a mere 6 percent of Americans having “a great deal” of confidence in the institution. The lack of popular support for Congress is unsurprising given the increasingly dysfunctional nature of the decision-making process, with less and less room for compromise and consensus. US citizens also feel increasingly distant from their elected representatives, dissatisfied with how democracy works—or rather fails to work—in the nation. For some observers, the paralysis in US decision making is affecting progress in the country and also limits the United States’ ability to participate effectively in global affairs. As the United States slowly emerges from the recession, further negative consequences are becoming clear. Americans have long accepted higher levels of income inequality than other developed countries on the assumption that the US offered

greater opportunities for social mobility. Recent studies, however, show these opportunities to be far lower than commonly assumed. Indeed, those born poor are much more likely to remain so when compared to their European counterparts (The Economist 2010). Despite steady economic growth in the 1980s and 1990s, 80 percent of income gains in the last thirty years have gone to the top one percent of US citizens (Hacker and Pierson 2010). As Latin Americans well know, the widening gap between the rich and poor in the United States poses a fundamental problem for democratic governance.

Washington’s prescriptions for Latin America’s woes are a not-too-distant memory and serve as a stark contrast to the current situation. The causes for common problems such as inequality and political dysfunction are anything but uniform. The hyperpartisan environment of the United States stands out as a notable difference to the overall lack of functioning parties in the Americas. Nonetheless, it is hard to overstate the fact that the United States is no longer seen as the hemisphere’s economic and political exemplar.

A laboratory of democracy

This edition of *Constructing Democratic Governance* marks a dynamic and exciting time for the subject. The convergence of several forces—decrease in US power, an increase in viable choices for development models coming from Asia and Europe, and a commitment to democracy by Latin Americans—has made the region fertile ground for experiments in democratic governance. This has been facilitated by generally good economic growth, which in some cases has greatly expanded the capacity of governments to pursue the pressing challenges they face.

The issue of illegal drugs and trafficking is a salient example in which Latin American leaders have directly defied the United States while pushing for a wider array of options to combat issues of violence and public health. The bold positions taken not only by several former Latin American presidents, but also by acting heads of state in Colombia, Mexico, Guatemala, Uruguay, and other countries exemplify an unmistakable trend toward increased autonomy and policy innovation and experimentation. Washington’s drug policy remains on automatic pilot, though public opinion—at least in some states—is at

odds with federal law. US policymakers may well want to follow and assess the efficacy of initiatives coming from a region searching for practical solutions to common problems.

This phenomenon has been played out in the realm of social policy as well, upsetting long-held perceptions of a set of socially conservative peoples. In the arena of gay rights, for instance, some Latin American countries have even moved faster than the United States, often defying public opinion by passing antidiscrimination legislation, providing constitutional recognition for LGBT citizens, and even legalizing same-sex marriage on the national level. The hemisphere's proponents of equality are not limited to the examples provided by a handful of US states when pressuring their lawmakers: they may draw from the experience of Argentina, Brazil, and Mexico City. Furthermore, it is hard not to be struck by the increasing prominence of women's leadership in Latin America's political life. This trend is dramatically reflected by former and sitting female presidents in Brazil, Argentina, Costa Rica, Chile, and Panama, as well as several highly competitive women candidates in many countries in the region. In this respect, both the United States and the global community can learn much from Latin America's progress. The same is true when speaking of approaches to poverty alleviation, indigenous rights, and energy development.

The Americas have, in short, become a veritable laboratory for democratic government. As the hemisphere struggles with myriad issues—some country specific, others regional—the successes and failures provide compelling insight when examined both individually and collectively. As such, both the thematic and country chapters of this volume reflect the acumen, innovation, and contributions of specific countries to expanding the repertoire of global leaders.

Much remains to be done

Nonetheless, despite Latin America's impressive social performance in recent years, there are grounds for caution. It is by no means clear the conditions that have propelled growth and the policies that have led to a greater redistribution of resources will necessarily be sustained. There is a risk of complacency and failure to adopt necessary and difficult

reforms in areas such as infrastructure, health, justice, and education, which are vital for yielding higher levels of productivity and competitiveness. The successful cash transfer programs that have been such a positive factor in Brazil, Mexico, and other countries may well have run their course. More developed social insurance programs—for example, pensions and unemployment protections—are critical. Yet the politics of making progress on these reforms will not be easy.

Although some progress in reducing poverty and even inequality in certain countries is undeniable, the fruits of such progress have not been evenly distributed. The most marginalized sectors—including indigenous and Afro-descendant populations—still perform well below national and regional averages. Such groups also have significantly lower levels of educational attainment and health indicators. Should the macroeconomic outlook darken—perhaps because of a crisis in the Eurozone, continuing problems in China, or other developments in the global economy—Latin America may be less equipped to weather the storm as well as it did in 2008. The ensuing consequences could be very serious for the quality of democratic governance in the region.

Even though the overall assessment of democratic governance in the region is, on balance, positive, a number of this volume's scholars reflect on citizen malaise regarding the state of politics. The economic and even social outlook may be upbeat, but the political realm remains more problematic. Such issues as corruption and citizen security—though repeatedly the subject of political discourse—essentially remain unaddressed. Although positive legislation reforming justice systems and political parties has been passed, meaningful change is hard to discern. As a result, disenchantment sets in.

Latin America's relative success in the globalized economy has led to improved well-being for many of the region's citizens. But it has also generated unprecedented demands and expectations for more effective, democratic governance. As the chapters in this volume make clear, some of the region's political institutions and leaders are better prepared to respond to such claims than others. Those divergent responses account for the separate paths

being pursued throughout the region. The authors of this volume provide perceptive and rigorous analyses that shed considerable light on the complicated journeys involved in constructing democratic governance in Latin America.

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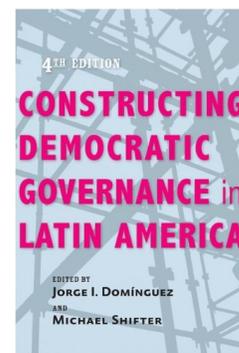
This is an excerpt from the fourth edition of *Constructing Democratic Governance in Latin America*, eds. Michael Shifter and Jorge I. Domínguez, printed by Johns Hopkins University Press.

The book features the following chapters:

1. “Constitutional Rewrites in Latin America, 1987–2009,” by Javier Corrales
2. “Mass Media and Politics in Latin America,” by Taylor C. Boas
3. “Security Challenges for Latin American Democratic Governance,” by Lucía Dammert
4. “Natural Resources Boom and Institutional Curses in the New Political Economy of South America,” by Sebastián Mazzuca
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The book is available for purchase online at www.press.jhu.edu.



A Bolivarian dream deferred

By Michael Shifter

Foreign Policy, 24 June 2013

Hugo Chávez would have loved the Edward Snowden affair: a man on the run from U.S. authorities, taking aim at the supposed hypocrisies of U.S. foreign policy, driving a wedge between Washington, Beijing, and Moscow, and enlisting the help of a group of leftist Latin American governments rumored to include Venezuela, Cuba, and Ecuador as he seeks sanctuary. One can almost hear the gleeful thunderous speech the late Venezuelan president would be delivering on his regular television program, *Aló Presidente*, needling the forces of global imperialism, naturally punctuated by bursts of song.

But this moment in the spotlight for the leftist governments of Latin America comes at an awkward time. After nearly a decade and a half of Chavez's grand ambitions to build regional solidarity in opposition to U.S. influence in the region, his successor, Nicolás Maduro, seems far too preoccupied with domestic crises to make major forays onto the world stage.

Whether you loved or hated the late Venezuelan leader, it has become readily apparent that Maduro is no Chávez. Few dispute that Venezuela's strongman for 14 years, who died of cancer on March 5, was a towering figure with rare charisma and political genius. Maduro, Chávez's chosen successor, cannot remotely match his mentor's capacity to rule.

But Maduro, who just began a six-year term as president after a dubious election on April 14, has performed even more clumsily than expected. His floundering first weeks in office -- he has, for example, repeatedly accused the United States of orchestrating elaborate plots to poison him while simultaneously insisting he wants to normalize relations -- has been surprising. After all, though Chávez had always made all decisions, Maduro wasn't entirely bereft of governing experience, having served as president of the National Assembly before becoming foreign minister and then vice president. Still, it did not help that Maduro inherited a disastrous economy (epitomized by severe shortages of toilet paper) and a riven coalition that only Chávez could hold

together. As ineffectual as Maduro looks at home, however, the contrasts between the two leaders are even more striking in foreign policy.

From the outset of his rule, Chávez was propelled by a grandiose vision. He energetically pursued a "Bolivarian" (named after South America's 19th-century independence hero and pan-Americanist, Simón Bolívar) project that sought to foster solidarity throughout Latin America and curtail the influence of the United States in the region and the world. He built a coalition of ideological soul mates, reflected in the Bolivarian Alliance for the Americas (ALBA). Chávez also generously underwrote Petrocaribe, a robust program of cooperation that provided oil at discounted rates to some 18 energy-poor countries in the Caribbean and Central America.

True, some of Chávez's dreams were wildly unrealistic and never materialized. Having lost his favorite foils in the United States (George W. Bush) and Colombia (Álvaro Uribe) and being thrown off balance by a rising Brazil that offered a far more internationally palatable leftist model under former President Luiz Inacio Lula da Silva, Chávez's regional momentum had slowed considerably in recent years. Still, Chávez, then riding an oil boom, was on the offensive; the notably less simpático Maduro is now concentrating on defense, invoking intemperate language to make sure governments understand they will pay a price should they cross him. And though, like his predecessor, Maduro has made a nod to South American solidarity -- he recently declared the 21st century the century of regional "unity" -- such rhetoric has had a hollow ring.

Venezuela's deepening domestic crises compound Maduro's ineptitude to make it virtually impossible for him to stride the regional -- not to mention global -- stage, as Chávez had done so naturally and with such aplomb for many years. Although Maduro has tried to emulate the Chávez playbook and engage in aggressive and confrontational diplomacy, the result has been, in the words of Venezuelan newspaper editor and intellectual Teodoro Petkoff, a "sad caricature" of the deceased leader. What Petkoff

dubbed Venezuela's "scoundrel diplomacy" -- the coarse, anti-U.S. posturing that Chávez had mastered -- has been far less productive under Maduro, who seems chiefly interested in holding onto power.

Latin American governments are acutely aware of and worried about the continued economic deterioration, criminal violence, and political unraveling in Venezuela. (In 2012, the capital, Caracas, registered more murders than any other city in the world.) Regional leaders also know that Maduro's political position under such circumstances is precarious. An audiotape of a conversation between a Chavista hard-liner and a Cuban intelligence officer was recently released, revealing internecine fights within the late president's ruling coalition of Socialists. The tape exposes palace intrigue in Caracas and a fierce power struggle within the government's ranks, including discussion of a possible coup against Maduro by his longtime rival, National Assembly President Diosdado Cabello.

The episode was another reminder of the privileged access and influence Cuba has enjoyed in Venezuelan politics since Chávez came to power. The island receives an estimated subsidy of \$4 billion to \$5 billion annually through discounted oil and has vigorously backed Maduro, who is close to the Cuban regime. In exchange for these subsidies, Cuba provides Venezuela with medical and security support and has effectively operated as a proxy for PDVSA, Venezuela's national oil company, to conduct financial transactions with little oversight.

Still, though the governments of Cuba, along with those of ALBA members Nicaragua, Ecuador, and Bolivia, cheered when Maduro was officially declared the winner of the April 14 election, they can hardly be reassured by his shaky political position in Venezuela. They know that given the depth of the economic crisis, Venezuela's generous oil-backed aid cannot continue indefinitely.

Yet, curiously and unfortunately, for a combination of economic, geopolitical, and ideological reasons, even those governments not ideologically aligned to Venezuela have been unwilling to risk antagonizing the debilitated Maduro. The Venezuelan opposition has appealed to the region's governments to apply pressure on Maduro to conduct a serious recount of the April 14 election, which, according to official fig-

ures, Maduro won by a razor-thin margin of 1.5 percentage points. Neighboring heads of state have not, however, been responsive to these calls. Latin American governments even remained silent in the face of physical violence against some opposition lawmakers on April 30.

Regional groupings have been similarly indifferent. Following the Venezuelan election, the Union of South American Nations (UNASUR), a continentwide political forum created in 2008, plainly sided with Maduro and rushed to recognize his government. Although several UNASUR members also asked for a recount, the group has been extremely passive and shown little if any interest in pressing Caracas for a review of the contested vote. In backing Maduro, UNASUR is overlooking Venezuela's domestic legitimacy crisis, which will make it that much harder for the country's profound problems to be effectively addressed.

The Organization of American States (OAS), the Western Hemisphere's long-established multilateral body, has also been characterized by inaction regarding the Venezuelan situation. While OAS Secretary-General José Miguel Insulza did take a stand in calling for an audit of the election, member governments were unwilling to back him up. It was regarded as an internal question, rather than a matter of hemispheric concern. Yet, it is striking that even though Venezuela is arguably the most troubling and volatile situation on the continent for regional peace and democracy, it was not seen as justifying a place on the agenda at the OAS General Assembly meeting in Guatemala on June 5. Among the OAS's chief purposes is serving as watchdog and defender for democracy in the hemisphere -- it took action most recently after events in Honduras in 2009 and Paraguay in 2012 -- but Venezuela was excluded from the plenary meeting. No member state wanted to take on Maduro.

One litmus test for the region's reaction to Maduro has been the Latin American tour undertaken by his vanquished election opponent, Henrique Capriles, the governor of Miranda state. Since the vote, Capriles has been traveling throughout the region, seeking to obtain support -- or at least recognition of -- the seriousness of his charges of electoral fraud. He just announced that he will soon travel to Peru, Chile, Brazil, and probably Mexico, and he has said

that a visit to Washington lies "on the horizon." Capriles, who deserves credit for forcing the issue, has already put some regional leaders in tough spots. Colombian President Juan Manuel Santos, whose chief priority is ending his country's half-century-old armed conflict with the Revolutionary Armed Forces of Colombia (FARC), received Capriles at the presidential palace on May 29 in a low-profile meeting. The Venezuelan government, which had long provided support to the FARC, has been a key player in the peace talks under way in Havana.

Santos probably calculated that though a meeting with Capriles might risk some strain with Maduro, it would also help neutralize the unremitting flak he is getting from the right (led by former President Uribe) for trusting the FARC and the Venezuelans. Maduro was indeed incensed by the Santos-Capriles meeting and threatened to withdraw support from the peace process. Santos initially characterized Maduro's reaction as "crazy," but then backed off and chalked up the rising tension to a "misunderstanding." Still, Santos, who was the first regional leader to recognize Maduro, showed some backbone in receiving Capriles. Although relations between Bogotá and Caracas now seem back on track, this episode revealed the lingering mistrust between the two Andean governments. And Maduro's warning to the rest of the region not to question his legitimacy was clear.

Things have been even more awkward in Peru. Capriles' previously scheduled visit to the country on June 4 posed a quandary for President Ollanta Humala. Although the onetime leader of a military revolt had received support from Chávez for his 2006 presidential bid, in his successful 2011 campaign Humala had distanced himself from the Venezuelans and had identified with Lula's more moderate brand of leftism. In his two years as president, Humala has broken with the left and, whether because of convenience or conviction, has embraced free market economics. Yet, the prospect of meeting with Capriles -- and thus provoking Maduro's ire -- created discomfort for the Peruvian president. The visit was postponed. Tellingly, Capriles has since declared that in future visits to the region he will no longer insist on being received by presidents.

Maduro has also sought to shore up support abroad. He has made several regional visits since being elected and even traveled to Europe, where he met with Pope Francis and several heads of state. On balance, these meetings have succeeded in securing political backing.

As South America's regional power and arguably the country with the greatest leverage on developments in Venezuela, Brazil's posture is critical. The left-leaning government of Dilma Rousseff is mainly concerned with maintaining stability on its borders and, of course, protecting its considerable trade surplus with Venezuela. Although media accounts vary, it appears that Rousseff received Maduro cordially and properly following his election in April, but was apparently cooler and more restrained than, say, her Argentine and Uruguayan counterparts. Argentine President Cristina Fernández de Kirchner, who had been particularly close to Chávez, received Maduro warmly and with great fanfare.

Then, of course, there's the elephant in the room. For the United States, Venezuela is a matter of concern because of both the erosion of democratic safeguards and the heightened risks of chaos. Barack Obama's administration has stuck to its position in supporting Capriles's call for a full recount of the disputed election, and so far it has held off from recognizing Maduro's victory. At the same time, Washington remains open to engaging with Caracas. During his first visit to Latin America as secretary of state this month, John Kerry met with Venezuelan Foreign Minister Elías Jaua at the OAS meeting in Guatemala and discussed restoring ambassadorial relations, which have been suspended since 2010. Although the meeting was sharply criticized by some in the United States for legitimizing the Maduro government, the opposition itself viewed the meeting as "positive" and hopes that over time increased cooperation might help relieve Venezuela's severe predicament.

It makes sense for Venezuela to reach out to the United States, but at least in the short term, Maduro will have a tough time holding back on his strident, anti-American rhetoric. For political survival, he needs to prove his Chavista bona fides to the base that brought him to the presidency. Whatever

happens abroad, Maduro will be increasingly consumed by Venezuela's staggering problems at home. Chávez left a country devoid of institutions. Instead, he bequeathed cronies like Maduro who has so far been able to fend off criticism from his neighbors but is hardly in a position to lead the kind of broad ideological movement that Chávez was able to cobble together in his glory days.

Regardless of whether Maduro can placate the rest of Latin America with his bluster and oil riches, his own country's stunning decay raises questions about how much longer his poor imitation of Chávez can carry him.



How is Chile's presidential race shaping up?

By Jorge Heine, Joydeep Mukherji, Patricia Navia, and Peter M. Siavelis
The Inter-American Dialogue's *Latin America Advisor*, 9 August 2013

Q Former Chilean Labor Minister Evelyn Matthei has emerged as the center-right presidential candidate to challenge the center left coalition's candidate, former President Michelle Bachelet, in the country's November election. Matthei has become the leading conservative candidate after the previous frontrunner for the coalition, Pablo Longueira, withdrew from the race citing depression. How united is the center-right behind Matthei's candidacy? How is the shake-up in candidates affecting the outlook for the elections?

A Jorge Heine, former Chilean ambassador and CIGI chair in Global Governance at the Balsillie School of International Affairs: "Chile's ruling coalition knew early on that the Nov. 17 presidential election would be an uphill battle. If that was the case in January, it is much more so in August, after burning through two candidates. UDI's Evelyn Matthei is talented, experienced, articulate and fast on her feet. She should be able to run an effective campaign within the limits of the right's circumscribed possibilities of today. Yet, a key issue is that of the degree of support she will receive from Renovación Nacional (RN), the other party in the Alianza, whose General Council is to meet on Saturday. There, she would need two thirds of the votes to emerge officially as the candidate of both conservative parties. As Andrés Allamand, RN's standard-bearer until he lost the June 30 primaries to Pablo Longueira, has made himself unavailable, the party doesn't have much of a choice. Some RN leaders feel that President Sebastian Piñera has privileged UDI over his own party, the RN, ever since he took office. Piñera also came out early in favor of Matthei—some say because he is already eyeing another run in 2017, which would be made easier by an UDI candidacy in 2013. The right's difficulties have increased the possibilities of a first-round win by opposition leader and former President Michelle Bachelet in November. Yet, it is still unlikely that her own coalition, Nueva Mayoría, will win the sort of ample parliamentary majority needed to enact her

ambitious program, especially the enactment of a new constitution."

A Joydeep Mukherji, senior director of Latin American Sovereign Ratings at Standard & Poor's in New York: "The Alianza suffers from an accident-prone primary as the most prominent candidates from a year ago have all dropped out. Hence, Matthei is handicapped by a late start and a less than enthusiastic coalition behind her. However, she is a seasoned politician and should be able to muster enough support to run a forceful campaign. Nevertheless, Bachelet begins with considerable advantages, having unified her coalition with a convincing victory (with unexpectedly high voter turnout) in the primaries. She is the favorite today. Both candidates, coming from elite military families, belong to a small circle that continues to dominate Chilean politics. However, a growing middle class is gradually changing the country's elite-driven politics. This election differs from past ones not just because it offers two female candidates. With voting no longer mandatory, electoral turnout may be more volatile. Turnout was low in recent municipal elections but higher than expected in the presidential primaries, especially for the center-left Concertación coalition. Moreover, today's electoral debate increasingly reflects middle-class social concerns. Bachelet has promised electoral reform and a new constitution. Matthei is more conservative but has more liberal views on social issues compared with many of her supporters. We expect continuity in key economic policies regardless of the election's outcome. A new Bachelet administration will likely seek to make more political and social reforms than would Matthei. However, either candidate will have to manage public pressure to spend more on education and social policies while safeguarding Chile's reputation for fiscal prudence at a time when GDP growth is likely to decelerate."

A Peter M. Siavelis, professor of politics and director of the Latin American and Latino Studies Program at Wake Forest University:

"No serious pundit or analyst has proposed that anyone other than former president Michelle Bachelet will again don Chile's presidential sash on March 11, 2014, despite a flicker of unpredictability. One in five voters remains undecided, depending on the survey, and the campaign's outlines have yet to take shape. Will it be a retrospective one waged on Bachelet's first term as president, focusing on the earthquake and Transantiago or a prospective one based on each candidate's vision for the future? The international press has been predictably obsessed with the gender components of the campaign, underscoring the novelty of a battle between two women, each of whom finds herself on opposite sides of Chile's enduring divisions regarding the legacy of the dictatorship. However, gender will ultimately prove a sideshow because the fortunes of each of Chile's two major political tendencies are at stake. Bachelet must outline a transformational vision of the future for a society tired of the same faces and same policies and the perception that they consistently fall short in addressing Chile's enduring and deep social divisions and embedded injustices. She must do so without projecting a Chavista vision that will alienate moderate voters and provide fodder for Matthei to paint Bachelet as a radical. Matthei faces the more difficult challenge of somehow escaping Piñera's legacy and the stubborn voter perception that Chile's first popularly elected right-wing government in half a century was simply more of the same. And while Matthei will likely lose, she must provide a decent enough showing to demonstrate that the right remains a viable future political option in Chile."

A Patricio Navia, master teacher of global studies at New York University: "Evelyn Matthei will be the Alianza candidate, but she will not mount a strong challenge to Michelle Bachelet in the November election. In part, this is because the Alianza coalition is sharply divided over the way in which Matthei was nominated by UDI, her party,

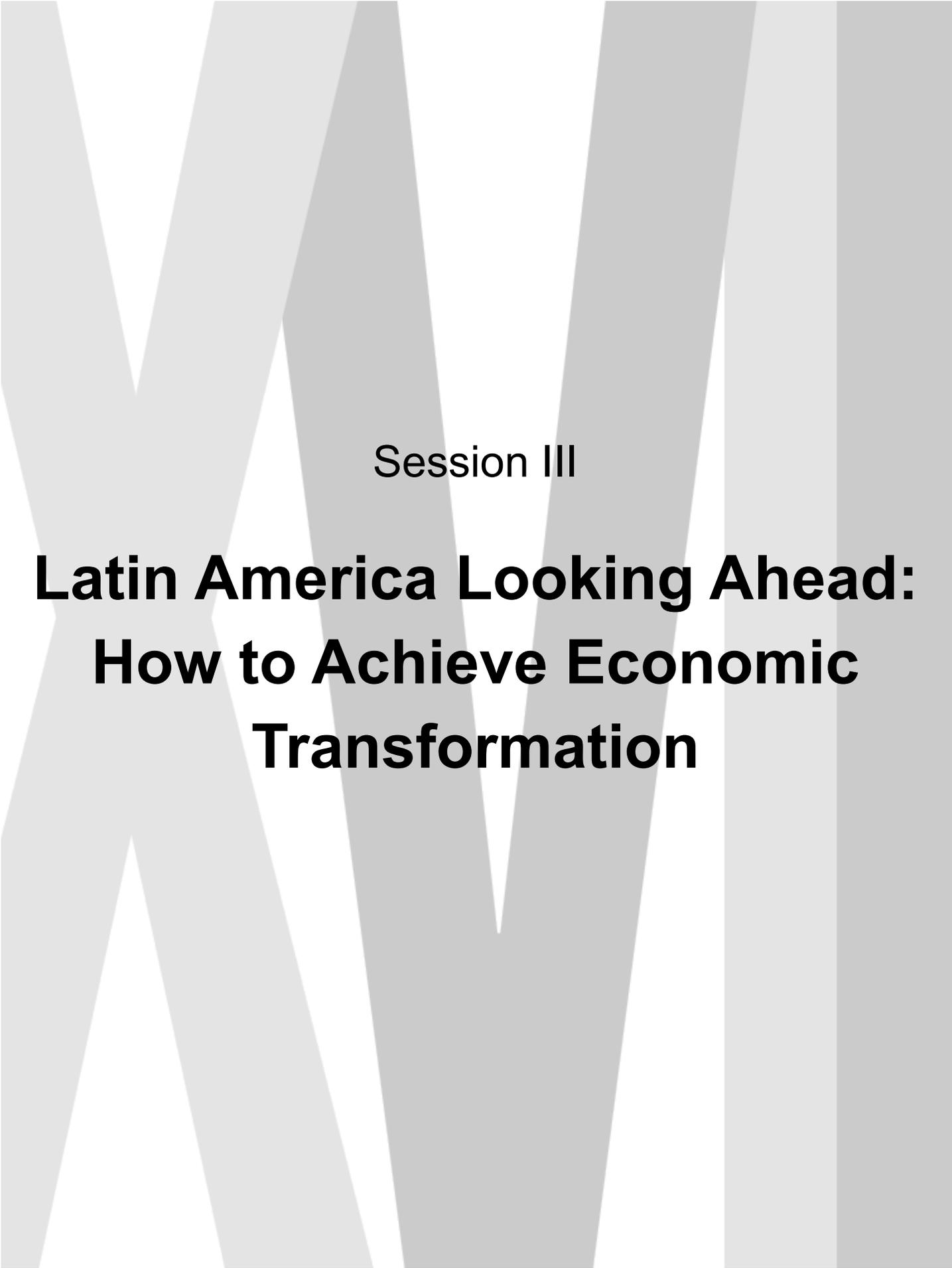
over the objections of RN, the other Alianza party, but also because Matthei herself is not a consensus builder. Her political career has been filled with controversies and bitter political fights with allies. She is prone to lose her temper and has repeatedly been involved in public disputes. She certainly speaks her mind, even if that means alienating her political allies. Matthei will have to work hard to overcome Bachelet's clear advantage in polls. Because she will only have 100 days to mount a campaign and fight an uphill battle against the overwhelming favorite, many within the Alianza will put their effort toward securing their seats in the concurrent legislative election in November. Unfortunately for Matthei, many in the Alianza are already giving up the presidential election and are thinking about how to position themselves for the 2017 presidential race. That includes President Piñera, who is banned from seeking immediate re-election. Though he would prefer not to hand power over to Bachelet, Piñera is satisfied to have Matthei as the candidate and not a younger right-wing politician who can challenge him for the role of Alianza leader in the next four years."

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Session III

**Latin America Looking Ahead:
How to Achieve Economic
Transformation**

Latin America 2030: shared prosperity is possible

By Hasan Tuluy

Ottawa Citizen, 14 May 2013

The World Bank, under the leadership of President Jim Yong Kim, has sharpened its focus and taken on the ambitious and demanding tasks of eliminating extreme poverty among the world's population by 2030 and increasing incomes of the poorest 40 percent in the interest of promoting shared prosperity.

It may seem audacious, but Latin America could meet these ahead of schedule. The region has already made great strides in poverty reduction and its governments and economies have evolved considerably adopting necessary political, social and economic reforms to make it possible. Faced with the highest inequality in the planet, governments in the region, independent of their political bent, have made the goal of improving opportunities for those less fortunate a priority.

Preliminary data shows that in 2011 13.3 percent of Latin Americans lived on US\$2.50 or less a day, the income threshold used by the World Bank to determine extreme poverty in the region. This percentage represented a reduction of nearly half over a decade. If over the next ten years the region can once again move a similar percentage of the population out of extreme poverty, it will meet Kim's metric for 2030 much sooner.

To be sure, Latin America will still need to do more for the bulk of its population that lives as moderate poor (17 percent) and vulnerable (35 percent). The vulnerable earn more than the poor, but like the poor lack the economic security of the middle class.

It's for these segments that shared prosperity is so critical. According to this new vision – endorsed by global finance officials during the latest World Bank-IMF annual Spring Meetings — the Bank will focus on improving opportunities for the bottom 40 percent of the world's population. That means, ensuring that this population will have better access to basic services such as education and health.

Of course spreading prosperity will be easier in Brazil or Mexico than in extremely poor nations such as

Haiti, where the amount of wealth to go around is small to start with. Brazil, in fact, has already shown that a nation can grow economically into a regional powerhouse and at the same time help the poor the most, ensuring that a virtuous cycle of economic and social progress takes hold.

To give you an example, providing disadvantaged children access to quality education raises their productive capacity and enhances social inclusion through higher employability and productivity. This, in turn, leads to higher growth, which makes more resources available to improve the quality of life for more people.

This virtuous cycle appears to be taking hold around the region in recent years. A new World Bank report shows that, during the past decade, the income of the poorest segment of the population in Argentina, Bolivia, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama and Venezuela grew much faster than the income of richer segments.

Four key factors make this type of prosperity possible and sustainable: progressive and efficient tax systems, transparent and effective institutions, a business-friendly environment and improved risk management. One good example of this is Uruguay. The South American nation has had each of these factors in place for some years now, its extreme poverty stands now at below 0.5 percent and its level of inequality is the lowest in the region.

Working closely with Latin American leaders, I also appreciate their decisive actions to ensure environmental sustainability. Our current search for prosperity cannot be done by reducing the options of future generations. Air that is not clean today will have effects on the health of our children. Poor sanitation now will cause growth problems in future generations.

There is no question that Latin America will have to accelerate reforms – such as improving quality of education and infrastructure — in order to improve the chances for the majority of its population.

World Bank economists looking for a way to measure how well the region is sharing prosperity have identified a composite index that puts Latin America far from the best performers around the world. In fact, by this index, keeping the same pace of inequality reduction from the last decade, Latin America would need an annual 7.5 percent per capita growth in order to close the gap with the more prosperous societies by 2030. That is a higher performance than this year's estimated 3.1 percent per capita growth.

But I am optimistic. The region has already shown that with the right set of reforms and leadership it can quickly turn things around for those less fortunate. It has done it for the extremely poor; it can do it again for those still vulnerable.



After a golden decade, can Latin America keep its luster?

By **Alejandro Werner**
IMF Direct, 6 May 2013

Latin America continues to be one of the fastest growing regions in the world, even though growth slowed down a bit in 2012. Many economies in the region are operating at or near potential, inflation remains generally low, and unemployment is at historically low levels.

In the near term, the region will continue to benefit from easy external financing and relatively high commodity prices. In our May 2013 Regional Economic Outlook, we project that the region will expand by about 3½ percent in 2013. In Brazil—the region's largest economy—economic activity is strengthening, driven by improving external demand, measures to boost investment, and the impact of earlier policy easing. In the rest of Latin America, output growth is expected to remain near potential.

Since 2003, Latin America has experienced a period of resurgence, with strong growth, low inflation, and improved social outcomes. Prudent macroeconomic policies and important structural reforms have been the cornerstone of this performance. However, except for the period immediately following the 2008 global financial crisis, exceptionally benign external conditions also have been an important factor. Foreign financing has been cheap and abundant, and there has been a large and persistent increase in the prices of the region's commodity exports.

However, even gold can lose its luster. These blissful external conditions will not last forever. Commodity prices are projected to stay flat or decline somewhat in the coming years, and interest rates will eventually rise as growth in the advanced economies returns.

The key challenge for policymakers in the region is to adjust policies to preserve macroeconomic and financial stability, and build strong foundations for sustained growth in the future, under possibly less favorable external conditions. In the rest of this piece, I will look at the way Latin America has managed the good times of the past decade, and discuss how it can best meet future challenges.

Managing the windfall

The income windfall from persistently high commodity prices over the past decade has been unprecedented. The windfall averaged 15 percent of domestic income on an annual basis, and close to 90 percent on a cumulative basis. This good fortune has spurred rapid growth and has made possible a substantial improvement in government and external balance sheets. However, efforts to save the windfall have eroded since the 2008 global crisis. In many countries, public debt at end-2012 remains above pre-crisis levels and fiscal balances are much weaker.

Looking forward, it would be prudent to increase fiscal savings, so that the economies are in better shape to manage the likely fading of the external tailwinds. Fiscal consolidation will also help to alleviate pressures on capacity and help narrow the external current account deficits.

Higher capital inflows

Easy monetary conditions in advanced economies and stronger fundamentals in the region have fueled large private capital inflows. Net capital flows to the financially integrated economies in Latin America have more than doubled from an average of below 2 percent of GDP during 2005–07 to about 4 percent in 2010–12, with the increase explained mainly by higher net portfolio flows.

Preventing these inflows from generating financial excesses remains a key policy challenge. Bank credit continues to grow at a relatively fast pace, and asset prices have increased significantly (including housing prices in key metropolitan areas). These developments call for tighter fiscal policy. In addition, exchange rate flexibility should be used to discourage speculative flows, while faster reserve accumulation could be considered in cases where currencies are on the strong side of the range consistent with fundamentals. Prudential measures, such as tighter loan-to-value ratios, higher capital requirements, and limits on sectoral exposure, could

also be deployed to prevent a buildup of financial vulnerabilities.

Sustaining high growth

From a supply perspective, Latin America's growth over the last decade continued to be driven by increases in physical capital and labor. Productivity growth also picked up, contrary to the trends of past decades, but remains well below that recorded in other fast growing regions. During 2003–12, labor and capital accumulation contributed 3¾ percentage points to Latin America's annual GDP growth, while total factor productivity contributed around ¾ percentage points.

With labor participation at historically high levels and very low unemployment rates, future growth would have to rely increasingly on productivity gains. Boosting productivity is not an easy task and countries need to tailor measures to the circumstances of each country. Policies that would be conducive to this outcome include higher investment in infrastructure and human capital, more modern legal frameworks, and more efficient and competitive product and labor markets. In the near term, it would be important for policymakers to calibrate macroeconomic policies based on a realistic assessment of the supply potential of the economy.

The key challenge for Latin America is to take advantage of the still favorable external conditions to anchor its progress in the last decade and lay the foundations for sustainable growth. This entails strengthening fiscal positions further, prudent management of capital flows to avoid financial excesses, and pressing ahead with structural reforms to increase productivity and potential growth.



What does the future hold for Latin American economies?

By Claudio Loser, David Ross, and Brett Rosen

The Inter-American Dialogue's *Latin America Advisor*, 6 August 2013

Q Latin America and the Caribbean as a whole are forecast to grow by 3 percent this year, the Economic Commission for Latin America and the Caribbean said July 24. ECLAC said it had lowered its growth estimate by a half percentage point since its previous forecast in April because of slower growth in countries including Brazil and Mexico. ECLAC's executive secretary, Alicia Bárcena, said the region's current economic picture shows "the need to broaden and diversify sources of growth." Where in the region do you see economies being most vulnerable today? Do you see the situation improving or getting worse in 2014? What changes in economic policy would bring about faster growth?

A Claudio Loser, visiting senior fellow at the Inter-American Dialogue, president of Centennial Group Latin America and former head of the Western Hemisphere Department of the International Monetary Fund: "The ECLAC adjustment to its growth forecast for Latin America coincides with the correction made by the IMF in its recent World Economic Outlook (WEO) revision. Both institutions project a growth rate of 3 percent, accounted for largely by their revisions for Brazil and Mexico, 41 percent and 21 percent of the region's GDP, respectively. The more vulnerable of the two today is Brazil, joined by Venezuela, Ecuador and Argentina. If the unofficial estimates for Argentine GDP were included, the region's growth rate would be clearly below 3 percent. The lower GDP projection reflects a decline in commodity prices (and terms of trade) for the Latin American countries from the record levels reached in 2011. Elsewhere, I have estimated that with terms of trade just stabilizing at the current high levels, GDP growth rates in Latin America could decline to a mediocre 2.5 percent from 3.7 percent in the past decade. This will have grave consequences for public high finances and the external accounts. With the large dependence of the region on the United States, Europe and China, the prospects look equally worrisome for 2014. WEO estimates indicate a

growth rate of 3.4 percent for 2014, but it is unlikely that it will exceed 3 percent. Moreover, South American countries rely excessively on fiscal and credit stimulus of domestic demand. These policies are clearly unsustainable and need to be reversed, as the current account deficit widens and investors become reluctant to bring capital to the region, and particularly to Brazil. Only continued structural changes to improve productivity and competitiveness can reverse the trend."

A David Ross, managing director of Chevy Chase Trust Investment Advisors in Bethesda, MD: "The region will experience a slower rate of growth of 3 percent in 2013 with a slight upward bias in 2014 with growth in the 3.0-3.5 percent range. Within this context, the region can be defined as two blocs: Mercosur and the rest. While many countries in the region profited from the China-led commodity boom of the last decade, in general, the Mercosur countries fell off the path of economic liberalization. They are now paying for the lack of reforms and continue to depress the region's overall growth with little prospect for improvement in 2014. In contrast, countries such as the mingled economies of Chile and Peru have stayed on the path of liberalization, and even as their economic growth slows from the recent torrid pace, they will continue to experience growth above the region's average, driven by domestic demand through this year and next. While Mexico and Central America will improve in conjunction with the U.S. economy, Colombia will be the economy of concern. In the near term, Colombia's economy, after slowing in the first half of 2013, will improve throughout the remainder of the year and continue into next year as the central bank's interest rate cuts of the last year take effect. Beyond that, however, as the growth rate in the oil industry slows and the foreign direct investment flows that it attracted also slows, the Colombian economy will be challenged to maintain the growth rate of the last decade if additional measures to increase investment are not adopted."

A Bret Rosen, managing director for research at Jamestown Latin America in New York: "Economic growth for the region in 2013 should indeed post a deceleration due to: 1) The shift in global liquidity conditions, thanks in part to the increase in U.S. Treasury yields; 2) A softening in terms of trade, caused primarily by slower growth in China and its shift in the emphasis of economic activity away from investment and in favor of consumption; and 3) Declines in business and consumer confidence in Brazil, driven by, to an important extent, the political noise of the last couple months. Clearly, growth in Brazil is bound to disappoint for the third consecutive year, as questions about the government's policy mix weigh on investors' confidence. Inflation is also eating away at consumer purchasing power and was a main focus of the protestors' grievances. Meanwhile, Andean economies should continue to outperform the regional average, even as the prices of key commodities have suffered of late. Peru, for example, despite some political noise recently and weakening business and consumer confidence should still grow around 6 percent this year. Argentina and Venezuela remain particularly vulnerable economies, as currency controls in each case create major economic distortions and discourage any meaningful private investment. For 2014, we see the situation in Latin America improving somewhat. Weaker currencies should serve as a shock absorber and improve competitiveness for manufacturing sectors, such as Colombia's, that have underperformed in recent years. Central banks in countries such as Chile and Mexico may ease monetary policy, which can stimulate credit demand and consumption. Finally, next year is a key year politically for the region, with Brazil holding its presidential election. Overall, for the region to achieve better, longer-term and sustainable growth, the list of tasks is long: improve education, reduce income inequality, invest more in infrastructure, open up

certain monopolistic industries (the energy sector in Mexico stands out), better the accountability of public officials (a key focus of the protestors in Brazil) and reduce red tape and bureaucratic obstacles for businesses."

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The background features large, stylized, semi-transparent letters 'N' and 'W' in a light gray color. The 'N' is on the left and the 'W' is on the right, both rendered in a bold, sans-serif font. The letters are slightly offset from each other, creating a layered effect.

Session V

Toward a New Trans-Atlantic Partnership

The promise of a North America-European Union Free Trade Agreement

By Carla A. Hills, Jaime Serra, and Michael Wilson
El Financiero, 15 April 2013

The United States and the European Union are discussing the possible launch of negotiations to create a U.S.-EU Trade Agreement. Enlarging the proposed negotiations to include all three North American nations, Canada, Mexico, and the United States would create a unique, historic and much larger opportunity that has the potential to give a real boost to the economies of all of the nations involved as well as to the global economy.

The United States' economy is tightly linked with those of its two neighbors. As a result of geographic proximity, supply chain integration, cultural bonds, and the certainty of rules laid out two decades ago by the North American Free Trade Agreement (NAFTA), the North American region has become highly integrated economically and one of the most competitive in the world.

An integrated supply chain has developed among the three nations that is truly unique. Canada, Mexico and United States not only sell things to one another, they make things together. For every dollar Canada and Mexico export to the United States, there is 25 cents worth of American content in the Canadian goods and 40 cents in the Mexican goods. By comparison in the case of Chinese and Japanese exports, the U.S. content is 4 cents and 2 cents respectively.

The time that technology transfers take to increase labor productivity has been substantially shortened. Firms have been investing in research and development centers across borders.

Since NAFTA was enacted, intraregional trade flows have increased nearly 400 percent particularly in manufacturing and foreign investment flows in the region have increased by almost 500 percent both in manufacturing and services.

As a result the economic cycles of the three nations have become strongly correlated. Interest rates have converged and the volatility of exchange rates

of the Canadian dollar and the Mexican peso with respect the American dollar under the free float regime have become strikingly similar.

This extraordinary economic integration makes it clear that America, Canada, and Mexico are stronger when acting together as a region than when acting separately.

In addition a Free Trade Agreement involving the three North America nations and the European Union would capture valuable efficiencies that would be lost if the regional platform is ignored. Mexico already has a free trade agreement with the European Union, and Canada is in the final stages of its negotiations with the EU.

A single agreement across the Atlantic would greatly reduce transaction costs of three separate agreements in terms of rules of origins, customs measures and border red tape which would be of enormous benefit to entrepreneurs on both sides of the Atlantic. The lower costs would be especially beneficial to and multiply the opportunities for small and medium size businesses, the backbone of job creation.

In short, a Trans-Atlantic Free Trade Agreement that included Canada, Mexico, and the United States would strengthen the North American region by expanding market access, creating jobs, reducing transaction costs, and eliminating distortions that accompany different tariffs and rules of origins.

Not to be overlooked is the fact that a negotiation of a North American-European Union Trade Agreement has the potential to create the largest free trade area in the world. In 2011 the two regions together represented more than half of world GDP.

History suggests that such a major trade agreement could have very positive effects on global trade negotiations. Some will remember that after the Uruguay Round of Multilateral Trade Talks collapsed in

1990, the NAFTA negotiations were announced in 1991, completed in 1992, and approved in 1993. Within months, the members of the World Trade Organization returned to the bargaining table and completed the Uruguay Round negotiation to the great benefit of global economy. A broadened Trans-Atlantic Agreement just might have a similar effect on the now stalled Doha Round.

The future of the North American region is very bright and can be even brighter. Building on the benefits made possible by the NAFTA, the three North American governments working together to achieve a free trade agreement with the European Union could create new and exciting opportunities that could generate very substantial additional benefits for their citizens. It is an ideal time. Our governments should not let this opportunity pass.



A Trans-Atlantic trade pact for the world

By **Carla A. Hills**

New York Times, 24 April 2013

The opening of global markets — starting in 1947 with the first round of trade negotiations among 23 nations and the creation of the General Agreement on Tariffs and Trade (GATT), through the creation of the World Trade Organization in 1995 — caused international trade to explode and standards of living for nations rich and poor to soar.

Economic studies show that the opening of global markets since the end of World War II has added about \$9,000 of additional wealth for the average American household. Developing nations have also gained from global trade. On average, poor countries that opened their markets to trade and investment have grown more than three times faster than those that kept their markets closed. No country has prospered by sealing itself off from global economy.

The Doha Round of multilateral trade negotiations was launched in 2001, two months after the 9/11 terrorist attacks in the United States. It sought to boost economic growth through trade liberalization for all nations, but particularly for developing nations.

The security dimension was real, because in addition to the projected economic benefits, past experience showed that as governments liberalized their trade regimes, they generally liberalized their political regimes. Adherence to an agreed set of trade rules and support for the W.T.O. dispute settlement mechanism encourages nondiscrimination, transparency and rule of law, which contribute to increased stability.

The Doha negotiations broke down in 2005 and have made little progress since. Trade commentators are declaring Doha dead and multilateral negotiations obsolete as governments increasingly have turned to negotiating bilateral and regional trade agreements that create conflicting rules and distort trade by creating trade preferences for the signatories at the expense of those that do not participate. There is legitimate concern that the proliferation of bilateral and regional trade agreements could render the W.T.O. irrelevant and destroy the enormous

benefits we derive from our multilateral trading system.

What could bring the 159 W.T.O. members back to the table? Ironically, history demonstrates that the successful negotiation of a major regional trade agreement of high quality can provide the necessary catalyst.

In 1990, the Uruguay Round collapsed in Brussels. In June 1991 the United States, Mexico and Canada launched the negotiations of a North American Free Trade Agreement (Nafta). Fourteen months later negotiations were concluded. President George H.W. Bush signed the agreement in December 1992; President Clinton secured congressional approval of the agreement the following year.

By joining the economies of Canada, Mexico and the U.S., Nafta created a regional market of over 400 million people. It was the first comprehensive free trade agreement to join developed and developing nations, and it achieved broader and deeper trade liberalization than any prior trade agreement.

The world's reaction was broad, deep and fast. In just a few months following the passage of the Nafta, trade negotiators returned to the bargaining table, completed the Uruguay Round, and created the W.T.O. to the enormous benefit of the global economy.

If we are to repeat the success of two decades ago, we will require an even greater catalyst: a regional trade agreement of such quality and scope that the rest of the world is galvanized.

The Trans-Atlantic Trade and Investment Partnership recently announced by the European Union and the United States could be that catalyst. That negotiation would involve roughly half the global economy. The negotiation need not be protracted.

The E.U. and the U.S. each recently concluded free trade agreements with South Korea that could serve as a template upon which to build.

The proposed Trans-Atlantic Partnership could have even more heft if Canada and Mexico were added — which makes sense, since Mexico already has a free trade agreement with the E.U., and Canada is in the final stages of negotiating one. Including them would avoid having different rules covering trade involving our two largest trading partners.

The global reaction to NAFTA 20 years ago shows that “competitive liberalization” can be a powerful catalyst. When governments see others taking economic action that generates growth and stability, they do not want to be left out.

A broad, gold-standard trade agreement across the Atlantic could be such a catalyst for reigniting support for multilateral trade liberalization, bringing W.T.O. members back to the table to finish the Doha Round, which would give a real boost to the global economy.

It was done before with NAFTA, and it could be done again with the successful conclusion of the Trans-Atlantic Trade and Investment Partnership.

The New York Times

The trilateral bond: Mapping a new era for Latin America, the United States and Europe

Report of the Transatlantic Task Force on Latin America
May 2013

It is time to redefine the transatlantic partnership. Europe continues to struggle with serious economic and political challenges, while the US economy stagnates and decision-makers in both the public and private sectors face a highly partisan political system. If the United States and Europe are to remain competitive—economically, politically, and strategically—in this increasingly multipolar world, they must reach out to partners who share their values and can contribute to a stronger transatlantic economy. That partner is Latin America.

Together, the United States, Europe, and Latin America should build a stronger, more equal trilateral partnership based on a community of interests and values—this is in the economic, security, and political interests of all three. Despite Latin America's expanding markets, rich energy and natural resources, and newfound confidence on the geopolitical stage, it has not been visible within the transatlantic relationship. Neither the United States nor most European governments have made the region a priority in their recent foreign policies.

Establishing a new era of deeper, more enhanced dialogue and engagement among Latin America, Europe, and the United States, along with Canada, will bring significant dividends for each, both economically and strategically. A renewed relationship must, however, be based on partnership. With the growing international clout that comes with political stability and economic growth, Latin America has diversified its relationships, becoming more integrated with the rest of the world.

Building such a trilateral partnership will not be easy. Latin America brings incredible diversity, both among countries and within them. The region is divided politically, and not all regional leaders may initially see the value of working with others. But only together can North and South America and Europe address many regional and global issues effectively.

Underlying the political and economic motives for a strengthened trilateral partnership is a common ideological tradition rooted in democracy and human rights. Latin America shares a similar historical commitment to these principles as Europe and North America and has made enormous strides in recent years toward living up to them.

The continued success of all three partners depends on defending and deepening this community of values, because from this democratic tradition springs the opportunity for innovation, entrepreneurship, and consequently, more prosperous economies.

While Latin America still has work to do in strengthening democratic institutions, the region has demonstrated a remarkable dedication to developing political stability and, in many cases, open economies. As other world powers emerge that may not share these same values, it is all the more crucial that North America, Europe, and Latin America use this common ground to build reinvigorated cooperation that advances democratic principles and boosts economic and political competitiveness in a changing world economy. To that end, this report identifies five policy areas in which deepening the trilateral relationship contributes to the transatlantic partners' mutual interests, and from these areas flow specific policy recommendations.

1. Building a stronger trilateral trans-Atlantic marketplace

As Latin America continues to grow, diversify its economies, and develop its financial markets, the United States and the European Union stand to benefit from stronger trade and investment ties—as will Latin America. Together, the three regions should work to build a transatlantic economy by reducing barriers, expanding trade, increasing capital investment, and boosting competitiveness.

- **Launch a trilateral dialogue on trade and investment aimed at building an open marketplace between the United States, Europe, and Latin America, as well as Canada, including in agricultural trade.** Using the opportunity presented by the Transatlantic Trade and Investment Partnership (TTIP) negotiations, the three should establish a trilateral process aimed at removing barriers to trade and investment. This dialogue could initially find ways to harmonize existing free trade agreements, and then focus on how Latin American countries might connect to the arrangements emerging from the US-EU negotiations. Eventually, this dialogue should focus on reducing US and EU agricultural subsidies that effectively restrict Latin America's most important export sector from those markets.
- **Expand integration among financial markets in the Americas and Europe but also strengthen regulatory oversight.** Regulators and banks in the United States, the European Union, and Latin America must work closely together to ensure the solvency of the system, standardize regulations across jurisdictions, and enforce effective oversight. Latin America should be included in discussions about the ongoing financial services reforms in the United States and European Union.
- **Facilitate the movement of highly skilled individuals and others who will reinforce the integration of this trilateral marketplace.** This could include developing trilateral "fast track" visa and border entry schemes for businesspeople as well as more visas for highly skilled individuals.
- **Identify trilateral projects that will promote competitiveness and entrepreneurship.** Although each region must address its own competitiveness challenges, there are enormous opportunities to engage in discussions on infrastructure development, including the hemispheric electrical grid and transoceanic corridors. These and other projects should foster entrepreneurship and social development.

2. Creating human capital

Quality education is key to building competitiveness in a globalized marketplace, the cornerstone of economic growth. The United States, Europe, and Latin America can work together to shape more effective education policy that drives innovation.

- **Compare best practices in targeting poverty reduction and childhood development.** Latin America's innovative Conditional Cash Transfer (CCT) programs hold lessons for the United States and European Union about the efficacy of targeted antipoverty approaches. The United States and Latin America should follow the example of some European countries that invest heavily in early childhood development—investments that yield significant returns into the future.
- **Work collaboratively to strengthen education and research linkages as a way to spur innovation.** Governments should reduce legal and institutional barriers to crossover between universities and the private sector. They should also encourage international collaboration between researchers and expand existing educational exchange programs. This will require facilitating educational exchange visas for both researchers and students.
- **Compare best practices in technical and vocational education, and in online and nontraditional learning.** Europe is ahead in providing high-value vocational educational tracks to their students; the US and Latin American governments can learn much that will help their schools incorporate such technical learning options. The Americas and Europe can also learn from each other about effective ways of using information and communications technologies, especially in programs that will facilitate greater international collaboration.

3. Managing energy riches and natural resources

Global energy supplies and markets are facing a great transformation that could provide a significant opportunity for North and South America, as well as Europe. Latin America is already a major producer of energy, including oil and gas, hydro-electric and thermal energy, and biofuels. A stronger resource

partnership would provide a strategic boost for a new transatlantic community as it seeks to remain competitive in an evolving global economy.

- **Launch a comprehensive trilateral energy dialogue.** The United States, European Union, and Latin America should initiate a trilateral energy dialogue in the coming year to address the shifting global energy landscape and to share best practices across the broad sector of energy policy. These gatherings could provide a forum for strategic discussions as well as establishing initiatives on specific energy and resource-related priorities.
- **Foster best practices and greater trilateral cooperation in strengthening the regulatory framework for natural resource projects.** The United States and European Union can assist Latin America in identifying best practices regarding state oversight, environmental and safety regulations, compensation, and tax structure in this sector, especially those that ensure transparency, predictability, and fairness of the rules of the game, while injecting some competition into the sector. If they can agree on some best practices, the partners should explore the possibility of more compatible, harmonized regulatory frameworks.
- **Identify potential collaborative projects in research and development (R&D) and infrastructure.** Faced with budgetary constraints, one way of leveraging R&D funding is through greater cross-border cooperation. The trilateral energy forum could identify a few keystone projects that governments would support through their R&D budgets, as well as a few key cross-border infrastructure projects.
- **Examine best practices in managing energy revenues, including creation of sovereign wealth funds.** Norway and Chile especially present valuable lessons on using wealth from natural resource development to create national consensus.

4. Addressing transnational crime and boosting public security

The drug trade has for too long been identified with Latin America alone. In reality, it is a transatlantic—even global—phenomenon that affects both day-to-day citizen security and the consolidation of democratic institutions.

- **Refocus on demand and prioritize law enforcement efforts.** The United States and the European Union should expand efforts to prevent, treat, and reduce the harm associated with drug use. At the same time, law enforcement capacity is finite, and enforcement should focus on the drug trade's most harmful aspects by targeting large-scale suppliers and traffickers of the most dangerous and profitable substances, while maintaining basic citizen security as a priority.
- **Take steps to limit the cross-border flow of deadly assault weapons.** These weapons spawn violence on America's streets and find their way wholesale to Latin America. While addressing this challenge within the United States, the Obama administration should also pursue stronger efforts to limit cross-border transfers of these items.
- **Improve coordination on anti-money laundering (AML).** Latin America and EU banking systems are increasingly called upon to meet US requirements on stringent anti-money laundering policies. The system will be stronger if regulators work together to build capacity and to review actual implementation.
- **Deepen trilateral cooperation in building effective institutions to support rule of law.** The United States and the European Union should continue and increase support for institutions such as judiciaries, local police forces, and penitentiaries in Latin America.

5. Strengthening the trilateral institutional Framework

If the United States, Europe, and Latin America are to build a stronger strategic partnership, they must also build a stronger institutional framework that ensures routine consultation and collaboration. Some institutions already exist, especially the Organization of American States (OAS) and

Community of Latin American and Caribbean States (EU-CELAC) summit process, but there should be more trilateral integration as well as recognition of Latin America's emerging importance in multilateral institutions

- **Support progress toward multilateral integration in Latin America.** Latin America is developing important multilateral frameworks, both within the region and with others. The United States and Europe should encourage these efforts, even when the focal point is Asia, as these frameworks may develop into platforms for greater cooperation.
- **Expand Latin American participation in institutions of global governance.** Latin America's growing clout and maturity on the world stage means that it is time for the region to play a greater role in the institutions that govern it. The Group of 20 (G20) structure already recognizes this by including Argentina, Brazil, and Mexico, but the Organization for Economic Cooperation and Development (OECD), for example, includes only Mexico and Chile. The United States and Europe should consider supporting efforts to gain Latin America a permanent seat on the UN Security Council.
- **Initiate a trilateral EU-US-Latin America summit.** The United States, European Union, and Latin America should initiate a summit process to herald a new era in relations and to discuss steps to build a more strategic partnership. Building on the Summit of the Americas and the EU-CELAC summit, governments can meet at expert level to define key issues and use ministerial meetings to create commitment among governments and other stakeholders before a summit is held prior to the end of the Obama administration.

This report was produced by the Transatlantic Task Force on Latin America at the Adrienne Arsht Latin America Center of the Atlantic Council.

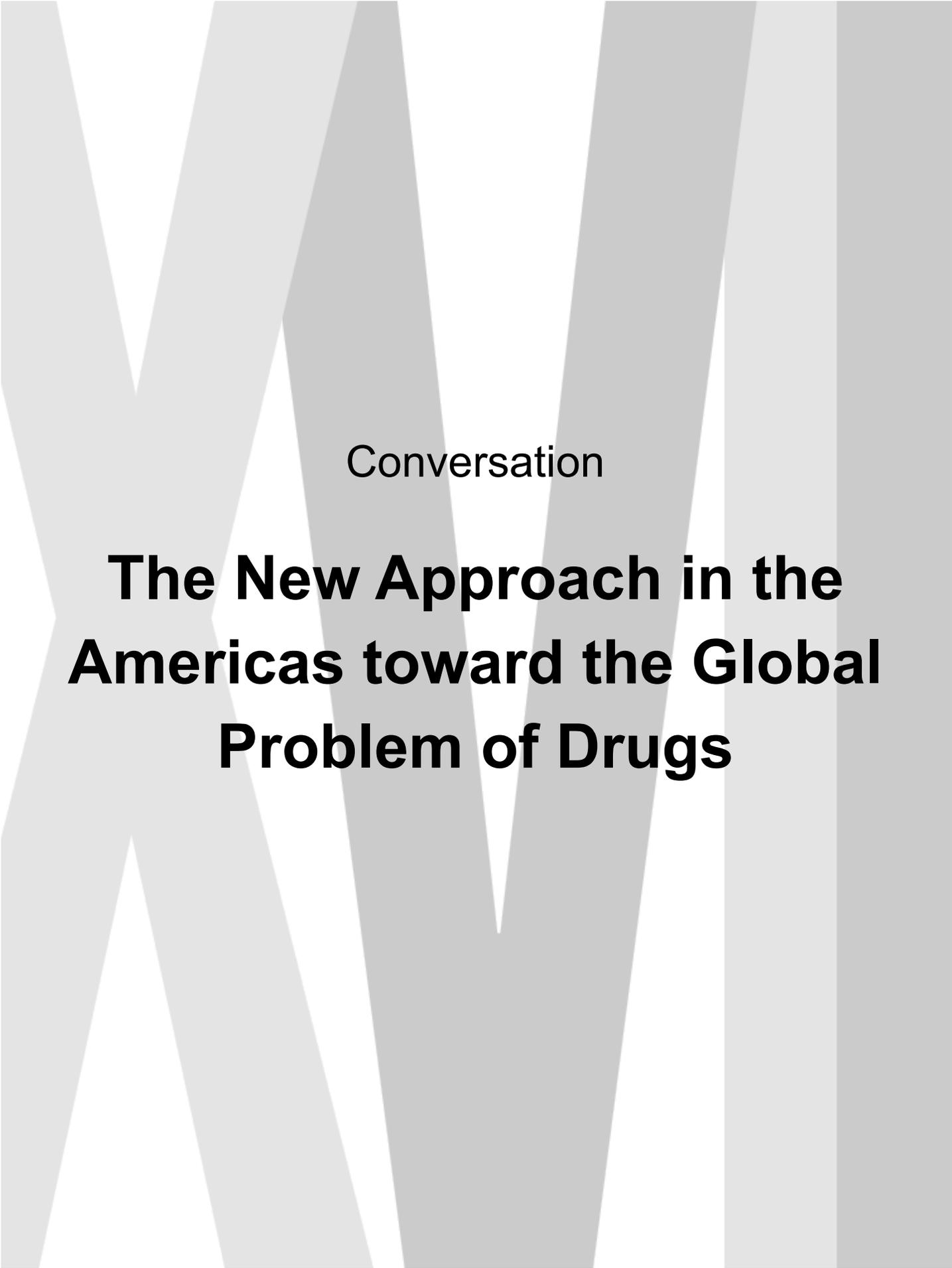
The task force is co-chaired by H.E. José María Aznar and the Honorable Christopher Dodd. The project was directed by Frances Burwell. Gabriel Sánchez Zinny served as rapporteur and expert advisor.

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ATLANTIC COUNCIL

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Conversation

**The New Approach in the
Americas toward the Global
Problem of Drugs**

The drug problem in the Americas

Excerpts from a report by the General Secretariat of the Organization of American States
2013

Introduction by Jose Miguel Insulza

The past two years have seen a much more active and intense hemispheric discussion of drug policies. There appears to be greater openness now to a dialogue on current policies and, in some sectors, a willingness to explore nontraditional approaches to the subject.

The intensity of the violence associated with drug trafficking - especially in countries affected by the production, transit, and trafficking of illegal drugs - has been the principal factor in driving the concern of senior level officials in becoming more actively engaged in this debate. Other factors include shifts in drug consumption patterns in the Hemisphere, increased prevalence of drug use, violence affecting the most vulnerable segments of society, and growing demand for health care services to treat addictions.

Reflecting their concerns over the impact of drug-related violence and the continuous flow of drugs in the region, hemispheric leaders, former Heads of State, academics, and representatives of civil society have supported the adoption of policies geared to downplaying the role of the criminal justice system in drug control. Reports by high-level groups, such as the Global Commission on Drug Policy, emphasize the need to reduce the harms done to the health, security, and well-being of individuals and society, and favor an approach in which drug use is treated as a public health issue and consumption reduced through evidence-based prevention campaigns. Among other recommendations, they also encourage experimenting with legal regulation models for certain drugs.

At the same time, other voices suggest it is premature to assume that current approaches to the subject have failed. While acknowledging shortcomings in the implementation of current approaches, they maintain that, at the domestic level,

countries are only now beginning to execute policies that are consistent with the "Hemispheric Drug Strategy" and its "Plan of Action 2011-2015," adopted in 2011 by the member states of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States. This Strategy calls for an integrated and balanced approach to the formulation of drug policies: one that emphasizes supply and demand reduction, paying particular heed to control measures and international cooperation in line with United Nations Conventions on the subject.

There are points of consensus between the two approaches: both recognize that dependence on drugs is a chronic (or recurrent) illness that requires a public health response (treatment) and both agree on the need to promote evidence based drug control policies and to incorporate gender issues and civil society participation in policy formulation. Both approaches focus on the human dimension of the problem by refraining from characterizing drug users merely as objects of the criminal justice system, and by promoting alternatives to imprisonment for drug dependent individuals who have committed crimes.

As the discussion progresses, it is becoming clearer that, despite international interest in the subject and all the resources allocated to its analysis, little is actually known about what works or how to deploy best practices that are not just well known but are also available for implementation and replication.

There are numerous good examples of this: initiatives that enrich dialogue and can inspire each country to understand how it can successfully manage the various challenges posed by drugs within its particular context and economic, political, and social circumstances. Examples worth citing include: the recovery of a State presence in rural areas and drug corridors in Colombia; community-oriented policing models in Nicaragua and Brazil; The Peruvian Alternative Development Model in San Martin; the decriminalization of possession for personal use in

many countries (which, while reducing the burden on consumers and the judicial system, has not resulted in increased use); innovations in criminal jurisdiction and overdose prevention in the United States; needle exchange and other harm reduction programs aimed at preventing unsafe needle use and HIV transmission in Canada; social oversight to contain coca growing in Bolivia; the development by the United Nations Office on Drugs and Crime of International Standards on Drug Use Prevention; and the forging of strong health promotion institutions in Chile and Costa Rica.

In addition, we have gained much better insight into many of the factors surrounding initial and ongoing drug use, along with increased scientific knowledge of the risk factors that help to explain why a minority of users develop problematic habits. We also now have a better understanding of the social setting and norms that contribute to addiction and may harm both individuals and society as a whole.

We also now know that usage patterns are evolving. For instance, cocaine use is increasing in Southern Cone countries and declining in the United States, whereas marijuana use is on the rise and the unlawful use of pharmaceutical drugs has become the principal concern. With respect to the United States, it is worth noting that, although marijuana use is still illegal in most states, changes in public opinion were reflected in the 2012 vote to legalize that substance in two states and most citizens agree that marijuana should be legalized and regulated. This is not reflected in the public opinion of most other countries in the Hemisphere.

Growing media attention regarding this phenomenon in many countries, including social media, reflects a world in which there is far greater awareness of the violence and suffering associated with the drug problem. We also enjoy a much better grasp of the human and social costs not only of drug use but also of the production and transit of controlled substances. The world is also conscious of the vast illicit economic structures forged by profits from the illegal drug trade: a business with profits that distort economies, enrich and empower organized crime, and foster public sector corruption.

Part of that concern also relates to the economic and social costs associated with drug control laws

and policies currently in place. Investments designed to expand police, judicial, and prison capacities in this regard may detract from investments in health, education, and other social goods.

The above concerns are reinforced by the finding that the impacts of the drug problem on individual countries are varied, such that reactions to that problem also vary, as do the effects of those reactions. Domestically, some countries are facing relatively high rates of illicit drug use and its related consequences in terms of public health and criminal behavior. Other countries are not among the leading users of controlled substances, but are exposed to higher levels of violence, triggered in part by actions by the security forces to counter illegal drug production, trafficking, and transit and the criminal violence associated with them. While some countries are financially and institutionally better equipped to address the harms caused by drug use and the illegal market and to defray the costs of drug control, other countries find it more difficult to cope with these problems. That is why policies that might be useful for some countries (such as cutting funds for transit control) may be regarded by other countries as highly dangerous, thereby rendering international cooperation very difficult. Undoubtedly, therefore, future discussions of drug policy will yield not only agreements, but also major disagreements.

Nevertheless, major advances have been achieved. There is a much better understanding of drug dependence, which is now treated as a public health problem. Cocaine use has declined in what were once significant markets. Huge drug-trafficking organizations have been dismantled, and their leaders tried and convicted. Countries have set up financial intelligence task forces to fight money laundering. International cooperation mechanisms have improved. Over half the countries in the Hemisphere have put into place national drug control strategies. Primary and secondary school prevention programs are on the rise. Countries have enhanced their ability to conduct periodic national drug use prevalence surveys. Finally, the rule of law and judicial reforms have been strengthened in several countries.

The other side of the coin is that funding for drug control programs remains weak, especially with respect to prevention and treatment. Although drug

seizures have increased, the overall flow of drugs remains stable and robust. Alternative development programs have achieved some local-level successes, which have not, however, been replicated nationwide.

Conscious of all these facts on the ground and the challenges they pose, the Heads of State and Government of the Americas decided to forge ahead in the quest for more effective ways to unravel and handle this complex problem. To that end, an explicit mandate was assigned to the Organization of American States.

The purpose of this *Report on the Drug Problem in the Americas* is to reflect that agreement and fulfill that mandate. Our intention is to help the Heads of State and Government of the Americas establish a frame of reference to address this problem in their countries and to guide future multilateral policies and actions.

In order to fulfill that task as broadly and usefully as possible, we decided to adopt two different and yet complementary approaches. This involved, on the one hand, carrying out a technical study of drug use, production, transit, and trafficking and of the scope of the drug business in the Hemisphere, while at the same time examining the public policies adopted to address the problems of public health, illegality, and violence that they give rise to, as well as their social and political impact on our societies. We refer to that part of the report as the Analytical Report. As an important complement to this effort, we determined that it was important to develop scenarios for the Drug Problem in the Americas Report, which, unlike the Analytical Report, would not examine the current state of affairs, but rather possible future drug trends. This report was developed based on opinions and perspectives of leading academics, political leaders, social leaders, and experts from all over the Americas, representing all schools of thought on the subject, who eagerly took part in this endeavor.

The Analytical Report presented in this volume synthesizes the studies – which are also published as annexes – carried out by high-level professionals during the second half of 2012. It is divided into 10 Chapters, starting with a definition of the problem and an explanation of how it will be examined. The analysis itself begins in Chapter 2 with a look at the

reasons that led society to concern itself with the use of certain substances and to decide to control them, in other words the effects of drugs on human health. Recognizing that this necessary choice triggered the illicit economic activity designed to satisfy the demand for banned substances, we devote Chapters 3, 4, 5, and 6 to a detailed study of how, in our region, controlled substances are cultivated, produced, distributed and sold. In undertaking that study, we examined the volume of activity, its various manifestations, its environmental impact, and the State's response to it, including the consequences and limitations of that response.

Chapter 7 is dedicated to the examination of different drug consumption patterns in our countries, with a special focus on the reasons that lead people to use drugs, on possible and currently practiced forms of treatment and prevention, on the effects on social exclusion and the exercise of human rights, and on the ways in which our States have reacted, along with their consequences and shortcomings. Chapter 8 provides a detailed account of the different manifestations of criminal violence associated with the phases of the value chain in the illicit drug economy, including the violence found in the consumption phase. We focus, in particular, on possible reasons why that violence is more intense and virulent in some countries than in others, with inevitable comparisons between death rates from drug use and from other criminal activities. Chapter 9 examines legal and regulatory alternatives for addressing the problem; their origins and characteristics; current trends toward decriminalization, penalty reduction, and legalization; the likely costs and benefits of those various alternatives; and other, non-judicial, options.

Finally, in Chapter 10, we offer our own contribution to the dialogue commencing with the presentation of this Report, setting forth the criteria that lead us to approach the Drug Problem in the Americas as a hemispheric issue that can be viewed as a single process which allows for different approaches to each of its phases and for each of the countries in which those phases take place. We conclude, too, that there is no absolute link between the drug problem and the insecurity experienced by many citizens in the Americas. While that relationship varies for each country or group of countries, it is clear that insecurity is more prevalent in societies in which the

the State is not in a position to deliver effective solutions. We also stress that a public health approach is needed to address drug use. Finally, we further conclude that the drug problem needs to be dealt with in a flexible, differentiated fashion, wherein countries adopt an approach tailored to the particular ways in which they are affected.

To do justice to the complexity of the Drug Problem, we needed to reach out to consult numerous differing points of view, and to allow ideas to flow freely in an open-minded setting. That was the justification for undertaking the second part of our report, entitled Scenarios for the Drug Problem in the Americas. To put together the Scenarios Report, we brought our partners in Reos Partners and Centro de Liderazgo y Gestión together with a large number of specialists and individuals deeply involved with the drug issue—intellectuals, government authorities, public health specialists, and social and community leaders—who were brought together in structured workshops to imagine how the Problem might evolve in the future. Since we also recognized that there is not just one future, but numerous possible futures that could be forged on the basis of the decisions we make today, we put forward four possible versions of what the “Drug Problem in the Americas” might look like in the future. None of them represents what will in fact happen or what we would like the future to look like, but all of them could come about if certain events occur and certain political decisions are taken. Familiarizing ourselves with these possibilities, analyzing their causes and effects, and drawing conclusions from them are tasks that we consider to be not just useful but essential for our individual and collective thinking about the Problem..

Three of the four scenarios—“Together”, “Pathways” and “Resilience”—describe different future alternatives, depending on whether the focus is largely on institution building, experimentation with legal changes, or the community’s capacity to respond to the problem. The fourth, “Disruption,” alerts us to what could happen if we are incapable in the short run of reaching a shared vision that allows us to join forces to address the problem, while respecting diversity in our approaches to it.

Each of these scenarios poses an enormous variety of collective and multilateral opportunities and chal-

lenges that should lie at the heart of subsequent debate. With drugs, as with any other complex social phenomenon, there is a wide range of motivations and convictions that shape the social fabric. Consequently, these scenarios provide a useful starting point for helping our leaders and, ultimately, our peoples establish collective and sustainable roadmaps within the diversity of approaches.

Both the Analytical Report and the Scenarios Report, which together constitute this Report on the Drug Problem in the Americas are the fruit of a collective effort by a large number of specialists, social leaders, academics, politicians, business leaders and civil servants from all the member states of the Organization of American States, and of the invaluable support provided by the staff of the General Secretariat of our Organization. I wish to commend and thank all of them for the devotion and skills they have demonstrated in bringing this collective endeavor to fruition.

In this way, we have responded to the explicit mandate conferred upon us by the Sixth Summit of the Americas. In bestowing on us the privilege of compiling this Report, the Heads of State of the Americas entrusted us with an enormous responsibility while, at the same time, setting very precise limits on the scope of our response. For that reason, in this Report, we lay out facts that can support decision-making, but we do not impose solutions. It is up to our leaders to develop those solutions, knowing that, in the debates to come, they can rely on a firm basis for their deliberations. **This Report, does not, therefore, provide a conclusion, but rather the start of a long-awaited discussion.**

A copy of the full report is available online at www.oas.org.



Organization of
American States

Uruguay's marijuana experiment

By Peter Hakim and Cameron Combs
Los Angeles Times, August 21, 2013

The United States' take-no-prisoners (or, perhaps more aptly, take-too-many-prisoners) approach to drug control has few fans in Latin America, long the most violent battleground in the U.S. war on drugs. Uruguay, the smallest country in the region, has been the first, however, to openly rebel. It is expected soon to be the only nation to legalize the cultivation, sale and use of marijuana on a national scale.

President Obama has said on several occasions that "legalization is not the answer." At an Organization of American States meeting this year, White House drug czar R. Gil Kerlikowske rejected legalization as a "bumper-sticker approach."

But there is not much the administration can do about Uruguay's move. (In fact, it still has not formally announced what the federal response is to Colorado and Washington state laws, passed in November, legalizing marijuana for recreational use.) Indeed, the United States should pay special attention to developments in Uruguay, which may offer some important lessons for U.S. drug policy, at home and abroad.

Uruguay is a surprising trailblazer on the drug issue. Unlike much of Latin America, this is a country with limited drug consumption and little serious crime or violence. And despite the strong advocacy of current President Jose Mujica for legalization, polls report that nearly two-thirds of Uruguayans oppose it. So why, then, in a country with such widespread opposition and a mere 120,000 habitual cannabis users, is the government taking this groundbreaking step?

Mujica has championed legalization as a public security measure, a response to the Uruguayans' deepening concerns. Yet it is hard to believe this is the president's primary motive. After all, Uruguay's crime rate is among the lowest in Latin America. Perhaps a better explanation is Mujica's own leadership and commitment to building a legacy of progressive accomplishments. In just one year, he has ushered through the region's most liberal abortion law and legislation recognizing same-sex marriage.

Uruguay's initiative is also a response to Latin America's deep frustration with the United States' war on drugs. Although it is being scaled back within the U.S., the drug war remains a central priority of U.S. policy in the region — and in the eyes of Latin Americans, bears a sizable share of the blame for surging rates of crime and violence in Latin America.

The two central questions now become: First, will legalization, in fact, lower crime rates, divert people from more dangerous substances and reduce perceptions of insecurity? Or, as opponents claim, will it end up having little impact on crime while encouraging drug use? And, second, if Uruguay's efforts succeed, would marijuana legalization be the right course for other nations?

The outcome of Uruguay's initiative is uncertain, and retreat may ultimately be necessary. Indeed, even Mujica calls it an "experiment" and publicly acknowledges that it may fail. Black markets may be sustained by sales to juveniles and tourists — who would be forbidden to purchase it legally — or by people who want or need more than the government ration allows. Illegal sellers may even be able to offer lower prices.

Also, by blunting any remaining cultural stigma and anxieties about the health effects of marijuana, legalization could lead to an upturn in use, although the limited research available suggests that this is unlikely. But it is surely possible that Uruguay's legal cannabis may find its way into neighboring Brazil and Argentina (as Colorado's will to New Mexico and Wyoming). Finally, criminals may just write off the lost profits from marijuana and turn to other illicit activities, such as extortion and robbery, or ratchet up sales of more risk-laden drugs.

Marijuana legalization in Uruguay will hardly affect the bulk of the hemisphere's drug trade. Uruguay is neither a major drug producer nor a consequential trafficking corridor. And compared to Brazil or the United States, its market for narcotics is next to nonexistent. But Uruguay's courageous experiment may start a trend across Latin America. Already, many

countries are formally decriminalizing marijuana or simply turning a blind eye to its use.

The experience of tiny Uruguay will have a big impact, no doubt, but what happens in the United States will be especially critical to the future of drug policy. California alone consumes an estimated 500 tons of marijuana annually, compared to just 22 tons in all of Uruguay. But more relevant than market size, the U.S. will find it increasingly difficult to promote prohibition and strict enforcement in Latin American and elsewhere when its own citizens are pioneering a new course of toleration.

Los Angeles Times

Latin America's war on drug policy

by Peter Hakim and Kimberly Covington

Política Externa, 21 June 2013

Latin America's growing leadership on the sensitive issue of international drug policy has been on full view on the world stage. At the September 2012 UN General Assembly meeting in New York, three of the region's presidents—Juan Manuel Santos of Colombia, Otto Pérez Molina of Guatemala, and Felipe Calderón of Mexico—urged the world organization to acknowledge the glaring shortcomings of prevailing approaches to drug control and initiate a far-reaching review of options that could be more effective. The region's leadership was also displayed at last April's Summit of the Americas in Cartagena, Colombia. In the face of initial US opposition, Summit host Santos and other Latin American heads of state, put drug policy at the center of their discussions—and subsequently charged the Organization of American States (OAS) with the task of conducting a comprehensive study, recently published, of alternative approaches to the hemisphere's drug problems.

Three highly regarded former presidents—Fernando Henrique Cardoso of Brazil, Cesar Gaviria of Colombia, and Ernesto Zedillo of Mexico—provided the conceptual underpinnings for the Latin America's rising profile on drug policy matters. They jointly chaired the Latin American Commission on Drug Policy and Democracy, which published an influential report in 2009 which concluded that anti-drug strategies had failed either to reduce drug production and consumption or to effectively deal with the region's pandemic of criminal violence. While recognizing the urgent need for governments to control organized crime and protect their citizens' security, the report urged a revised, health-based approach to drug problems that would shift emphasis from prohibition and law enforcement to prevention and treatment. The report also called on governments to consider legalizing (and regulating) marijuana and perhaps other illicit drugs as well. Although prepared to indulge in conversation about alternative drug strategies, Washington has made crystal clear its opposition to legalization as a possible response to Latin America's surge of violence, drug trafficking, and other crimes.

In the United States, drug policy issues have been largely absent from national debates. Drug policy was hardly mentioned in this year's presidential campaign, and no proposals emerged from either of the major candidates. With the sharp decline in drug-related crime and violence across the US in the past 15 years or so, the problem has faded from the national agenda—although increasingly vigorous debates about marijuana policies in many states and localities might well lead to a national discourse on the issues. Despite continuing resistance from the federal government, 18 states plus the District of Columbia now allow easy access to marijuana for medical purposes. A majority of voters in Washington state and Colorado voted for ballot initiatives to legalize the production, sale and recreational use of marijuana on November 6, 2012. These initiatives, now in the process of being implemented, would create the first fully legal marijuana markets in the world. They clearly represent a severe challenge to Washington's drug policies, which year by year have been losing support in the US.

The cost of success

Even though no one has clearly defined what the goal is, the US can—at least at home—claim some progress in its battle against drugs. Although questions persist about the reliability of the statistics, US consumption of cocaine has declined considerably, probably by half or more, from its peak in the late 1980s. (Although the data are less clear, heroin use may have fallen by a similar amount.) In the past five years, surveys suggest cocaine use has declined by another 40 percent—though marijuana consumption and illegal consumption of prescription drugs is increasing. In addition, violent crime associated with illicit drugs has also fallen sharply in the US over the past 15 years, particularly with the declining use of crack cocaine.

Still, US advances have come at a very high cost. In dollar terms, the federal government spends about \$25 billion a year on anti-drug efforts, while state and local governments spend an even larger sum.

One clear consequence is that the US arrests far more people than any other country in the world. On a per capita basis, the US holds 25 percent more of its citizens behind bars than Russia, and some five times as many as either Britain or China. And drug offenses are responsible for a sizeable fraction of all convictions. In 2009, more than half, yes half, of all federal prisoners and some 20 percent of state prisoners and local inmates were incarcerated on drug charges.

The racial imbalance is appalling. More than half of all those jailed for drug offenses are black or Hispanic (which together make up little more than a quarter of the US population). In addition, US courts, state, federal, and local, are all clogged with drug cases, and narcotics enforcement is huge burden on police forces everywhere in the US. The battle against drugs has damaged and distorted judicial systems and law enforcement across the country—and no relief is in sight. Many federal judges are in virtual revolt against the harsh sentences they are required to impose on even minor drug offenders.

With the decline in the consumption of the most dangerous and addictive drugs, coupled with the relatively low rates of narcotics-related violence, the nightmare of drugs may be over for most Americans (aside, of course, from those who are incarcerated or have friends or family in jail). That could explain, at least in part, the increasing tolerance for marijuana use—including its legalization. With cannabis no longer viewed as a “gateway drug” to vicious addiction, Americans today may be more concerned about their children acquiring a police record than they are about them using marijuana. Even though the US government has insistently sought to discourage states from legalizing marijuana, users and dealers alike are rarely prosecuted in federal courts, except when violence or large amounts of money are involved. The rise of prescription drug abuse, with its high rate of overdoses, presents a new public health problem, though it has little impact on US-Latin America relations.

The even higher price of failure

No country in Latin America can be complacent about drugs or about the crime and violence associated with them. Colombia is perhaps the only country in the region that can be cited as a relative suc-

cess story, for both the Colombian government and US drug policy. With a substantial rise in domestic spending on security coupled with massive US support of some \$8 billion over a decade, the Colombian government managed to wrest control over the vast majority of its territory from guerillas, paramilitary forces, and drug lords, and decisively reduce armed violence against its citizens. The security advances in Colombia are clear—although many problems, including an outsized homicide rate, a huge displaced population, and vast numbers of unresolved and unpunished crimes, still plague the country. And there are continuing questions about whether much progress has been made in disrupting the drug trade—an issue on which the US and the UN statistics diverge. The undisputed fact is that Colombia remains the major source of processed cocaine for the world’s two largest drug markets, the US and Europe. Moreover, whatever success has been achieved in Colombia, it has occurred within an expanding sea of failure across Latin America, where criminal violence and drug trafficking has risen dramatically in recent years.

Today, virtually everywhere in the Americas, an upsurge of delinquency, violence, and corruption is fueled by illegal drugs. In country after country, ordinary citizens point to exploding criminality and street violence as their nation’s single most serious problem. Homicide rates throughout Latin America are among the highest in the world, rivaling those of war-torn countries in Africa. Many Latin American nation are now major consumers of drugs, albeit still at far lower rates than the US and Europe.

In some countries, the rule of law, democratic stability, and governmental authority are imperiled by vicious drug gangs. With a limited capacity to resist and weak institutions to begin with, the smaller nations of Central America and the Caribbean are most at risk of being overwhelmed. Some of them are already besieged. But Latin America’s two largest nations are also in danger. Mexico’s murder rate has more than doubled in the past five years, and with inadequate police protection, a corrupt and brutal prison system, and ineffectual courts, solutions still seem some way off. Brazil appears to be making some headway, but its murder rate is higher than that of Mexico and it has similar failings in its policing, courts, and prisons. Its cocaine

consumption is second only to the US and consumption of crack cocaine is rapidly becoming a major public health issue.

US drug policy in action

Most Latin American governments welcome US cooperation to battle the crime and violence linked to the drug trade. However, they are increasingly skeptical about what they can expect from Washington—questioning whether US and regional priorities are aligned and whether the US can offer meaningful levels of material support. They have come more and more to resent Washington's inflexible approach to fighting drugs. They are confounded and frustrated by Washington's unwillingness to consider alternative policies, despite the mounting evidence that US anti-drug programs have been largely ineffective in Latin America and, in some situations, counterproductive. That the first fully legal markets for marijuana in the world may now be established within the United States should also give Washington pause.

Although President Obama has called for new approaches and has indicated a willingness to discuss the issues, US drug policy in the region remains stale and lackluster. The US fights the drug war in much the same way as it did two decades ago—although Latin America has changed dramatically and the problems today are of a new order of magnitude.

The two pillars of the US anti-drug efforts in Latin America and elsewhere—eradication of crops in the field and interdiction of narcotics shipments—have done little to curtail drug cultivation or production, or to reduce the amount of drugs headed for the US and other international markets. From time to time, individual countries report some significant declines in drug cultivation, production, or transit, but these invariably are offset by increases elsewhere. This is the so-called “balloon effect,” where squelching drug trafficking and organized crime in one area merely causes it to move to another.

Diminished coca leaf production in Peru and Bolivia in the 1980s led directly to expanded cultivation in Colombia. In response to government spraying, coca production shifted to other parts of Colombia. When the US closed Caribbean drug routes in the

1990s, cocaine shipments were redirected to Mexico. It is not yet fully clear, but the evidence suggests that much of Mexico's drug-fueled violence can be traced to the destruction of Colombia's powerful drug cartels. And Central America and the Caribbean's growing trauma appears linked to Mexico's assault on its own cartels.

Questions are being raised about whether US policy has been useful, even when it achieves a sought-after outcome. For example, what is the practical significance of capturing X or Y tons of marijuana or Z kilos of cocaine? The absolute numbers have meaning only if their effect on consumption in the US or on the profits of drug gangs can be measured or at least estimated. The best available models, which are admittedly crude, indicate that high rates of interdiction or crop eradication have small impact on the retail price of cocaine etc. in the US. The strategy of capturing or killing kingpins faces the same problem. What does the loss of top leaders mean to a drug gang? Is it crippling or merely inconvenient? Is the impact different in Mexico than it was in Colombia? Recent actions of the US Drug Enforcement Administration (DEA) in Honduras, reminiscent of its strategies in Peru and Bolivia 20 years ago, raise questions that are not being adequately addressed. Has the DEA contributed to stability or the rule of law in that country? How are DEA actions affecting neighboring countries? What effect are they likely to have on the flow of cocaine into the US?

Besides its inability and unwillingness to assess its own drug policies and make needed adjustments, US financial support for the region's struggle against crime and violence is only a small fraction of what it was in the past and far less than most governments in the region think is needed. This is disappointing, but it is no surprise to Latin Americans, who are well aware of the difficult economic circumstances confronting the US. What appears most to trouble the region's governments is the incapacity of Washington to do more to stem the flow of money and arms to Latin America's criminal gangs—and to further reduce drug consumption, which remains among the highest in the world despite sizable declines in cocaine and heroin usage in recent years. The Obama Administration has pledged to do more on all these fronts, but has made only modest policy changes.

Under the circumstances, it is no wonder that Latin American governments have, year by year, become more disparaging of US policy—and are calling more loudly for changes. Drug policy is an area in which the US appears to have become passive and disengaged, largely pursuing ineffectual policies, while crime and violence mount across much of Latin America.

So, what about legalization?

Latin Americans have noted that what has most aroused Washington's attention with regard to illicit drugs have been the recent proposals by several Latin American leaders to actively consider legalization as a means for dealing with the region's public security problems. The reaction was particularly swift when this past February, President Pérez Molina, after a month in office, declared he was ready to consider schemes to legalize the use and transport of drugs in Guatemala—and turned to fellow Central American presidents for support. US diplomats immediately made clear the US's unwavering opposition to legalizing drugs. Within a month, Homeland Security Secretary Janet Napolitano and Vice President Joe Biden traveled to Central America to clarify and reinforce the message. No one was left in doubt that the US was paying attention. Washington was clearly taken aback by the rising interest in legalization in the region.

US officials in Washington should not be surprised or alarmed that many in Latin America are beginning to contemplate strategies that include legalization of some illicit drugs—particularly now that two US states have voted to make recreational use of marijuana legal, and are in the process of implementing legislation that sharply distinguishes it from cocaine and putting it, more or less, in the same category as alcohol and cigarettes. Latin Americans see legalization as a means both to reduce the violence associated with the transport and sale of drugs and to deprive criminal gangs of a major source of income, thus rendering them less dangerous. Governments also see legalization as a potential source of revenue for themselves, as do state governments in the US.

Washington should understand that Latin American support for legalization comes with numerous conditions and restrictions. It does not apply to all drugs,

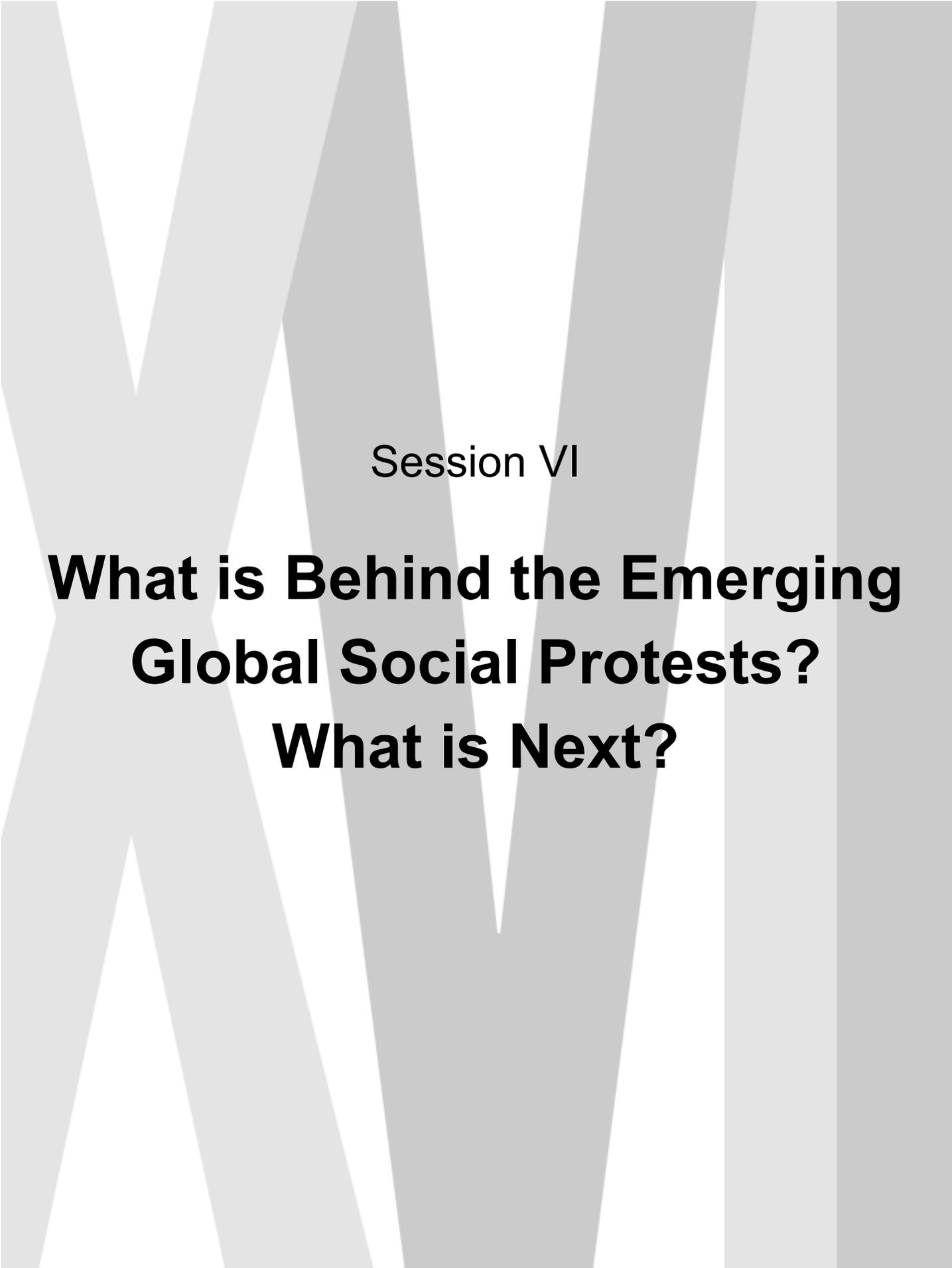
and production and sales would be heavily regulated. Marijuana legalization proposals in Uruguay, for instance, would create a state-run legal market with more stringent rules than those contemplated by the two US states. Support for legalization should certainly not be viewed as an expression of anti-US feeling or a reduced concern about lawlessness. To start with, every one of the former presidents responsible for the 2009 Latin American Drug Commission report, which gave new legitimacy to arguments for legalization, had close ties to the US over many years.

The US government and governments in Latin America should view the legalization initiatives in Colorado and Washington as an opportunity to open a genuine dialogue about drug policy in the hemisphere. Latin Americans need to resist the temptation to point fingers, while the United States should emerge from a period of denial about its mostly failed drug strategy. Now that the United States has become the first place where marijuana has actually been legalized in the region, both the United States and the countries of Latin America should have a common interest in systematically and scientifically examining marijuana legalization; assessing the range of consequences for use, addiction and trafficking; studying the implications for the consumption of alcohol, cocaine and other more harmful drugs; analyzing the impact on criminal profits and behavior; and exploring how best to regulate marijuana production and consumption. It is time for a long overdue, serious conversation between the United States and Latin America on drugs and what to do about them. The OAS, as mandated by the hemisphere's heads of state, is already hard at work studying alternatives to current drug policies and should be able to make an important contribution to the dialogue.

The conversation must be broader than legalization—which is not the most important issue in debates about public security or drug policy. It has gathered traction because the region's appeals for flexibility and change in US drug policy have, year after year, largely fallen on deaf ears—at a time when criminal violence has become more and more threatening. Calls for legalization, in contrast, have drawn Washington's attention.

Legalized marijuana or other drugs is not the objective of Latin American leaders. It is seen as one measure among many to address what has become the region's most destructive, and so far largely unresolved, complex of problems. There are broader policy questions at stake. The fundamental issue for Latin American leaders is what can and should be done to confront the relentless waves of criminal violence that imperil their citizens and institutions.

On that score, there is a growing regional consensus that the US has not been as engaged or helpful as it could be in dealing with the havoc that drugs and violence are producing in Latin American nations. Indeed, many in the region believe the US bears most responsibility for the problem—because of its still massive (although declining) consumption of drugs and its unproductive counter-narcotic policies. It is hard for Latin Americans to understand why Washington is so reluctant to consider developing and implementing new drug policies when most Americans are convinced that current approaches are failing and pressures for legalization are building in many parts of the US. In the absence of US initiative, Latin Americans are taking the lead in rethinking and reshaping hemispheric and global drug policy. They should have an ally in the United States.



Session VI

**What is Behind the Emerging
Global Social Protests?
What is Next?**

In Brazil, Turkey, and Chile, protests follow economic unrest

By **Moisés Naím**

BloombergBusinessweek, 27 June 2013

What is happening in Brazil? Not so long ago, it was the toast of the global economy. More than 40 million Brazilians joined the middle class, the number of indigents plummeted, and the nation achieved the feat of reducing its legendary income inequality. The Latin American giant was awarded both the 2014 World Cup and the 2016 Summer Olympics. It seemed to have finally buried the old cliché: Brazil is the country of the future ... and always will be.

Now Brazil has hit turbulence. Since the middle of June, its biggest cities have been convulsed by rolling street protests. The initial spark was a 9¢ rise in bus fares, but the protests have since become wider, more clamorous expressions of anti-establishment anger. The day after the government backed down on the bus fare hike, 1 million demonstrators turned out in more than 100 cities to voice frustration with corruption, the inefficiency of the health-care and public transport systems, and runaway costs of hosting the World Cup. Some protests have turned violent, with mobs vandalizing banks and attempting to break into the Ministry of Foreign Relations. Police responded with pepper spray and rubber bullets. The uprising is Brazil's biggest since 1992, when a student revolt against then-President Fernando Collor de Mello led to his resignation.

Around the world, eruptions of mass rage are becoming increasingly common, often sparked by relatively minor incidents or grievances. In Chile, student protests about the high cost of education turned into violent clashes. In Turkey, the instigation was the government's intention to raze a park in Istanbul. In 2011 a Tunisian fruit vendor, exasperated by the constant harassment of the authorities, set himself on fire and started a revolution that ousted dictator Zina al-Abidine Ben Ali and ignited popular revolts throughout the Middle East. Chinese cities are often rocked by street demonstrations spurred by the most varied of reasons: protests against shoddy construction, the abusive behavior of local authorities, corruption, or contaminated food or water.

While critics of capitalism might claim the unrest represents a backlash against the global economic order, the reality is that the protest movements are highly localized, focused on grievances specific to a single country. However, the countries in which these protests have occurred do have something in common: economic success. And that's no coincidence.

In all the countries in which street riots erupted, the government was stunned by the rapid escalation of the protests. It didn't expect them, didn't understand their true nature, and was ill prepared to react effectively. The common response was to repress the protests by sending in the riot police. Inevitably, the clashes between the people and the police led to casualties and scenes of brutality that spread rapidly through social media, thus exacerbating the protests and spurring even more people to take to the streets.

Governments have difficulty dealing with movements that lack a clear chain of command or a discernible organizational structure. The protests—informal, spontaneous, collective, often chaotic—are baffling to governments organized along hierarchical lines of authority. In Brazil, for example, a survey found that 81 percent of those who participated in one of the massive rallies simply learned about it via Facebook or Twitter and decided to join. In these cases, with whom should a government negotiate to restore order?

The leaderless, spontaneous nature of the protests also makes it difficult for the government to find someone to blame—or to decide whom to arrest in the hope of weakening the movement by cutting off its head. There is no head. In this sense, it's interesting to compare the reactions of Brazil's and Turkey's leaders. Brazil's Dilma Rousseff shied away from denouncing the protesters and instead insisted that their voices needed to be heard, their demands taken seriously and changes made. She has pledged to spend billions upgrading public

transportation, promised to crack down on official corruption, and proposed a national plebiscite on political reform. In contrast, Turkey's Prime Minister Recep Tayyip Erdoğan has attacked, threatened, and insulted the protesters, claiming they were part of a widespread conspiracy against his Islamic government. Among those Erdoğan singled out as participants in the conspiracy are local bankers and, of course, unnamed foreign powers.

Just as nobody could anticipate the start of these protests, it's equally impossible to predict how and when they will end. In many countries caught up in the recent wave of unrest, the protests have had little to no lasting impact; in others, they've produced small, cosmetic reforms. In a few places, particularly in the Arab world, the protests have toppled governments. But Brazil, Turkey, and Chile are not Tunisia or Egypt. Their democratically elected governments are far more resilient and their leaders far more popular and secure in their power than the North African dictators swept away by the Arab Spring. Nonetheless, one thing is certain: The political climate of these countries was radically changed by the protests, and their leadership has been weakened.

This comes as a rude shock to policymakers in emerging economies who convinced themselves—with some justification—they've done things right. Chile is often cited as the example of a poor country able to overcome its troubled political past to become a world-class model of economic progress, development, and democracy. Same with Turkey: It's common to call it an "economic miracle." Moreover, Turkey was widely seen as the ideal of a country where East and West, modernity and tradition, Islam and democracy could peacefully blend and coexist.

So why did thousands of citizens of Chile, Turkey, and Brazil take to the streets to protest, instead of celebrating the obvious and tangible progress of their respective countries? The answer may be found in a book that the late Harvard political scientist Samuel Huntington published in 1968, *Political Order in Changing Societies*. His thesis is that in societies experiencing rapid change, the public's demand for public services grows at a faster clip than the government's ability to satisfy it. His more general point is that institutions cannot develop at the pace required by the fast-growing expectations

of a population recently empowered by prosperity, literacy, more information, and a newfound expectation—indeed hunger—to shape its own better future. In Huntington's words, "The primary problem of politics is the lag in the development of political institutions behind social economic change."

That lag is what brings people into the streets and amplifies more limited protests against high college tuitions in Chile, the redevelopment of Taksim Gezi Park in Istanbul, or the 9¢ increase in public transport fares in Brazil.

In these three successful nations the current street protests will eventually abate. But that doesn't mean their roots will disappear. In some countries the gap identified by Huntington is the source of debilitating turmoil and paralyzing political instability. In others it awakens apathetic citizens and forces them to engage, politicians to listen, and governments to change. In some lucky cases, Huntington's gap propels society forward.

The Turkish and Brazilian situations will provide interesting lessons for the many governments facing newly empowered populations that want more from their leaders. Hopefully the lesson will confirm that dialogue, inclusion, and sincere responses to popular grievances work better than demagoguery and repression. No government will be able to fully satisfy all the expectations of its people. But governments in the 21st century need to hear their people's voices and offer something real in response. That means building a democracy that goes beyond holding free and fair elections.

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A different kind of spring

By João Augusto de Castro Neves
Brazilian Economy, July 2013

In an unprecedented chain of events, protests that began in the city of São Paulo last month over a modest bus fare hike swelled and took on new proportions to become Brazil's largest demonstrations in nearly two decades. Like recent events in Tahrir Square in Egypt and Taksim Square in Turkey, millions of people went to the streets of Brazil's major cities to voice their discontent with the country's political class.

One may find many similarities between the urban movements in the Middle East and those in Brazil, but there is an important contrast to be made. While what became known as the Arab Spring consists mainly of movements against government oppression, recent protests in Brazil are chiefly against corruption and government incompetence. The former usually targets the head of state and the ruling party while the latter is more diffuse, targeting all levels of government and every major political party for years (generations?) of disregard with the quality of public services.

It is difficult to pinpoint one single reason that triggered these demonstrations in recent weeks, but a demographic shift of major repercussions was brooding over Brazil's political landscape. In an attempt to analyze the high turnover of mayors during last year's local elections, I wrote in the November 2012 issue of *The Brazilian Economy* that "one very plausible explanation is that several years of rapid economic expansion in Brazil have been accompanied by changes in the political sphere. To start with, economic growth in the past decade or so—and the rise in consumption it brought about—played a role in deepening a few urban problems, such as traffic congestion and pollution, that have generated dissatisfaction with local governments. More importantly, the economic growth has also led to the rise of a new middle class that has higher political expectations and demands. The challenge for local governments in these cities today is to respond to these rising demands for better public services. But as growth slows and revenue dwindles, local governments must adjust to a more challenging economic

environment while juggling the new political and socioeconomic challenges. In the longer term, the message produced by the local ballots this year may be a harbinger of a more profound shift of political behavior at the national level. In other words, a middle class with higher expectations can easily become frustrated with the status quo."

More and more the middle class is focusing on the quality of life agenda. Newly enfranchised Brazilians don't just want cellphones; they need cellphones that work well. They don't just want cars; they want cars that can ride on the street without traffic jams or potholes. In other words, governing becomes less a matter of facilitating access to goods and more an issue of improving the services that make those goods more useful. It is not only about cash transfer programs and creating jobs, but also about providing better education, healthcare and public transportation.

From a political perspective, this revolution will translate into a challenge of governance. In a more unfavorable global economic environment, or at least less favorable than in the first decade of the century, leaders will have to deliver more to this new middle class, but with less.

So what is next? For starters, political volatility in the next few months is to be expected. At the national level, recent polls indicate that the era of presidential hyperpopularity is probably over. While President Dilma Rousseff's approval ratings plummeted, it is too soon to say that someone will tap into the popular discontent and benefit politically from these demonstrations. In general, opinion polls have indicated that most leaders at every level of government have suffered politically. But what has been essentially an anti-political movement so far may turn into political apathy in next year's elections. Under these circumstances, the possibility of a major surprise or a dark horse candidate is definitely growing.

Until then, the risk for President Rousseff and the political class in general is that it will be tough to govern over the next couple of years. Although

protests will probably dwindle or fragment into the fringes of the political system over the course of several weeks, it will be a tension-prone environment until next year's presidential election, with a reasonable chance of protests rekindling during the World Cup, to be held less than four months before the election.

That said, while the people are finally coming to terms with the cost of hosting major international sporting events, in the end it will probably be the governments that will pay the price of delivering beautiful and expensive stadiums and not the much-needed infrastructure that is supposed to surround them. Lessons learned for the next generation of leaders: in the long run, policy options should go beyond panem et circenses.

Can technology help quell citizens anger?

By Juan Rada, Miguel Porrúa, Mike Mora, Beatrice Rangel, and Andres Mas
The Inter-American Dialogue's *Latin America Advisor*, 19 August 2013

Q As government funding for public services comes under strain amid slower economic growth in numerous countries of Latin America and the Caribbean, public officials and disgruntled citizens alike are increasingly looking to new technologies as ways to both deliver services and express priorities and demands. Mexico's Yo Soy 132 movement and Brazil's local participatory budgeting models, now in place in 70 communities, are two examples in the headlines. What are the best practices for engaging citizens in the region through new technologies? Why have some e-government initiatives failed in the past, and what is needed to make them succeed today?

A Juan Rada, senior vice president for the public sector and education global business unit at Oracle: "Throughout Latin America, there is a significant opportunity for improved communication between governments and citizens. The effective use of technology, and social media in particular, can help enable governments to be more responsive to their citizens. Social media has completely transformed the way we engage, connect, inform, report and access information. From a political perspective, it's a game changer. And yet there is a substantial gap between social media connectivity and activism and actual collaborative public policy formulation. To date, it's been seen that social media can be leveraged to campaign, but to what extent is it being used as a mature resource for governing? Social relationship management (SRM) tools are essential platforms that allow governments to listen to the needs of its citizens, capture raw data and then deliver actionable results to millions of people. The key to an effective SRM strategy is data. It must be properly collected, managed, integrated, analyzed and shared. Relying on new SRM technologies empowers governments to introduce models of participatory budgeting, establish community priorities and design relevant public services without the cost and complexity of traditional, less inclusive methods. Also critical to an effective technology strategy is growth in broadband accessibility

throughout Latin America. Social media and effective SRM tools create an opportunity for governments in Latin America to listen, communicate directly with constituents and drive a culture of transparent public engagement that citizens will value."

A Miguel A. Porrúa, e-government lead specialist at the Inter-American Development Bank: "In Latin America and the Caribbean, most of the past failures of e-government initiatives have occurred for three main reasons. The first is weak political support for the projects. The second element is a lack of focus on citizens from inception to deployment. This has often meant governments implement initiatives citizens didn't want or understand. The third reason is the limited broadband connectivity that made e-government available to just a small part of the population. Fortunately, government leaders in Latin America and the Caribbean are awakening to the emergence of better informed, more participatory and increasingly demanding citizens. Along with the challenges associated with attending to these increasing demands come the opportunities that information and communication technologies open. Uruguay's efforts on open data policies, Chile's on the participatory initiative 'Yopropongo' and several of the Colombian initiatives under ViveDigital show us that governments with advanced e-government plans are trying to reach citizens and serve their needs more efficiently. However, the most remarkable efforts in this regard are probably occurring at the municipal level. The experience of the city of Junín in Argentina on how to engage citizens in providing assistance to seniors, or that of the Brazilian city of Canoas on how make collective budget decisions, merit special attention. The list of pioneer municipalities in Latin America taking advantage of the new technologies to better serve their citizens includes Peñalolen, Chile; Miraflores, Peru and Patzun, Guatemala. It also includes several cities that received the Digital Cities award from the Ibero-American Association of Research Centers and Telecommunications Companies over the past 10 years. Also, the Inter-American Development Bank, in collaboration with

the governments of Argentina, Brazil, Colombia, Costa Rica and Uruguay, has recently launched yogobierno.org, where citizens can describe their experiences with governments and provide ideas to improve them."

A Mike Mora, electronic government section chief in the department for effective public management at the Organization of American States: "We are facing a paradigm shift, where thanks to information and communications technologies, citizens have become drivers of change. Some of the good examples of citizen engagement in the region are those that have arisen from open-data initiatives, which invites citizens to generate applications that respond to societies' changing needs. That is the case of Colombia's open-data initiatives through its Ministry of ICTs, which by June 2012 already had 46 applications in its 'apps store.' Other good examples are found in the incorporation of technology regarding participatory budgeting such as in Belo Horizonte in Brazil, and the immersion of technology principles and values in schools and communities, such as the case of Plan Vive Digital in Colombia. Likewise, in Chile through the State Modernization Unit, citizen participation has opened the debate on broadening the number of online government services, thus improving the interaction among government agencies. However, the most concrete example of citizen engagement is brought about by Brazil, linking civil society to open government in a variety of ways. Despite progress, one of the biggest challenges in the region has been the lack of citizen embracement and adoption of electronic government strategies. Better country and regional efforts for citizen engagement could contribute greatly to the improvement of democratic governance, development, and security. Electronic government initiatives were primarily developed from the perspective and convenience of public officials. On the other hand, the current situation is more effective because it focuses on beneficiaries' needs, interests and expectations. Efforts are needed to widely educate today's citizens on the strategic use and significance of technology and to develop initiatives that situate citizens at the core of governance by placing their needs, challenges and potential ahead of the implementation of technology."

A Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: "There indeed is a dangerous difference in development degrees between citizens and states concerning usage of cyberspace. While most citizens increase their online presence on daily basis, governments remain tied to physical reality. Accordingly, citizens build their perceptions, opinions and militancy through interactions among themselves. This leads them to cluster and coalesce around interests, issues and grievances. Meanwhile, governments produce public policies that lack such interaction or even the proper recording of impact through pilot programs. In economic terms, this situation can best be described as market dislocation because supply and demand do not match. Citizens demand public policies that are consumer friendly; governments produce public policies that are incomprehensible for consumers and thus taken as hostile. And while countries like Chile have made great inroads into e-government by delivering all services through the Internet, little headway has been made in changing the locus of public policy production from government offices to cyberspace. As more cyber savvy generations enter the work force, the disconnect between supply and demand for public policies will increasingly trigger protests and non-compliant attitudes toward public policies."

A Andres Maz, executive director of advanced technology policy at Cisco Systems: "Latin America's emerging and vibrant middle class has rising expectations for government services including education, health, justice and the interaction with their own officials and administrators. The expectations are not just in quantity, but also in quality. Parents in Latin America demand the same education for their children as the education their peers are receiving in Europe, the United States and Asia. The challenge for governments is enormous. Adding to available resources for their citizens when budgets are constrained and economic growth is slowing down is unfeasible. One way for governments to meet these demands is to embrace technology as a supporting and enabling tool. Governments that have understood this challenge have adopted new technologies and automated processes. But the opportunities go beyond the use of a

particular new technology. The wide adoption of technology represents a unique opportunity to look holistically at the health, education and justice systems and drive reforms across the value chain. In the field of health, the adoption of new technologies could, for example, eliminate the need to keep low-risk patients in hospital beds when they can stay at home and be monitored remotely with sensors connected to the network. Digitalizing medical records could prevent errors and expedite attention in emergency rooms. However, to make technology adoption successful it is critical that governments think holistically. Citizens will be the first to reap the benefits of new technologies. What are governments waiting for?"

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