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U.S. Policy In The Americas

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A Report of the Sol M. Linowitz Forum
Inter-American Dialogue 2009
FOREWORD

Despite modest improvement in the past two years, U.S. relations in the hemisphere remain near their lowest point since the end of the Cold War. There is no question that the election of President Barack Obama has opened the way for a new U.S. approach to Latin America and the Caribbean—but opportunities for change in U.S. policies are constrained by the global economic crisis and competition from more urgent domestic and international challenges. Moreover, after years of disappointment with the United States, Latin American governments are distrustful of Washington and ambivalent about the U.S. role in the region. Yet Latin America today may offer better conditions than ever for the building of a long-term, robust partnership with the United States. The growing assertiveness and independence of Latin America and the Caribbean, combined with the declining ability of the United States to exert authority and shape outcomes in the region, may provide the basis for healthier and more cooperative ties.

The Inter-American Dialogue’s report offers the Obama administration a ten-point agenda for the Western Hemisphere. It does not propose a new vision or a dramatic redirection of U.S. relations with Latin America and the Caribbean. Nor does it suggest that the United States seek to return to its traditional role and pervasive influence across the region. It argues, instead, for a pragmatic effort to deal with a set of concrete problems and opportunities—and to do so in continuing consultation and cooperation with the nations of Latin America and the Caribbean. The report emphasizes that, in the coming period, the highest priority challenge for the United States and every other country in the Americas will be the slumping world economy and its social and political fallout.

The Dialogue is a genuinely inter-American, non-partisan group. It is led by two co-chairs—President Ricardo Lagos and Ambassador Carla A. Hills. About one-half of our 100 members are from the United States. The rest are from Canada and 20 nations of Latin America and the Caribbean. Our membership is politically diverse. We include Republicans and Democrats from the United States, and supporters of a wide spectrum of
parties and political perspectives from elsewhere in the Americas. All of us, however, share a commitment to democratic politics, economic and social progress, and greater cooperation in inter-American relations.

The report reflects the views of the Dialogue’s membership, which meets once every two years at the Sol M. Linowitz Forum. Although not every member agrees with every statement or recommendation in the text, most of them endorse the report’s content and tone and its principal recommendations. Dialogue members participate as individuals; institutional affiliations are for purposes of identification only. We are grateful for the financial support we receive from foundations, governments, corporations, international organizations, and individual donors.

Peter Hakim
President
March 2009
The electoral triumph of Barack Obama was enthusiastically welcomed throughout Latin America and the Caribbean. The new president starts out with a deep reservoir of good will in the region, reflecting the appeal of both his persona and his political ideals. The choice of an African American leader committed to upholding universal values revealed the vitality and resilience of U.S. democracy, which many in Latin America had come to doubt. With their spirited reaction to Obama’s election, Latin Americans have made clear that they want a new and better relationship with the United States, but that they also want the United States to pursue a different approach to the region.

No U.S. president since John F. Kennedy has had a greater opportunity to build constructive relations in the hemisphere and reenergize cooperation with the region’s countries. But the Obama administration faces powerful constraints. By necessity, U.S. priorities are directed elsewhere, and the nation’s resources are stretched thin. The country now confronts its worst economic crisis since the Great Depression of the 1930s and, at the same time, is fighting two overseas wars.

Opportunities are also circumscribed by Latin America’s ambivalence about the role the United States should play in hemispheric affairs, notwithstanding the high regard for President Obama in the region. Latin American governments are today far more independent and assertive than ever before in their relations with Washington. Brazil has become an alternative pole of power in the hemisphere, with a steadily increasing regional and global profile. A few governments, led by Venezuela, have become adversaries of the United States. Most Latin American nations have developed a diversity of international ties, and many advocate new hemispheric arrangements that would diminish Washington’s influence in the region.
The Dialogue’s proposals seek to align U.S. policies with the changed conditions of Latin America.

There are increasing strains among the countries of Latin America, often stemming from their differing views about how the region should manage its relations with the United States. These are all elements of continuing, longer term trends in inter-American affairs that the United States cannot reverse—and nor should it want to. American interests will be best served by adjusting U.S. policy approaches to the growing independence, confidence, and competence of Latin American and Caribbean nations.

In the past couple of years, polls in Latin America have reported that the upsurge in anti-American sentiment, which followed the U.S. invasion of Iraq and the early conduct of the war, has moderated. For several years, though, many Latin Americans viewed the United States largely through the lens of Iraq and Guantanamo, and resented what they perceived as Washington’s unilateralism, excessive reliance on military force, and disregard for international rules and institutions. U.S. credibility was badly damaged as well by several regrettable policy choices in the region—Washington’s inattention to Argentina’s impending economic collapse in 2001; its uncompromising and ineffective approaches to Cuba; the Bush administration’s quick praise for the 2002 coup against Hugo Chávez, which was reversed a day later; the rigidity of U.S. anti-drug policies in the region; and the decision in 2007 to construct a “wall” on the U.S.-Mexican border to curb illegal migration. The U.S. financial meltdown, which has put Latin America’s impressive social and economic progress over the past five years at risk, is now a fresh source of resentment.

Washington today has a new chance in the Americas. But Latin Americans will need to be convinced that the United States can be counted on as a dependable partner and responsible neighbor. The new administration has to change the tone and texture of U.S. diplomacy and, more importantly, the substance of U.S. policies and actions. This report discusses 10 critical challenges in hemispheric affairs and suggests how Washington should address each of them. Our proposals seek to align U.S. policies with the changed conditions of Latin America and put hemispheric relations on a new, more cooperative, and promising course. All of them, we believe, would advance the national interests and values of both the United States and the countries of the region. Aside from the first challenge—the global economic crisis—which is overwhelmingly the highest priority for all countries, we have not tried to order the issues and recommendations by their relative importance or likely success.
1. Every Latin American and Caribbean nation will have to cope with the consequences of the “made in the USA” financial crisis. With shrinking export markets, falling commodity prices, declining tourism and remittances, and sharply diminished capital flows, all the countries in the region will experience slower economic growth, higher unemployment, and rising poverty. Brazilian president Luiz Inácio Lula da Silva is right in asserting that the best way for the United States to help Latin America is by swiftly reviving its own economy. That is what will do the most to mitigate the damage of the global financial crisis and speed the region’s economic recovery. But the United States must also avoid protectionist measures that would reduce Latin American access to U.S. markets and investments—and use its influence to increase the resources of the International Monetary Fund (IMF) and multilateral banks to help ensure that Latin America and other developing regions can secure the capital they need for their own stimulus packages. Regular consultation with Latin American ministries of finance and central banks will be vital.

2. Washington’s 50-year-old policy of isolating and sanctioning Cuba has never accomplished much. Today, it is an anachronism that serves mainly to isolate the United States from the rest of the hemisphere. Although Cuba itself is no longer a central concern of Washington, recasting U.S. policy should be a high priority because it will open the way to cooperation with Latin America on many other issues. In fact, nothing will do more to convince the region’s governments that the Obama administration is committed to changing its approach to hemispheric affairs.

3. More than any other country in Latin America—perhaps in the world—the United States needs the continuing cooperation of Mexico on myriad bilateral, regional, and global issues. However, Mexico may emerge as the new administration’s most difficult foreign policy test in the Western Hemisphere if criminal violence continues to escalate and threaten the country’s security. The prospect of a prolonged economic downturn in Mexico will compound the problem. The United States should substantially expand its security cooperation with the Mexican government, which stands ready to work with Washington on this front more than ever before. It may be time for the two governments to develop a joint border authority to better coordinate security activities.

4. Many other Latin American and Caribbean countries are seeking U.S. support to deal with the worsening criminal violence that is now a pervasive threat to security and the rule of law across the region.
Because the problems have become so ominous and directly affect U.S. interests, Washington should join with Latin American and Caribbean governments to review the issues and policy choices, and to reinforce anti-crime strategies in the hemisphere. Initiatives in this area will require that the United States step up its assistance programs and extend them to more countries. Washington should also do more to control the smuggling of weapons to Latin America and reconsider its policies regarding the deportation of convicted felons: Both are contributing to the violence in the region. A thorough rethinking and revision of U.S. anti-drug strategy, conducted jointly with key regional governments, would be particularly helpful.

5. A new U.S. immigration policy is a critical priority for Mexico and more than a dozen other countries in Latin America and the Caribbean. Comprehensive immigration reform should be high on the new president’s agenda—including attention to developing workers’ programs that meet U.S. labor market demands, giving legal status to some 12 million undocumented migrants living in the United States, and designing more effective incentives and enforcement mechanisms to curb illegal immigration. Quick action should be taken to suspend construction of the wall on the U.S.-Mexican border and better protect the rights of illegal migrants in the United States. These measures would be widely applauded across the region and would better align U.S. immigration law with the country’s interests and values.

6. New trade initiatives will not be a priority for either the United States or most Latin American nations in the coming period. The Obama administration has, however, inherited an unfinished agenda on trade that should be completed. Specifically, it should take prompt action to gain congressional ratification of the already negotiated and signed free trade agreements with Colombia and Panama, restore trade preferences to Bolivia and consider new preferences for Paraguay, and seek agreements with Brazil on a common approach to global and regional trade negotiations.

7. Brazil’s influence in regional and global affairs has risen considerably in recent years. Neither Brazil nor the United States appears ready for a longer-term strategic partnership, but there are many critical international and regional matters on which the United States should be vigorously seeking Brazil’s cooperation. Areas of particular opportunity are climate change, energy development, and world trade negotiations—all of which could produce major payoffs for both countries.
8. The most brazen challenge to the United States comes from Venezuela’s president Hugo Chávez, who has insistently sought to curtail Washington’s influence in Latin America. The current low price of oil and Chávez’s diminished regional leverage has reduced the urgency for action by Washington. It may be possible to ease bilateral tensions by offering to reinstate ambassadors (withdrawn last September) and to renew formal diplomatic ties. But Washington should keep its expectations modest—and recognize that the best way to offset Venezuela’s activities in the hemisphere is to enhance U.S. cooperation with other Latin American countries.

9. In recent years, the United States has not been an effective advocate for democracy. To play an enhanced political role in the region, the United States must rebuild its diminished credibility on democracy and human rights issues. On this score, President Obama’s election has itself made a difference. His early decisions to close the Guantanamo detention center and to end the use of torture in interrogations have also been helpful. It is essential that all U.S. international security policies respect civil and human rights, and that Washington not waver in its support for democratic institutions and practice in Latin America. The new administration should also work with the governments of Canada, the Caribbean, and Latin America to strengthen the role of the Organization of American States (OAS) in safeguarding democracy.

10. Washington should build on recent inter-American cooperation on Haiti—the most destitute and precarious nation in the Americas—to promote the establishment of a long-term, multilateral approach to the country’s needs. The coming year will be a period of extreme economic hardship for Haiti. The United States could be immediately helpful by suspending the deportation of undocumented Haitian migrants, expanding aid, and encouraging the multilateral banks to forgive Haiti’s debt obligations.

These 10 challenges should be the new administration’s core agenda for the Americas. Working closely with Latin American and Caribbean nations and with Canada, the United States should seek to address all of them pragmatically and energetically, drawing on the progress made in the past few years where appropriate. This is a time to solve problems, reduce discord and friction, and take advantage of opportunities for joint action. Success in these efforts will reinvigorate U.S. relations in the hemisphere and set the stage for an approach to regional affairs that emphasizes consultation, cooperation, and multilateral initiative.
The economic progress and social welfare of every Latin American and Caribbean nation are today at risk.

THE 10 CHALLENGES
BLUNTING THE IMPACT OF THE FINANCIAL CRISIS

The most pressing and far-reaching challenge confronting the Americas today is the global economic crisis. The United States has plunged into its deepest economic downturn since the 1930s, and the recession may last for another year or more. The economic progress and social welfare of every Latin American and Caribbean nation are today at risk. To be sure, nearly every country is far better prepared to withstand these external shocks than in the past, but they will nonetheless take a heavy toll. In 2009, growth is forecast to plummet by more than 50 percent for Latin America as a whole. Several countries are likely to fall deeply into recession. The region’s impressive advances in recent years—in lifting growth rates, keeping inflation low, building a significant middle class, and reducing pervasive poverty and inequality—could be reversed.

An extended period of economic hardship could produce dramatic political shifts as well. The recent spate of hostile, sometimes violent, protests in several European countries is certainly not a good omen for Latin America. In some countries, the crisis will provoke anger toward governing authorities and institutions. Politics may be further polarized, and political stability put at risk. Popular frustration may lead to diminished support for democracy and markets—and it may change national and regional attitudes toward the United States. How the crisis is managed by Washington and the governments of Latin America and the Caribbean could well shape inter-American relations for years to come.

By insisting that the most important thing the United States can do for Latin America is resolve its own economic problems, President Lula made it clear how vital the U.S. economy is to the region. More than any event in recent memory, the U.S. recession and financial turmoil have highlighted the deep interdependence of Latin America and the United States. The slumping U.S. economy has led, both directly and through its effects worldwide, to a decline in investments, remittance transfers, and other capital flows to Latin America; decreasing export volumes and lower prices for the region’s products; and sharply diminished access to international credit.

By unlocking the credit freeze and restoring dynamism to the U.S. economy, Washington will also moderate and shorten Latin America’s
economic ordeal. But the specific policy measures Washington uses to achieve recovery are critical to the region's future. There is no avoiding the fact that the United States will need to borrow huge amounts of capital from abroad to finance its own stimulus plans—and that this will make it harder and more expensive for developing countries in Latin America and elsewhere to obtain credit.

Washington should do all it can to help ensure Latin America's continuing access to necessary credit and capital by rejecting protectionist measures that raise barriers to imports, favor U.S. manufacturers, subsidize exports, restrict U.S. investments overseas, or impose new limits on immigration or remittances. Such measures—which would include the “buy American” provisions proposed for the U.S. stimulus package—would deepen Latin America’s economic woes and delay prospects for recovery. The damage would be greatest in those countries that rely heavily on their economic links to the United States. This is a time when Latin America most needs access to U.S. markets, credit, investment capital, and jobs. Fortunately, economic theory and historic evidence both suggest that the United States will serve its own best interests by keeping its economy open and free of protectionism. The Obama administration should continue to emphasize that it intends to honor all of the obligations of its existing trade agreements.

The United States can also help Latin America weather the crisis by working to mobilize support for an expansion of the resources and programs of the IMF and multilateral development banks. Except for Chile, which set aside a sizable portion of its copper revenues when prices were high, Latin American governments have very limited capacity to finance countercyclical fiscal policies on their own. Unlike the United States, Europe, or China, they simply do not have the savings, access to credit, or room in their budgets to pay for stimulus programs or new social benefits. Nearly everywhere in Latin America, efforts to reduce hardships—for example, by maintaining critical infrastructure projects; financing export credits; keeping workers employed; and sustaining expenditures on health, education, and anti-poverty programs—will require support from multilateral institutions.

There is no alternative. These institutions, including the Inter-American Development Bank, World Bank, IMF, and Andean Development Corporation, need to do more than they have thus far to provide financing and analytic and policy leadership. Clearly, they must maintain high

The IMF and multilateral banks must be bolder and more imaginative.
The poorest countries—Haiti, Bolivia, Honduras, Nicaragua, and Guyana—will require increased aid flows to sustain viable economies and protect their vulnerable populations.

standards and appropriate controls, and make prudent lending decisions, but these institutions also need the flexibility to act quickly and develop innovative programs. Their efforts must be bolder and more imaginative than they have been so far. And they will require considerably more resources than they now have available.

At a time when their own economies are suffering, it will take farsighted leadership from the United States and the world’s other rich nations to make sure the international institutions have the money and operational flexibility they need. These countries can also assist through bilateral measures. For example, the U.S. Federal Reserve last year provided $30 billion in currency swaps to each of Latin America’s two largest economies, Brazil and Mexico (as well as to South Korea and Singapore). Although neither country had to draw on them, the swaps helped to prevent speculative attacks on already depreciating currencies and averted the risk of a massive capital flight. There are other nations that would benefit from similar support. Latin America’s poorest countries, including Haiti, Bolivia, Honduras, Nicaragua, and Guyana, will probably require increased aid flows to sustain viable economies and protect their vulnerable populations.

It is vital that Washington consult regularly with key Latin American governments on the course and impact of the financial crisis, the evolving needs of the Latin American nations, and the policy options and costs. The Group of 20 (G-20), made up of the world’s leading economies, is responsible for harmonizing global responses to the financial crisis. Its five participants from the Americas—Argentina, Brazil, Canada, Mexico, and the United States—should establish an informal mechanism to exchange information, analysis, and ideas on the hemispheric dimensions of the crisis and, to the extent possible, seek to coordinate policy approaches.

Additional Latin American and Caribbean participants, along with the leaders of major inter-American institutions, could be invited to join the exchanges, which might also serve as a forum for U.S.-Latin American consultations on other issues of regional significance. This would meet the growing need for a mechanism to complement bilateral discussions among the hemisphere’s countries and allow for candid and flexible exchanges between Washington and regional governments that are difficult to pursue in the more cumbersome setting of formal inter-American institutions.
Given its origins in the U.S. financial and housing sectors, it should not be surprising that the crisis has become a new source of animus toward the United States. While most Latin American governments and Canada have been managing their economies carefully and conservatively, the United States has consistently ignored the economic advice it urged on Latin America. The rancor will be compounded if Washington fails to consult with Latin American governments or to take their needs into account in formulating approaches to the financial crisis—for example, if it adopts protectionist policies that slow the region’s recovery or fails to encourage multilateral initiatives that can provide some measure of relief for the region.

Moreover, there is no question that U.S. economic interests will be served, not sacrificed, by coordinating with the nations of Latin America and contributing to their long-run economic and social advance. The financial crisis has highlighted Latin America’s importance to the U.S. economy: how much the United States depends on the region for imports of oil, minerals, foodstuffs, and many manufactured goods; how significant Latin America has become for U.S. exports and investments; and how much immigrant workers from various Latin American countries contribute U.S. prosperity. An economically flourishing Latin America is good for the U.S. economy.

OPENING TO CUBA

Cuba is not, in itself, an urgent concern for the United States. But there is no other issue on which Washington is so out of step with the rest of the region. Nothing would better demonstrate the new administration’s intention to pursue a fresh approach to Latin America than making a quick start to dismantle the web of restrictions that the United States has imposed on Cuba. A policy shift on Cuba, which carries great symbolic weight in the region, would be a powerful signal that Washington will be more responsive to Latin American views.

The Cuban American community, which has effectively blocked any easing of U.S. Cuba policy to date, is politically weaker and more diverse than it once was. Still, it will have considerable influence in shaping the U.S. approach to the island, and its views will have to be taken into account. That is why the Obama administration should start, as it has promised, by scrapping the barriers to family travel and remittance transfers to Cuba.
A democratic Cuba should be the objective of U.S. engagement, not a precondition.

According to recent polls, this measure would have the support of most Cuban Americans and might naturally lead to a lifting of all restrictions on travel to Cuba.

Nor should there be much resistance to a U.S. decision to stop trying to block other nations and multilateral institutions from doing business with Cuba. Washington should simply cease its efforts to keep the OAS and multilateral development banks from engaging Cuba and not intrude into the diplomacy of such nations as Brazil, Canada, Mexico, and Spain that are strengthening their political and economic ties to Cuba. Instead, the United States should encourage such engagement as a means to facilitate Cuba's successful reintegration into hemispheric affairs and avoid its dependence on Venezuela and its allies.

Washington could also make it easier for academic, cultural, and athletic exchanges with Cuba by relaxing the bureaucratic obstacles and overdrawn restrictions that now apply. Nor would it take much for the United States to expand its already vigorous agricultural trade with the island.

The purpose of all this is to start a process that will lead to a steady improvement in relations between the United States and Cuba, and assist the island's transition toward more open, democratic politics and market-based economics. Ideally, Washington should seek to establish a wide-ranging dialogue between U.S. and Cuban authorities (as it did with Vietnam nearly 15 years ago) that would set the two countries on a course toward normal diplomatic and commercial ties. Over time, the pace and significance of U.S. policy and legislative changes should respond to reciprocal actions by Havana. There should be no question about Washington's support for Cuba's advancing toward free expression and association, the rule of law, respect for human rights, and competitive elections. But a democratic society in Cuba should be the objective of U.S. engagement, not a precondition.
Mexico is the country most likely to present the new U.S. administration with both its toughest challenges and greatest opportunities for productive cooperation in the hemisphere.

For both countries, sustained cooperation on an array of bilateral, regional, and global issues is essential. They have no choice: no other country affects the lives of U.S. citizens more than Mexico—and none affects the lives of Mexicans more than the United States. The two nations share a 2,000-mile border that is crossed legally some 250 million times per year. Mexico sends upwards of 80 percent of its exports to U.S. markets and is the United States’ third largest trading partner after Canada and China. It is also overwhelmingly the largest source of immigrants to the United States—both legal and illegal. Over the longer run, the central challenge for U.S.-Mexican relations is managing the accelerating economic and demographic integration of the two vastly different nations. It was no surprise that Mexican president Felipe Calderón was the only foreign leader invited to meet with Obama before his inauguration.

Today, Mexico faces a complex of dangerous security problems that will be aggravated by economic recession in the coming period. If the country’s security conditions deteriorate further, Mexico could become one of Washington’s most troublesome foreign policy tests. For the past two years, the Mexican government has waged a fierce military campaign against drug gangs and other organized criminals, who have been terrorizing many parts of the country. The violence has continued to escalate, wreaking havoc on public safety and the rule of law; undermining the credibility of the nation’s army, police, and justice systems; and, in some areas, challenging the authority of the government. This violence increasingly appears to be spilling over the border into the United States. Compounding the problem, Mexico is at risk of a prolonged economic downturn and a surge in unemployment.

The threat should not be exaggerated, however. For one thing, Mexico’s democratic system is not imperiled by criminal activity, nor are the country’s institutions at risk. Mexico is certainly not in danger of becoming a failed state. Although fundamentally mistaken, alarmist interpretations of developments in Mexico—which have been advanced by U.S. military and intelligence agencies—are becoming increasingly commonplace. They may well lead to misguided policy prescriptions and make it harder for
Latin American countries are no longer just suppliers; they are major consumers of drugs.

The United States and Mexico to cooperate on security matters. Mexico is definitely going through an extremely difficult period, but the problems and alternative solutions require careful and intelligent assessment, not fear mongering.

The recently launched Merida Initiative is a well-designed program of U.S.-Mexican security cooperation which will provide Mexican police and military with improved training, equipment, and intelligence capabilities. It promises to bolster the Mexican government’s ability to fight drugs and violent crime, but the prospects for its success remain uncertain. Both the amount of U.S. support and its projected time frame may have to be expanded. The United States should do more on its side of the border as well, by stepping up efforts to control illegal arms exports and the transfer of laundered money to Mexico, and by doing more to reduce the demand for cocaine, which is the primary source of Mexico’s scourge of violence.

CONfronting CRIME, VIOLENCE, AND DRUGS

Violent crime, often associated with drug trafficking, is not only a Mexican problem. It has emerged as an urgent concern of governments and ordinary citizens in nearly every country in Latin America and the Caribbean. Because the problems are so pervasive and so potentially destructive, they should also be of concern to the United States. This is an area in which many Latin American governments are seeking U.S. help and cooperation.

U.S. funding of $5 billion over the last six years, along with military training and intelligence support, has assisted the Colombian government in gaining more effective control over its territory and sharply reducing armed violence from guerrillas and paramilitary forces. However, the country has had less success in battling the cultivation and trafficking of illicit drugs, and in addressing human rights concerns. What is clear is that Colombia’s progress has been mainly due to the strengthened authority and competence of public institutions and not to the disruption of the drug trade, which continues to flourish.

Colombia’s striking improvements in public safety and the diminished threat of guerrilla violence may now mean that U.S. military aid can be reduced without risking the country’s security. But there remains an urgent need for continuing support to help Colombia advance human
rights and humanitarian goals and pursue an expanded social agenda. These have suffered neglect during the years of warfare.

Under the Merida Initiative discussed earlier, modest amounts of aid are available to governments in Central America and the Caribbean. But public institutions in these regions are weaker and more vulnerable than in Mexico—and they are in greater danger of being overwhelmed by criminal activity. Their reliance on U.S. trade, investment, tourism, and remittances puts their economies at grave risk. To wage a successful fight against crime, they will require additional support from the United States. Washington could also contribute by intensifying its efforts to control rampant arms smuggling and by reviewing the practice of deporting convicted felons to their countries of origin, where they are often recruited into vicious street gangs.

Virtually everywhere in the Americas today, crime and violence are fueled by the trade in illegal drugs. It is painfully clear that U.S. anti-drug efforts are not doing much either to cut supply or reduce demand. U.S. consumption of cocaine decreased from its peak in the early 1970s, but has been essentially stable for many years at a rate three times that of Europe. On the supply side, eradication and interdiction—the two pillars of the U.S. battle to keep drugs out of the United States—have lost credibility in most quarters. From time to time, progress is made in one or another country, but production and trafficking are then quickly shifted elsewhere—the so-called “balloon effect.” And Latin American countries are no longer just suppliers or transit points; they have increasingly become major consumers of drugs. The drug trade is now a critical challenge for nearly every country of the hemisphere.

Latin American governments resent Washington’s inflexible approach to fighting drugs. They are frustrated by the unwillingness of U.S. official agencies and political leaders to question current strategies or consider alternatives. Sadly, Washington has not learned much from its more than 20-year war against drugs.

Reforming U.S. anti-drug policy will not be easy—in part because there are no alternative proposals that command wide public acceptance and also because Washington’s powerful anti-drug bureaucracy has been largely impervious to new ideas. For a decade or more, policy debates and discussions on the issues and approaches have been muted, and U.S. programs have not been rigorously scrutinized or evaluated.
What is most needed now is an honest, well-informed, and wide-ranging exploration and debate on alternative drug policies across the Americas. That will require a major hemisphere-wide initiative to collect the statistics and conduct the research, evaluation, and experimentation needed to accurately diagnose the problems, assess anti-drug policies, and test new proposals. In addition, Washington should relinquish its dominant, often suffocating, role in shaping counternarcotics efforts in the hemisphere and genuinely cooperate with Latin American governments in developing fresh ideas and strategies.

**REFORMING IMMIGRATION POLICY**

There are a dozen or more countries in Latin America and the Caribbean—including Mexico and every country in Central America except Costa Rica—for which U.S. immigration policy is the single most pressing issue in their bilateral relations with Washington. In all of these countries, how illegal migrants are treated in the United States has become a politically heated issue, while the rising number of deportations from the United States is contributing to the worsening problems of joblessness and criminal violence in many places. Remittances from family members in the United States have become a vital source of income for millions of families in Latin America. The nearly $70 billion transferred annually is also critical to a growing number of economies in the region, particularly at this time when other sources of capital are drying up. Remittances represent many times the amount of international aid flows and are greater than foreign direct investment in most years.

Within the United States, immigration policy has become a deeply contentious issue, with political, economic, security, and cultural dimensions. It has divided the American people and provoked bitter debates that are often offensive to the migrants and their countries of origin.

Two immediate initiatives from the new U.S. administration would be particularly welcome in the region. The first would be a decision to discontinue construction of the wall or fence along the U.S. border with Mexico. This has become a highly charged symbol of disrespect for Latin Americans that is regularly compared to the Berlin Wall or the barrier built by Israel on its border with the Palestine territories. The second initiative would be the suspension of the spiraling number of raids and arrests targeting illegal immigrants, which presents a disturbing image of abusive and discriminatory treatment against Latinos.
However, neither of these steps addresses the underlying problem that the U.S. immigration system is broken, that it badly serves U.S. and Latin American interests, and that it has become a constant source of friction between Washington and many governments in the region. Even though the issues are highly divisive in the United States, considerable agreement has emerged on the key elements of a policy approach to immigration. They include (1) offering a sufficient number of work visas to satisfy labor market demands in U.S. agriculture and other sectors; (2) providing some form of legal status to migrants who now reside in the United States illegally, including the opportunity to earn permanent residence and citizenship; and (3) putting in place effective (and humane) incentives and enforcement mechanisms to curb illegal migration. This, in fact, was the core of the comprehensive reform proposed by President Bush and rejected by the U.S. Senate in 2007 (although supported by then-senator Obama).

The difficulty lies in translating these guidelines into policies and laws that are politically viable in the United States and can gain the support of Latin American governments. Many details have to be worked out regarding, for example, the number of temporary workers that should be admitted each year, the standards governing their entry and residence, the criteria for deciding whether an undocumented migrant should be eligible for legal residence, and the procedures to qualify for residence. In developing the new rules, Washington should consult regularly with Mexico and other countries. It should also look to develop mechanisms for cooperation in implementing the resulting policies.

The economic security concerns of many U.S. workers will have to be confronted. Their worries about losing jobs to immigrants or seeing their health and education services deteriorate may be misplaced or exaggerated, but if they are not effectively addressed, they will stand in the way of immigration reform. None of this will be easy, but immigration is an issue that the new administration will not be able to ignore.

COMPLETING THE UNFINISHED TRADE AGENDA

Hemisphere-wide free trade should be a critical long-term goal for the United States and other nations of the Americas, but not much progress is likely until the global economic crisis abates. There is just not much enthusiasm at this point, either in the United States or most of Latin America, for new regional free trade talks. Washington should now concentrate on completing the unfinished agenda left by President George W. Bush.
Washington should do more to mitigate dislocations that free trade can produce.

• The new administration should give immediate attention to the signed, but as yet unratified, Colombia and Panama free trade agreements. If it decides to ignore them or defer action into the indefinite future, the United States would widely and justifiably be seen as backtracking on its commitments to the two countries. Securing ratification of agreements (which in the case of Colombia will require negotiation of an amendment or side accord on human rights) would help to reassure Latin American governments that Washington is a reliable commercial partner and a credible ally. In large part, the Colombia accord has been a casualty of the partisan rancor in U.S. politics. Its approval now would show that the Obama government is committed to working across those divisions. It would also make clear that the new administration is prepared to honor trade arrangements that it has agreed to.

• In recent years, public support for free trade has diminished sharply in the United States and in many other countries in the Americas; it is almost certain to drop further in the face of economic recession. There is little prospect for significant new trade agreements until ordinary citizens in the United States and across the hemisphere regain their confidence that these agreements do, in fact, boost growth, increase employment, and raise living standards—not push down wages and send jobs elsewhere. It is crucial that Washington and other governments do more to mitigate the severe dislocations that free trade can produce. The United States recently took a major step in this direction by making public employees and service workers eligible for trade adjustment assistance (which had previously been limited to manufacturing workers) and increasing access to training programs and health care. Increasing the economic security of workers is the basis for building any bipartisan coalition for freer trade.

• The new administration should make it clear to Mexico and Canada that, campaign rhetoric aside, it will fully comply with U.S. commitments under the NAFTA agreement. Realistically, however, there are some provisions that will not be able to gain needed congressional approval, such as allowing Mexican-owned trucks (even if they satisfy requisite safety standards) to haul goods into the United States. Washington should generally make sure it does not place any new barriers on imports from Latin America, particularly during this economically troubled period.

• The United States should reinstate trade preferences for Bolivia, which were discontinued following the Bolivian government’s expulsion of the U.S. ambassador and its suspension of the U.S. counternarcot-
The United States should reinstate trade preferences for Bolivia.

ics program in the country. Bolivia’s actions may have demanded a response from Washington. But ending the trade preferences, which could eliminate upwards of 100,000 jobs in Bolivia, was viewed as too harsh a penalty by most Latin American governments. By reversing the decision, a step endorsed by many in the U.S. Congress, the new administration would signal its interest in improving ties with Bolivia, despite the tensions between the two countries.

• Agreement at the Doha Round of multilateral trade negotiations would advance the economic interests of the United States and Latin America far more than the array of bilateral trade deals that Washington has pursued in recent years. Prospects for Doha’s success any time soon are limited, however. For several years, the world’s major trading countries have been unable to find common ground on the key issues, and now the protectionist temptation is emerging in many countries, as the global economic crisis slows growth across the world. Still, the United States should continue to try to find agreement with Brazil on a negotiating formula that would be acceptable to other participating nations. Brazil is now one of the most influential participants in the Doha talks and shares many U.S. objectives, including the curtailment of export subsidies and trade-distorting internal supports to agricultural producers. By eliminating critical stumbling blocks that have frustrated regional negotiations, a breakthrough in Doha on agriculture could facilitate U.S.-Brazilian bilateral trade discussions and perhaps set the stage for reviving hemispheric trade talks.

**COOPERATING WITH BRAZIL**

The United States needs the cooperation of Brazil and Mexico to deal with almost every challenge it faces in this hemisphere—and with many other international concerns as well. They are Latin America’s two largest and most influential nations, and together account for more than half the region’s population, territory, and economic activity.

Brazil’s rapidly escalating regional and global influence represents a pivotal change in inter-American affairs. And it is an encouraging development for the United States. To be sure, the two countries are at odds on many policy issues, and Brazil advocates new institutional arrangements for the region that portend a reduced U.S. role in Latin America. Still, Washington has maintained warm ties with the Lula government and has considered Brazil a constructive force in hemispheric affairs in recent years. Brazil has
Brazil’s rapidly escalating regional and global influence represents a pivotal change in inter-American affairs.

led peacekeeping operations in Haiti for the past four years and has helped resolve some highly charged conflicts in South America.

Neither Brazil nor the United States is yet ready to develop a broad, long-term partnership. They are not willing to make the concessions or accept the substantial compromises needed to build a more strategic relationship. The two nations should, however, be able to cooperate more effectively and more consistently on specific issues of mutual concern. And there is a growing number of regional and international problems on which U.S.-Brazilian cooperation could produce hefty benefits for both countries—and for others in the hemisphere and beyond.

For example, Brazil and the United States share significant overlapping interests in the Doha round of global trade negotiations and have been working together increasingly, despite their sizable differences on some issues, to secure a favorable outcome. This year, the Brazilian government urged the United States in very strong terms to commit itself to the success of the Doha process. This is a promising area of cooperation that both countries should pursue vigorously.

The potential for productive collaboration may be even greater in the areas of climate change, environmental protection, and new energy sources. Brazil is widely regarded as an important international actor in each area, and has committed itself to actively engaging all of them. Moreover, since Obama became president, these issues have become prominent on Washington’s global agenda—substantially expanding the opportunities for U.S. cooperation with Brazil and other countries.

The environment and energy are two high-profile challenges that may deserve their own place on this list of priorities for U.S. policy in the Americas. If the United States and Brazil decide to proceed, and they are joined by Mexico and Canada, a majority of other Latin American and Caribbean countries will also be ready to participate. Regional cooperation should be sought from the outset.

The United States should explore more active policy coordination with Brazil in other areas as well. Nuclear nonproliferation, battling racial and ethnic discrimination, and the reform of multilateral institutions are among other central international concerns of both Brazil and the United States.
Washington has been most fiercely challenged in this hemisphere by the government of Hugo Chávez in Venezuela and its allies in Bolivia, Cuba, Nicaragua, and, to a lesser extent, Ecuador and Honduras.

The Venezuelan leader has been a polarizing force in inter-American relations since he assumed office in 1999. He has helped fuel internal conflicts in several Andean countries, disrupted the operations of regional institutions, and developed close ties to U.S. adversaries worldwide. In these and other ways, the Venezuelan president has consistently kept the United States and many Latin American countries off balance. Although his anti-U.S. alliance currently incorporates only four or five of the weakest and least stable countries in the hemisphere, many other countries have looked to Venezuela as a source of financial support. Few governments have been willing to criticize or oppose Chávez.

But President Chávez is likely to be less troublesome in the coming period. The depressed price of oil, which accounts for more than 90 percent of Venezuela’s exports and half of the government’s expenditures, will cost him political support at home and reduce his regional influence. Moreover, his economic dependence on the U.S. market reveals the emptiness of his threats to curb oil exports to the United States. Also, with President Obama in the White House, Chávez’s rhetorical assaults against the United States have lost much of their appeal and resonance in Latin America.

President Chávez today is a diminished problem. There is no urgency for the new U.S. administration to engage him or his government or to remake U.S. policy toward Venezuela. President Obama should stick to the course set by President Bush and neither confront Chávez nor embrace him. Washington should keep the Venezuelan leader at a distance and let the situation play itself out over the coming months. To be sure, the United States should not reject efforts by Chávez to ease the strains in the bilateral relationship—and could make its own good will gesture by offering to exchange ambassadors and restore normal diplomatic ties. All in all, the United States should be modest in its expectations of reining in Chávez. The best way to check Chávez’s influence is for the United States to rebuild its credibility in the region and strengthen its cooperation with other Latin American nations.

Obama should neither confront Chávez nor embrace him.
The political participation of previously excluded groups adds to the vibrancy of democracy in Latin America.

Washington has long affirmed that fostering democracy, strengthening the rule of law, and protecting human rights are core U.S. goals in Latin America. Unhappily, the historical record is one of inconsistent action and mixed results. To this day, debates continue about Washington’s commitment to democratic practice, particularly when it competes with other U.S. priorities, and about the efficacy of U.S. initiatives.

Democracy is the norm in the Americas today. Of the hemisphere’s 35 countries, only Cuba is ruled by unelected leaders. Since 1976, the military has taken power from a civilian government only once, in Haiti in 1991. Across Latin America, elections are now the only way to gain and hold political power, and nearly every election in recent years has been judged free and fair. At the presidential level, most elections have been highly competitive and have drawn large voter turnouts. In the past four years, there has been only one electoral outcome, in Mexico, that was disputed by the loser. But democratic politics means more than periodic elections. The fundamental institutions of democracy—political parties, legislatures, courts, electoral systems, and the press—still perform badly in much of the region. In many countries, they have little credibility or public support. Political corruption is widespread.

Polarizing frictions have arisen in several countries between traditional political forces and newly enfranchised groups that want a larger share of power and changes in the rules of politics. Clearly, the widening of political participation to previously excluded groups—Afro-descendants, indigenous communities, younger and lower-income voters, and women—adds to the vibrancy and promise of democracy in Latin America. So does the increasing attention to issues of social justice and the quality of public services. At the same time, however, these new political groups are placing mounting demands on already overstretched and poorly financed governments; frequently (and often justifiably), they have little patience with slow-moving bureaucracies and legislatures. The strains are obvious in many countries, and in some, the legitimacy of the political system has come under challenge. Politics has become a more complex enterprise in Latin America, and what constitutes democratic progress is sometimes ambiguous and often bitterly contested.
Still, by almost any standard, elected leaders in some countries are today violating democratic principles and exceeding their legitimate authority—by concentrating power, curtailing independent or opposition political activity, and short-circuiting democratic processes. The most flagrant example is Venezuela, where Hugo Chávez has built an autocratic regime on a combination of oil wealth and the frustrations of a population that had long suffered from the failures and inattention of past governments. Chávez has centralized decision making in his own hands and has gutted the country’s representative institutions. And there are other governments in the region (most egregiously in Nicaragua) that, although following different paths from Venezuela, are becoming harder to recognize as democracies.

The Inter-American Democratic Charter, approved by every elected government in the Americas in 2001, was designed to accomplish two important objectives: to codify the ground rules of democratic practice and to strengthen the resolve and ability of the hemisphere’s governments to collectively defend democracy. It was an impressive document, viewed by many as a historic breakthrough for democratic governance in the Americas. Yet it has gone largely unused.

The fact is that the charter leaves some basic questions unresolved. It does not, for instance, set out criteria or procedures for determining whether a violation has been committed or for deciding what remedial actions regional institutions and other governments should take. Even more important, there has never been sufficient trust among the signatory countries to allow for collective action on such a highly sensitive issue as democracy. There have been few cooperative efforts aside from election monitoring to protect or reinforce democratic practice in the hemisphere since the charter’s approval.

Latin American governments in recent years have not viewed the United States as helpful in defending or advancing democracy—or in resolving conflicts in the region. Washington’s involvement has often been seen as an irritant and, at times, counterproductive. On issues of democracy, the rule of law, and human rights, Washington’s credibility suffered from the war in Iraq and more generally from how it has managed its battle against terrorism. Washington’s apparent celebration of the short-lived military coup against Hugo Chávez in 2002 (just six months after the Democratic Charter was approved) was also damaging—as has been the occasional meddling of U.S. officials in Latin American elections.
Democratic progress in Latin America and the Caribbean will depend mostly on the government and citizens of each country. External actors will not have a central role. However, the United States can and should be an advocate for democracy in the region. Important issues and consequences are at stake. By showcasing the vigor of democratic politics in the United States, Obama’s election was itself a step toward rebuilding U.S. credibility. The new administration must align U.S. rhetoric and practice on matters of democracy and human rights, in inter-American affairs and globally. It should also begin routinely to consult and cooperate with Latin American governments on sensitive political issues in the region—and trust their judgments and be prepared to defer to them. Latin Americans often want to deal with these issues on their own, and have the ability to do so. This is an important change in hemispheric affairs and should be viewed positively in Washington.

Washington’s advocacy of democracy is most credible and most productive when it is carried out multilaterally. As the hemisphere’s principal multilateral forum, the OAS should have the lead role in promoting and safeguarding democratic politics in Latin America and the Caribbean, in accord with the mandates of the Democratic Charter.

Some governments have proposed to deemphasize the OAS and shift its authority to recently formed Latin American and Caribbean organizations. These newer groupings have shown they can contribute in important ways, and, sometimes, they have reinforced the work of the OAS. Multiple governance arrangements are not mutually exclusive, and they can be helpful. Still, the OAS is the only institution that has the legal authority and broad legitimacy to represent the hemisphere’s governments and act regionally. It is also the only continuing forum in which Latin American and Caribbean governments can collectively engage the United States. Although the OAS will continue to be constrained by the current discord and tension in inter-American relations, the Obama administration should not neglect the organization. Instead, it should seek to work with Latin American and Caribbean governments to make it (and such associated institutions as the Inter-American Human Rights Commission and Court) more relevant and effective.
Failing Haiti

Haiti is the hemisphere’s only failed or nearly failed state. In the past few years, international cooperation involving the United States, Canada, and many countries in Latin America, the Caribbean, and Europe has contributed to some modest progress in Haiti—although recent months have seen a worsening in that nation’s situation. For four years now, UN troops, mostly from Latin America and led by Brazil, have helped to maintain a tolerable level of order and security in the country. A freely elected government is functioning, although with its capacity and authority limited. The economy remains in deep distress. With several recent devastating hurricanes, high food prices (which provoked massive riots and the ouster of the prime minister last year), and the U.S. recession, the economy of Haiti may further unravel and its 8 million people become even more desperate.

No U.S. administration in memory has done enough to assist Haiti in a sustained way. Although constricted by limited resources, the new administration has an opportunity to build on recent inter-American cooperation (including Canada’s priority attention to Haiti) and establish a long-term, multilateral approach to Haiti’s improvement. This is one issue on which Washington’s leadership will be welcomed. The United States has an important stake in Haiti’s success and more influence than any other foreign government in shaping political and economic outcomes in that impoverished nation. If the Obama administration makes the effort, it can mobilize other countries to assist in building a new future for Haiti. As a beginning, it should take two quick measures to help the country during this period of extreme hardship: suspend the deportation of undocumented Haitian migrants and refugees, and encourage the multilateral banks to forgive Haiti’s debt obligations. Both initiatives would provide an early signal of the U.S. commitment to Haiti.
This report is a call for pragmatism.

A TIME FOR PRAGMATIC PROBLEM-SOLVING

This report does not propose a new vision for the Western Hemisphere or a dramatic redirection of U.S. relations with Latin America and the Caribbean. Nor does it suggest that the United States reassert its traditional role and pervading influence in the hemisphere. Instead, it urges the new administration in Washington, first, to focus on an agenda of concrete problems and opportunities; and, second, to respond to them in continuing consultation and cooperation with the nations of Latin America and the Caribbean.

It is also a call for pragmatism—for Washington to adjust its policies to take account of the profound changes that have taken place in the United States itself, in Latin America and the Caribbean, and in the wider world. The new administration must recognize that the United States’ ability to exert authority and determine outcomes has diminished; that Latin American governments now regularly take the lead in dealing with regional problems (last year, for example, they addressed Bolivia’s political impasse and helped settle Colombia’s conflict with Ecuador and Venezuela); and that extra-hemispheric actors, such as China, Russia, and Spain, have expanded their profile and influence in the region. Washington should not view these changes as setbacks or defeats for U.S. interests. Rather, stronger leadership and more vigorous initiative from Latin America and the Caribbean should be seen as offering new opportunities for productive cooperation on issues of importance to both the United States and the region.

Two of the problems—the global financial crisis and the upsurge in criminal violence—are particularly urgent because they threaten prospects for economic progress, social advance, public security, and political stability in a great number of countries, including the United States and Canada. In many places, the two problems may reinforce one another and magnify the dangers. This could well happen in Mexico, which, with its long border and close demographic and economic ties to the United States, could produce an especially vexing set of problems for Washington.

Other issues, including Cuba and drug trafficking, have been managed badly over many years. U.S. approaches to both problems have become entrenched, even though they have produced few positive results and are
Inter-American relations will be decisively shaped by the new administration’s approach to trade policy and immigration reform. There is no easy way to deal with either of the issues. The American public is sharply divided on both of them, and they regularly provoke bitter, partisan wrangling in Congress. Whether and how to work with the United States on trade and immigration matters is also a subject of intense debate in Latin America and the Caribbean.

Dealing with Venezuela will require careful attention and a steady course from Washington over many years. President Chávez will hold power at least through 2012 and possibly far beyond. His regional influence may now be waning, but it could surely revive. And laying the groundwork for sustained development and political stability in Haiti must be understood as a long-term project that will require a generation or more to accomplish.

The new administration’s agenda in Latin America also contains several promising opportunities. Stepped-up cooperation with Brazil on global and regional problems such as energy development, climate change, trade negotiations, and nuclear nonproliferation would serve vital U.S. and Brazilian interests, and could generate substantial benefits for the region and beyond. By working together on these concrete problems, the United States and Mexico could set the stage for a productive long-term partnership. The ratification of the Colombia and Panama free trade agreements would bring immediate, if modest, economic benefits to the United States and its new partners. And it would enhance Latin America’s confidence in the United States.

Today, almost every issue on the inter-American agenda has important international dimensions that demand greater attention from the United States and other Western Hemisphere governments. Policy leaders should routinely take the global context into account when they discuss and engage regional issues—and, where possible, seek to develop approaches that they can jointly pursue within international forums and institutions.

The financial crisis can only be dealt with on a worldwide basis. If they were able to find a common ground, the five Western Hemisphere members of the G-20 would enhance their influence on international econom-
Every issue on the inter-American agenda has international dimensions.

It will take consistent and pragmatic attention to the hemispheric agenda—in its bilateral, regional, and global dimensions—for the Obama administration to renew trust and credibility in U.S. policy, restore comity and cooperation in inter-American relations, and establish the basis for a more politically and economically integrated hemisphere. This is how the United States can best build on the good will and enthusiasm generated by the new Obama administration across Latin America and the Caribbean.

THE SUMMIT OF THE AMERICAS

On April 17 and 18, President Obama will be traveling to Trinidad and Tobago to participate in the Summit of the Americas—the fifth periodic meeting of the Western Hemisphere’s elected heads of state since they began in Miami in 1994. The 33 other participating leaders (from every country of the hemisphere except Cuba) are all eager to meet with the U.S. president. Nearly all of them hold high expectations for constructive changes in U.S. foreign policy, both globally and in the region.

The other presidents and prime ministers gathering in Trinidad know that the new U.S. president has had little experience in Latin American and Caribbean affairs. They will speak their minds and provide him with ideas and advice on what the United States should be doing in the region. And President Obama should spend much of his time listening. This is an extraordinary opportunity for him and his advisors to gain a first-hand sense of the hemisphere’s leaders, how they view political and economic
developments in the region and globally, what they think about the United States and its policies, and how they want to engage Washington.

Listening will not be enough, however. No one will be looking to President Obama, after three months in office, to set forth a comprehensive set of policy proposals for the Americas, but the assembled leaders will expect him to talk about his priorities in the hemisphere and discuss his ideas for addressing major inter-American challenges. Undoubtedly, the first item on their agenda will be the global economic crisis, its repercussions in the region, and how U.S. policies are affecting their economies. They will also press him on other themes. Crime and drugs, Cuba, immigration, and trade will be high on almost everyone’s list.

This will be an opportunity for President Obama to test out his policy ideas and proposals for the Americas. It will also be a moment for the new president to show respect for Latin America and the Caribbean, to convey a different tone and style for U.S. diplomacy, and to demonstrate a more inclusive and cooperative approach to regional affairs.

**A SECOND CHANCE**

Washington today has a “second chance”—to borrow the title and theme of a recent book by Zbigniew Brzezinski—to restore U.S. credibility and fashion a constructive, long-term relationship with the countries of Latin America and the Caribbean. In fact, there have been many earlier opportunities. The most recent, and perhaps the most promising, came as the Cold War was winding down, and Latin America was both emerging from its “lost decade” of economic stagnation and completing its transition from military to civilian democratic rule.

President George H. W. Bush made a good start. Within weeks of taking office in 1989, he announced a debt relief strategy to help Latin America recover from a decade-long economic slump, and then followed up with other initiatives—negotiations to settle Central America’s civil wars, the signing of NAFTA with Mexico and Canada, and a sweeping proposal for creating a hemisphere-wide free trade arrangement. His administration took a lead role in crafting the first OAS resolution authorizing joint action by the hemisphere’s governments in defense of democracy. Although widely repudiated in Latin America, the invasion of Panama did not detract from the overall positive assessment of the first Bush administration’s agenda.
Latin American governments know that the United States is vital to their interests.

That agenda was carried forward by the Clinton administration, which gained congressional approval of the NAFTA accord, convened the first Summit of the Americas, joined with other governments to initiate regional free trade negotiations, and provided multibillion-dollar loans to Mexico and Brazil to stem their economic crises. But inter-American cooperation waned in Clinton’s second term. The administration disappointed many Latin American governments by failing to secure the fast-track negotiating authority needed to advance regional trade talks, while the United States and Brazil diverged more and more on trade matters and Venezuela emerged as a disruptive adversary. During the presidency of George W. Bush, U.S.–Latin American relations fell back to their lowest point since the end of the Cold War, although with a modest improvement during the administration’s last two years.

President Obama’s election gives the United States another chance in Latin America and the Caribbean. With the Americas and the world in economic crisis and the United States confronting an array of other, more urgent domestic and international challenges, conditions appear less favorable than they were two decades ago. Throughout the region, there is a widespread sense of disappointment with the United States. Latin American governments are distrustful of Washington, and many have come to doubt that the United States can be counted on as a reliable partner.

Yet the increasing assertiveness and independence of Latin America and the Caribbean—and the willingness of many countries to challenge, at times defy, the United States—may open the way for a healthier and more productive relationship with Washington. In fact, Latin America today may offer better conditions than ever for the development of a long-term, robust partnership with the United States.

The vast majority of Latin American governments want good relations with Washington. They know that the United States is vital to their interests and that their nations and the United States share basic values. They want strong trade links and other economic ties, and they want to work with the United States to solve other problems. And they are hopeful that the Obama presidency will bring needed changes in inter-American relations. Washington should make every effort to seize this chance to develop a respectful and cooperative relationship with the nations of Latin America and the Caribbean.
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Lourdes Flores Nano served as a member of Congress in Peru from 1990 to 2000, and was a candidate for president in 2001 and 2006. She is president of the Popular Christian Party and the National Unity Alliance, and serves as president of San Ignacio de Loyola University.

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**Beatriz Paredes** is president of the Institutional Revolutionary Party of Mexico (PRI). Previously, she served as governor of Tlaxcala, national senator, member of Congress, and president of Parlamento Latinoamericano.

**Teodoro Petkoff** is the president and editor of the Venezuelan opposition daily *Tal Cual*. Petkoff broke with the Communist Party in 1971 to found Movimiento al Socialismo (MAS). A presidential candidate for MAS in the 1980s, Petkoff also served as a member of Congress (1974 to 1994) and was planning minister during the center-right administration of Rafael Caldera (1995 to 1998).

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Dialogue members L. Enrique García, Lee Cullum, Karen DeYoung, Richard Haass, and Mónica Lozano are unable to endorse the report because of the positions they hold.
The Inter-American Dialogue

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