

SCUSA 60 THEME:
“MEASURING PROGRESS AND DEFINING NEW CHALLENGES”

LATIN AMERICA AND THE CARIBBEAN

As the 21st Century began, knowledgeable observers in North America hoped and expected that South America would strengthen its embrace of free trade, neo-liberal economics, and democratic elections. While the region has not retreated from democratic elections, these contests have by no means guaranteed that Latin American leaders will always be to Washington's liking. In recent years populist presidents like Hugo Chavez of Venezuela, Evo Morales of Bolivia, and to a lesser extent Nestor Kirchner of Argentina and Eduardo Ignacio Lula da Silva of Brazil have prompted Washington to reevaluate its strategic estimates and assumptions regarding the region.

With confidence in the seemingly inevitable globalization of trade, the goal of achieving a Free Trade Area of the Americas (FTAA) was proclaimed at the 1994 Miami Summit of the Americas by 2004. This deadline has come and gone as the intractable issues of agricultural protectionism, intellectual property rights, and market access for goods and services have torpedoed both the FTAA and the broader Doha Round negotiations of the World Trade Organization. Little support for reviving FTAA negotiations currently exists. Once a model of neo-liberal reform and free trade policy, Bolivia under President Evo Morales has renationalized oil and gas assets awarded to multinational corporations by previous administrations.

Expansion of free trade agreements appears to be a distant prospect, but the U.S. continues to be highly dependent on imports of petroleum from the region. Three of the four largest energy exporters to the U.S. come from this hemisphere: 1. Canada (1.76 m barrels per day), 2. Mexico (1.68m bpd), and 4. Venezuela (1.16m bpd.)ⁱ While the supply of Canadian crude is safe, continued exports of Venezuelan energy are problematic. China's ever growing demand for natural resources are making it a very active competitor for Latin America resources, and the diversification of markets for Venezuela's oil would be a strategic advantage for Hugo Chavez. Additionally, the continued strengthening of the relationship between Chavez and the leadership of Iran may present great challenges to the United States.

But trade and energy issues are only part of the region's broader challenges. In the past few years, Latin America's security environment has changed dramatically. In Mexico, President Felipe Calderon, who began his term in office with expanded offensives against his nation's powerful drug cartels, is now facing a major upsurge in violence, with frequent clashes between narco-traffickers and governmental forces. Many analysts worry that the Mexico of today is beginning to resemble the Colombia of the 1980's—with drug traffickers becoming increasingly aligned with guerrilla organizations, threatening to replace the government in places where military presence is weak. Indeed, the recent Merida Initiative between the U.S. and Mexico, which calls for over \$400 million in aid per year, has more than a passing resemblance to Plan Colombia. If funding is any indicator of how seriously the United States views the problem, Mexico will become the number one priority in the Hemisphere by the end of the decade.ⁱⁱ

Meanwhile, 1000 miles to the South, Alvaro Uribe's administration has achieved staggering successes in Colombia. Several of the FARC narco-insurgency's top leaders have been killed or captured, and last year saw the highest number of insurgent defections ever. Only a few months ago, government forces also succeeded in rescuing a group of high profile hostages including three U.S. contractors and former Colombian presidential candidate Ingrid Betancourt. While these successes have created unprecedented opportunities for future peace negotiations, they have also exposed some disconcerting regional alliances. Earlier this year, a laptop recovered from slain FARC leader Raul Reyes contained conclusive proof linking the insurgent group with Hugo Chavez's administration in Venezuela. Meanwhile, the attack on Reyes, conducted across the Ecuadorian border without prior permission, triggered a series of military escalation and posturing; Chavez rushed to deploy thousands of troops to his border with

Colombia, notionally in support of Ecuadorian territorial sovereignty. While little evidence suggests that the troop mobilizations could ever have become an actual armed conflict, the entire episode highlights the increasing degree of tension between Latin America's new Left and its more right-leaning neighbors. In the Andean ridge, where porous borders make multilateral cooperation imperative, these types of ideological and political divisions will severely undermine the counter-drug effort. Growers and traffickers facing increasing pressures in Colombia can adjust tactics and move operations to neighboring countries. This grim reality is reflected in the relatively steady price, quality, and availability of cocaine in the United States, despite 8 years of crop eradication efforts in the Colombian jungle. ⁱⁱⁱ

Another major issue affecting U.S. security is the undocumented movement of immigrants across the border. The presence of an estimated 12 million undocumented people (most from Mexico and Central America) has confronted communities all over the U.S. with the task of providing education, social services, and health care to these new arrivals. Once-homogeneous small towns in the South and Midwest are now on the frontlines of globalization. While these immigrant populations undoubtedly place a strain on already limited resources, another major concern is the danger inherent to crossing the border. Immigrants desperate to escape circumstances in their native countries risk crossing inhospitable border regions at the mercy of "coyote" human traffickers; many die in the desert of heat exhaustion or dehydration. Furthermore, extensive networks of transnational gangs have begun to emerge from within these communities, most notably Mara Salvatrucha or MS-13. This gang, which was originally comprised of El Salvadoran immigrants in Los Angeles, has now evolved into a major criminal enterprise across Central and South America and the Southwestern United States, heavily involved in drug and weapons trafficking, extortion, contract killing, and auto theft. Also disconcerting is the possibility that terrorists can exploit these same networks and smuggling routes to enter the United States undetected.

Poor border controls and accountability also plague the infamous Tri-Border Area (TBA) that joins Brazil, Paraguay, and Argentina. With its non-existent monetary regulations and thriving "gray market" (counterfeit goods) economy, the TBA has long been a paradise for money launderers and smugglers, including many with ties to major criminal enterprises such as the PCC in Sao Paolo. The TBA's unique Lebanese demographic also plays host to a well-established funding arm for Hezbollah, which has long used revenue from counterfeit goods and drug trafficking to support its activities. In 1992 and 1994, several Hezbollah-backed agents used the TBA to plan and conduct attacks on a Jewish cultural center and the Israeli embassy in Buenos Aires. Though no similar violence has occurred since these two incidents, the Department of Justice estimates that over \$200 million in funding for Hezbollah comes from the TBA every year. ^{iv}

Yet behind all the shifting security programs and trade initiatives, policymakers are left with one major question: What direction is Latin America headed? Will Hugo Chavez's revolution be the harbinger of a truly hemispheric Populist movement, or will we see two distinct political blocs emerge? The answer will have a profound impact upon multilateral cooperation and conflict in the region. The recent expulsions of the U.S. Ambassadors in La Paz and Caracas serve as compelling reminders of this fact. But the future is not entirely bleak: Cuba is undoubtedly nearing the end of an era, and Raul Castro may prove a much more willing partner than his brother has been. Regardless, the new regime offers the United States a real opportunity to pursue new diplomatic initiatives and cooperate on issues of mutual concern, such as migration, human smuggling, drug trafficking, and public health. Also critical to the region's political future will be Hugo Chavez's actions at the end of his current term. After his attempt to constitutionally grant himself indefinite reelection failed by a narrow margin in 2007, Chavez promised to step down in 2013. His departure would potentially leave an opening for his opponents to seize power, though a Bolivarian candidate would likely hold a huge advantage in the election. Regardless of these political outcomes, what is certain is that Latin America has stiffened in its opposition to the "Washington consensus" of free markets and liberalized

economies, both of which are perceived as benefitting only the richest segments of society. U.S. policymakers will increasingly be forced to come to terms with this political backlash and the socio-political impact of Latin America's persistent inequalities.

How, then, should the United States reassess its fundamental policies toward Latin America? It is commonly argued that democracy in Latin America is weakly institutionalized beyond the convocation of relatively free and fair elections. How can the United States support the development of the rule of law, organized political contestation based on a sound multi-party system, and a vibrant civil society – essential elements of strong democratic governance? What can and should the United States do to promote authentic democratization in Latin America and also in the Caribbean? It seems likely that populist, anti-American politics will become stronger in the region as economic globalization undermines socio-economic stability. What can the United States do to encourage sound economic development in the region that promotes global integration and also reduces the profound economic gaps that already divide the social classes of Latin America? Has the US neglected the region for too long during the “War on Terror” that we will be required to expend innumerable resources and manpower just to achieve a level of relations that we had 15 years ago? Do we have the political will to do so?

Footnotes

ⁱ Energy Information Administration, U.S. Department of Energy
http://www.eia.doe.gov/pub/oil_gas/petroleum/data_publications/company_level_imports/current/import.html

ⁱⁱ Summary and Highlights: International Affairs Function 150, 2008 Budget Request. U.S. Department of State.

ⁱⁱⁱ “Colombia's Coca Survives U.S. Plan to Uproot It” by Juan Forreo New York Times Aug. 19, 2006

^{iv} Fernando M. Lujan and Tim Connors, “Forging a Security Strategy for Latin America,” McCormick Tribune Foundation, Nov 2, 2007, pg. 30.

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