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U.S. POLICY TOWARD LATIN AMERICA IN 2009 AND BEYOND

HEARING

BEFORE THE

SUBCOMMITTEE ON
THE WESTERN HEMISPHERE

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

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U.S. POLICY TOWARD LATIN AMERICA IN 2009 AND BEYOND

WEDNESDAY, FEBRUARY 4, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 11:20 a.m. in room 2172, Rayburn House Office Building, Hon. Eliot L. Engel (chairman of the subcommittee) presiding.

Mr. ENGEL. Good morning, everybody. Sorry for the delay, and welcome to what I believe is the first hearing of any subcommittee of the Foreign Affairs Committee. So we are honored that we have such a large crowd and an overflow. I was a hero out there being greeted by all these people. It was very nice to know that there is so much interest in foreign policy and in what the Congress is going to do this year with the new administration and the new Congress.

A quorum being present, the Subcommittee of the Western Hemisphere will come to order. It is my pleasure to welcome everyone to today's hearing on United States policy toward Latin America in 2009 and beyond. As I mentioned, this is our first subcommittee hearing in the 111th Congress. I want to welcome all of the members on the subcommittee on both sides of the aisle, and, in particular, I would like to extend a warm welcome to my good friend and our new ranking member, Connie Mack.

I am delighted that Congressman Mack is the ranking member. He and I have worked closely together on many things, and I think I was quoted in one of the Florida newspapers not so long ago as saying that Congressman Mack was a very important and welcome member of our subcommittee. I know that as ranking member he will even be more so. I look forward to working closely with you and I am very delighted that you are the ranking member.

I must also say something about the former ranking member, Dan Burton. My gratitude to him as well. He remains on the subcommittee but is becoming ranking member of the Subcommittee on the Middle East. Dan Burton and I have traveled together, worked together, and have had a wonderful relationship, and I know that that will extend to Connie Mack and myself as well.

Barack Obama's election was greeted with excitement throughout the hemisphere. When I traveled to Paraguay, Chile and Peru shortly after the Presidential election, there was a real sense of optimism, both among the heads of state and the citizens of these countries. I believe that the goodwill generated by President

Obama's election will itself do a great deal to reinvigorate United States/Latin American relations.

During his campaign, President Obama said, "My policy toward the Americas will be guided by the simple principle that what is good for the people of the Americas is good for the United States." That means measuring success not just through agreements among governments, but also through the hopes of a child in the favelas of Rio, the security for the policemen in Mexico City, and the answered cries of political prisoners heard from jails in Havana.

This bottom up and direct to the people approach is precisely what is needed in the Americas right now. With 40 percent of the region's population, some 209 million people, living in poverty, it is essential that we sharply focus our attention on the social agenda in the Americas. I would like to briefly outline what I think could be some positive steps taken by the Obama administration early on to further deepen United States/Latin American relations.

First and foremost, and I want to emphasize this, I believe that President Obama's participation in April's Summit of the Americas in Trinidad and Tobago would send an extremely positive message to the heads of state from Latin America and the Caribbean. I intend to be there, I hope many members of our subcommittee will be there, and I hope that we will be active partners because it is very, very important.

The Summit of the Americas is held approximately once every 4 years and this is a wonderful opportunity for the administration to show that Latin America and the Western Hemisphere is a priority.

Secondly, as Chairman Berman moves forward with foreign aid reform and the Obama administration prepares its fiscal year 2010 budget, it is essential that we increase funding for the countries in the Western Hemisphere.

I would venture to say that no member of this subcommittee would disagree with me that we need to significantly increase foreign aid to our neighbors in Latin America and the Caribbean. Quite frankly, budgets show priorities, and when foreign aid to the hemisphere lags behind, our allies understand the message that is being sent to them.

Thirdly, cooperation between the United States and Brazil significantly expanded during the Bush administration. This relationship needs to be further deepened under President Obama. The U.S./Brazil Memorandum of Understanding on Biofuels is the cornerstone of our bilateral relationship and represents the start of a program to help countries in the region to develop domestic energy supplies, but it is simply not enough.

The U.S./Brazil MOU (Memorandum of Understanding) already supports some so-called third countries but needs to be expanded to additional countries in Central America and the Caribbean most of whom are more than 90 percent dependent on imported oil, predominantly from Venezuelan President Hugo Chavez. President Obama has spoken of establishing an energy partnership for the Americas, something I strongly support.

As the House sponsor of the Western Hemisphere Energy Compact Act in the 110th Congress, along with Senator Richard Lugar,

I look forward to working with President Obama on a hemispheric energy partnership.

Fourth, we must continue to support our friends in Mexico through the Merida Initiative. This is very important, but we also need a more holistic, counterdrug strategy that includes greater assistance to Central America and an expansion of Merida Initiative to the nations of the Caribbean.

At the same time, it is critical to get our own House in order. This means reducing the demand for drugs in the United States by putting more money into domestic prevention and treatment programs. It also means stemming the flow of firearms into Mexico. Shockingly, 90 percent, and we learned this through hearings that we have held in this subcommittee over the past couple of years, 90 percent of the guns that are used in drug-related violence in Mexico originate in the United States.

I will soon be sending a letter to President Obama urging him to return to enforcement of the ban on imported assault weapons that was previously enforced by Presidents H.W. Bush and Bill Clinton but not enforced by the most recent Bush administration. Returning to enforcement of this ban would help reduce violence in the United States and would also curb violence in Mexico by limiting the number of assault weapons flowing from the United States into Mexico.

Fifth, I would urge President Obama to focus on Ecuador and Paraguay. It may seem odd that I mention these two small countries. I visited both, the subcommittee visited both, and I believe they are both countries where increased engagement by the Obama administration could go a long way. Presidents Correa and Lugo are both looking for ways to work with the United States.

In Ecuador, I believe the Bush administration made a mistake in just reaching out to President Uribe, whom I greatly admire and respect, but not to President Correa after the March 1 Ecuador/Colombia border crisis. In the coming years we must do more to support Ecuador's efforts to combat the FARC and help refugees at the country's northern border.

In Paraguay, President Lugo was the first President to be elected not from the Colorado Party in 60 years. President Lugo showed his interest in a strong relationship with the United States by visiting President Bush in Washington in October. Lugo easily could have waited for a new administration to take office, but he wanted to demonstrate right away the value he places in a good relationship with the United States. He said that to me in Asuncion.

I hope to introduce legislation later this year that would add Paraguay as an Andean Trade Preference Act (ATPA) beneficiary country.

Sixth, we must continue to support disaster recovery efforts in Haiti. At the same time, it is essential to help Haiti prepare for the next disaster. Haiti is the poorest country in the hemisphere and the need there could not be greater.

I would, of course, be remiss not to mention two countries of paramount importance to this subcommittee: Colombia and Cuba. In the case of Colombia, I believe that it is important for the new administration to continue to cultivate our strong relationship with

President Uribe who has been instrumental in reducing kidnappings and homicides in his country.

I am very impressed with President Uribe and what he has done for the people of Colombia, and we need to help them. Of course we will want to talk more about Cuba today since Cuba policy is at the forefront of any discussion on United States policy toward Latin America. Finally, I want to bring everyone's attention, I said this on the House floor yesterday, to the weekend's heinous attack on a synagogue in Caracas, Venezuela.

The attack is clearly the result of a climate of fear and intimidation inspired by the Venezuelan Government and by Hugo Chavez. On Monday I sent a letter, along with 19 of my colleagues on the Foreign Affairs Committee, to President Chavez urging him to end the bullying and harassment of the Jewish community in Venezuela and to extend the community the robust protection it deserves in light of the threats it faces.

The Venezuelan Government must quickly change its tune with regard to the country's Jewish community. I am now pleased to introduce our witnesses, and then I will call on Congressman Mack. Your testimony today will be crucial as we shape the agenda for the subcommittee in the coming Congress. Sergio Bendixen is president of Bendixen & Associates and a leading pollster in the U.S. and Latin America. Cynthia McClintock is a professor of Political Science and director of the Latin American and Hemispheric Studies Program at George Washington University.

Next, Eric Farnsworth, who is an old friend—not really old, Eric, but a friend—and has been in our subcommittee many times is the vice president of the Council of the Americas. Last, but not least, Ray Walser is a senior policy analyst for Latin America at The Heritage Foundation. Welcome to all of you. I am now pleased to call on Ranking Member Mack for his opening statement.

[The prepared statement of Mr. Engel follows:]

Opening Statement
Chairman Eliot L. Engel

House Foreign Affairs Subcommittee on the Western Hemisphere

US Policy Toward Latin America in 2009 and Beyond

Wednesday, February 4, 2009

A quorum being present, the Subcommittee on the Western Hemisphere will come to order.

It is my pleasure to welcome you to today's hearing on US policy toward Latin America in 2009 and beyond – our first Subcommittee hearing in the 111th Congress. In particular, I'd like to extend a warm welcome to my good friend and our new Ranking Member Connie Mack and my gratitude to Dan Burton who remains on the Subcommittee, but is becoming Ranking Member of the Subcommittee on the Middle East.

Barack Obama's election was greeted with excitement throughout the hemisphere. When I traveled to Paraguay, Chile and Peru shortly after the presidential election, there was a real sense of optimism, both among the heads of state and the citizens of these countries. I believe that the goodwill generated by President Obama's election will itself do a great deal to reinvigorate US – Latin American relations.

During his campaign, President Obama said, "My policy toward the Americas will be guided by the simple principle that what's good for the people of the Americas is good for the United States. That means measuring success not just through agreements among governments, but also through the hopes of the child in the favelas of Rio, the security for the policeman in Mexico City, and the answered cries of political prisoners heard from jails in Havana."

This bottom-up and direct-to-the-people approach is precisely what is needed in the Americas right now. With 40% of the region's population – some 209 million people – living in poverty, it is essential that we sharply focus our attention on the social agenda in the Americas.

I would like to briefly outline what I think could be some positive steps taken by the Obama Administration early on to further deepen US – Latin American relations:

First and foremost, I believe that President Obama's participation in April's Summit of the Americas in Trinidad and Tobago would send an extremely positive message to the heads of state from Latin America and the Caribbean.

Second, as Chairman Berman moves forward with foreign aid reform and the Obama Administration prepares its FY 2010 budget, it is essential that we increase funding for the countries in the Western Hemisphere. I would venture to say that no Member of this Subcommittee would disagree with me that we need to significantly increase foreign aid to our neighbors in Latin America and the Caribbean. Quite frankly, budgets show priorities and when foreign aid to the hemisphere lags behind, our allies understand the message that is being sent to them.

Third, cooperation between the US and Brazil significantly expanded during the Bush Administration. This relationship needs to be further deepened under President Obama. The US-Brazil Memorandum of Understanding (MOU) on Biofuels is the cornerstone of our bilateral relationship, and represents the start of a program to help countries in the region to develop domestic energy supplies, **but** it is not enough. The US-Brazil MOU already supports some so-called "third countries," but needs to be expanded to additional countries in Central America and the Caribbean, most of whom are more than 90% dependent on imported oil, predominantly from Venezuelan President Hugo Chavez. President Obama has spoken of establishing an Energy Partnership for the Americas – something I strongly support. As the House sponsor of the Western Hemisphere Energy Compact Act in the 110th Congress along with Senator Richard Lugar, I look forward to working with President Obama on a hemispheric energy partnership.

Fourth, we must continue to support our friends in Mexico through the Merida Initiative. This is very important, but we also need a more holistic counterdrug strategy that includes greater assistance to Central America and an expansion of the Merida Initiative to the nations of the Caribbean. At the same time, it is critical to get our own house in order. This means reducing the demand for drugs in the US by putting more money into domestic prevention and treatment programs. It also means stemming the flow of firearms into Mexico. Shockingly, 90% of the guns that are used in drug-related violence in Mexico originate in the US. I will soon be sending a letter to President Obama urging him to return to enforcement of the ban on imported assault weapons that was previously enforced by Presidents George H.W. Bush and Bill Clinton, but not enforced by the most recent Bush Administration. Returning to enforcement of this ban would help reduce violence in the US and would also curb violence in Mexico by limiting the number of assault weapons flowing from the US into Mexico.

Fifth, I would urge President Obama to focus on Ecuador and Paraguay. It may seem odd that I mention these two small countries. But, I believe they are both countries where increased engagement by the Obama Administration could go a long way. Presidents Correa and Lugo are both looking for ways to work with the US. In Ecuador, I believe the Bush Administration made a mistake in just reaching out to President Uribe – someone who I greatly respect and admire – but not President Correa after the March 1st Ecuador-Colombia border crisis. In the coming years, we must do more to support Ecuador's efforts to combat the FARC and help refugees at the country's northern border.

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Finally, I want to bring everyone's attention to this weekend's heinous attack on a synagogue in Caracas. The attack is clearly the result of a climate of fear and intimidation inspired by the Venezuelan government. On Monday, I sent a letter, along with 19 of my colleagues, to President Chavez urging him to end the bullying and harassment of the Jewish community in Venezuela and to extend the community the robust protection it deserves in light of the threats it faces. The Venezuelan government **must** quickly change its tune with regard to the country's Jewish community.

I am now pleased to introduce our distinguished witnesses. Your testimony today will be crucial as we shape the agenda for the Subcommittee in the coming Congress. Sergio Bendixen is president of Bendixen and Associates and a leading pollster in the US and Latin America. Cynthia McClintock is a professor of political science and director of the Latin American and Hemispheric Studies Program at George Washington University. Next, Eric Farnsworth is the Vice President of the Council for the Americas. And, last but not least, Ray Walser is a senior policy analyst for Latin America at the Heritage Foundation.

Thank you very much. I am now pleased to call on Ranking Member Mack for his opening statement.

Mr. MACK. Thank you, Mr. Chairman, and thank you for your kind words. I look forward to working with you. We have a great working relationship, as well as a friendship that goes beyond the walls of Congress, and so I appreciate your kind words and look forward to working on behalf of the people of the United States on behalf of the people of Latin America with you, and also would like to say hello and that I look forward to working with all of our colleagues on the committee, both on the left and the right.

I think as we tackle some of the issues that you mentioned we do so best when we have open debate with opposing ideas and we are willing to discuss them openly to come up with solutions that will benefit all. So thank you to all the members who are here as well. There are a lot of challenges as you have outlined in your opening statement, Mr. Chairman, in the Western Hemisphere.

My hope is that we can take each one of those challenges, whether it is human rights violations, drug trafficking, poverty, the issues dealing with energy and oil, we can take each one of those issues, look deep inside of us and work on behalf of the people of Latin America. As you quoted, I believe President Obama has said that the best way to help is to help the people of Latin America, something like that.

I am sure you said it much more eloquently than I did. It is true. The best way that we can move forward and Latin America can move forward is by supporting the people in Latin America. By supporting the people in Latin America, they will force a change with inside their own governments that we don't have to do directly.

You mentioned Venezuela and you know that I am a critic of Hugo Chavez and will continue to be a critic of Hugo Chavez because I believe the policies he has put forward in his country have destroyed the hopes and dreams of the people of Venezuela, and he hopes to spread that same message beyond the walls of his own country.

We see that with the relationships that he has forged with Iran and Russia. It seems that if you are an enemy of the United States, then you are a friend of Hugo Chavez. So I hope that our committee will continue to stay focused on the problems and challenges that we face as they relate to Hugo Chavez and his government in Venezuela.

Cuba is also another area where I am sure we will have hopefully a lot of hearings, and conversations and debate about the policies moving forward with the United States and Cuba. I have seen nothing has changed in Cuba. You still have a Castro who has not shown us that he is willing to unclench his fist, and therefore, we need to stay vigilant in our actions toward Cuba and ensure that our policies are those that support the people of Cuba.

Mr. Chairman, I think that we have got a great panel today for discussion, and I look forward to many, many more and hope that we will continue to work together and make our foreign policy decisions based upon what is right for the people of the United States and Latin America. Thank you, Mr. Chairman.

[The prepared statement of Mr. Mack follows:]

Opening Statement
Ranking Member Rep. Connie Mack (FL-14)
Subcommittee on the Western Hemisphere
House Committee on Foreign Affairs
February 4, 2009

"U.S. Policy Toward Latin America in 2009 and Beyond"

As prepared for delivery

Mr. Chairman, I want to thank you for your kind remarks. We have worked very well together in the past and I am looking forward to working with you this Congress and continuing our strong relationship on this Committee.

Mr. Chairman, we have an enormous task before us. Under your leadership and the leadership of Mr. Burton, this Committee has recognized the gravity of the issues we face in Central and South America. And while I believe the Bush Administration's heart was in the right place, the Administration did not pay enough attention to the significant challenges and changes in Latin America. We each understand that Latin America is vitally important to our country's prosperity and security, and we will be watching with a careful eye for strong leadership for the region from President Obama and Secretary Clinton.

This year alone, several countries in Latin America will vote for a new president. Chile. Uruguay. El Salvador. Panama. Honduras. This year will be a decisive year for the men and women who wake up every day and who want nothing more than freedom, security, and prosperity in their countries. Going forward, it is important that we consider the potential ramifications of these elections and how we can help the people of Latin America.

A little more than 20 years ago, President Ronald Reagan and the United States were very active in encouraging the adoption of democracy and free markets as political and economic models to promote freedom, security, and prosperity throughout Latin America. These ideals helped defeat the insurgencies and the subversive communist influence advanced by the former Soviet Union and Cuba.

However, in the decades that have passed, the United States has witnessed a growing storm that is brewing in Latin America. Freedom is slipping away, and anti-American, leftist leaders continue to amass power and erode democratic institutions.

Several nations and millions of people in Latin America are vulnerable to this alarming loss of freedom. Venezuela, under self-proclaimed communist President Hugo Chavez, is leading the fight against freedom and democracy.

Chavez—together with the likes of Morales in Bolivia, Correa in Ecuador, and Ortega in Nicaragua— are deliberately destroying freedom and free markets. In each of these countries, the rule of law has given way as the freedoms of the many are systematically eliminated by the few.

In Venezuela in particular, President Chavez continues to snuff out dissent and rattle his saber while lining his pockets from the proceeds of high oil prices this past year.

With the recent collapse of oil prices, the Chavez regime is increasingly feeling threatened, and with next week's referendum, he is once again telling the Venezuelan people to make him president for life. This is dangerous for all of us in this hemisphere, especially given his growing ties to Iran, his military and economic alliance with Russia, and his dubious friendship with the Castros in Cuba. This should give us all great pause and concern.

Mr. Chairman, we must do all we can to support our allies in the region and to promote hope and opportunity. Colombia, under the leadership of President Uribe and with our help, has taken great strides in defeating the FARC and disarming the paramilitary groups. Plan Colombia has had a direct impact in bringing down the number of homicides, kidnappings, and bloodshed there. While things are not perfect in Colombia, now is not the time to turn our backs on our friends. It is all the more reason why we must support Plan Colombia and we must work to pass a free trade agreement.

Mexico is facing an immediate crisis battling drug traffickers and we cannot sit by with this threat to an ally of ours. We must continue to support the Merida Initiative. According to Mexico's attorney general, 6,616 people died in drug-trafficking violence in Mexico last year. A high percentage of those killed were themselves criminals, but many law enforcement agents battling organized crime were also murdered. And the carnage continues. Nearly 400 people have been killed so far this year, and a recent report suggests that Mexican gangs have operations in hundreds of U.S. cities.

Finally, I would like to say a few things about Cuba. During President Obama's inauguration speech, he said, "To those who cling to power through corruption and deceit and the silencing of dissent, know that you are on the wrong side of history; but that we will extend a hand if you are willing to unclench your fist." While many are celebrating Fidel Castro's departure from the political stage, we can't overlook that his brother Raul was a vicious enforcer in his brother's regime. The Castros have brutally ruled the Cuban people at the tip of a gun for 50 years. While some are going to push for relaxing many of the restrictions that we have placed on Cuba, nothing, I repeat nothing, the Castros have done has unclenched their stranglehold on the hopes and dreams of the Cuban people.

I realize the challenges I have discussed are big. I know that we will have the chance to discuss a number of these today. But make no mistake: we are at a critical juncture. We cannot turn our backs on Latin America. Mr. Chairman, I appreciate your holding this hearing and I look forward to working together on these important issues.

Mr. ENGEL. Thank you, Mr. Mack. Let me first also announce that the subcommittee in couple of weeks will be visiting Mexico, Nicaragua and Jamaica as a fact-finding trip. I would like to give members a chance, if they would like, to make an opening statement. They don't have to. We can hear our witnesses. Is there any member on this side of the aisle that wishes to make an opening statement?

Mr. MACK. Mr. Chairman? Real quick. I ask unanimous consent to submit additional documents for the record.

Mr. ENGEL. Without objection.

Mr. MACK. Thank you.

Mr. ENGEL. Yes. I didn't see who was raising their hand. I am sorry. Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I also would like to welcome our new ranking member, Mr. Mack, to our subcommittee, as well as our distinguished witnesses this morning. Mr. Chairman, we deeply appreciate your leadership and your willingness continuously to serve as the chairman of our subcommittee, and especially addressing the serious needs of our neighbors in Latin America.

Mr. Chairman, a new wind is blowing. We have a saying in the Islands that goes something like this: [Representative Faleomavaega spoke in his native language] which means a good wind is blowing, but the sail is torn. To that extent, Mr. Chairman, I think we have mended the sail, the good wind is blowing, we have a new administration in Barack Obama, and I think if there is anything else that we have ever learned in what he has suggested in our foreign policy system is, for a change, let us listen.

Let us listen to the leaders of our neighbors in Latin America, their concerns, rather than dictating to them as what they should be doing. Mr. Chairman, as you know, for over the years I have always taken a great interest in the needs and the welfare of the native indigenous Indians throughout Latin America.

You had stated earlier something to the extent that 290 million people in Latin America live in dire poverty. I would venture to say that probably 200 million of those people are indigenous Indians. I think, Mr. Chairman, we deeply need to address the important issue of what has happened to the native indigenous peoples of Latin America after 500 years of being smitten and conquered, and as a conquered people, marginalized in just about every form of economic, social, political opportunities and development.

I think this is something our subcommittee really needs to look into a little more. I note with interest that the country of Bolivia, which is about 60 percent or more population are indigenous Indi-

ans. I think just yesterday the New York Times had a cover page on the fact that this country of Bolivia produces half of the lithium of the world which gives to rise that I think the Latin American countries have tremendous resources, and I think something to the effect that we need to look at this a little more seriously.

I do want to say, Mr. Chairman, just yesterday in my office we had distinguished members of Parliament from the Republic of Venezuela. I know we may have different opinions about Mr. Chavez, but I think this is something also as an opportunity, let us get to the roots of the problem as to why Mr. Chavez has always taken a negative attitude toward America.

Why for the past 8 years that we have treated, have this relationship or this dialogue that it seems to be very negative. I seem to get the impression that President Obama wants to reach out even to those neighbors of ours that may not necessarily agree with our political systems, but at least establish some things that we could go on. I have always said that there are more good than negatives in any country among any people that we could better treat.

I agree with you, whatever happened, the bombing of the synagogue in Venezuela needs to be addressed, and I hope Mr. Chavez will look at this issue seriously because if it happens to our Jewish community in Venezuela, it could happen to anybody. I cannot agree with you more in that respect. So with that, Mr. Chairman, fortunately I have another meeting I have to preside over, but I really would like to ask our friends and experts, if you have any information in terms of the status of the needs of our indigenous Indians throughout Latin America, we really need to address their issues and their needs. With that, Mr. Chairman, thank you again.

Mr. ENGEL. Thank you, Mr. Faleomavaega. Mr. Smith?

Mr. SMITH. Thank you very much, Mr. Chairman. First of all, let me just say that our subcommittee is really very fortunate to have you, Mr. Chairman, and our distinguished member, Mr. Mack, at the helm, two extraordinary lawmakers and real leaders, and so I think we are blessed and I think the people of Central and South America will continue to realize that this committee is their advocate and we want to forge a closer bond with them.

For 8 years I chaired the Human Rights and International Operations Subcommittee of the Foreign Affairs Committee. We held a number of hearings on Cuba, as you know, and we actually had one hearing on Elian Gonzalez when he was sent back and have raised issues of political prisoners on that gulag nation state for years.

I was actually with Armando Valladares when he was named in the 1980s to be our ambassador at the Human Rights Commission in Geneva and watched as he very masterfully corralled support for a resolution on Cuba that sent a fact-finding mission to Cuba to look at the prisons. That was the first time it had been done. The ICRC and others have never since been allowed in, regrettably.

Unfortunately, the Castro regime, as you know, Mr. Chairman and Mr. Mack, retaliated against those people who came forward. That abomination has to stop. Congressman Frank Wolf and I had tried again to go to Cuba this weekend to seriously engage the Cuban Government on the human rights issue. It looks like we will not be allowed to go there.

We want to raise issues like Dr. Oscar Biscet and the others who have been absolutely wrongfully incarcerated, have been tortured, have been put into solitary confinement; their lives are gravely at risk, and what do we get back from the Cuban Government? Nothing. They do not allow any kind of contact by parliamentarians and by, like I said, the International Committee for the Red Cross and others.

I am sure many people in this room have read Armando Valladares' book "Against All Hope." I have read it twice. It is an absolute tremor on what the Castro regime has done and has continued to do against political prisoners. The use of torture is systematic, it is pervasive and members of that government ought to be at The Hague being held for crimes against humanity.

So I do hope that we will spend at least a considerable amount of our time and our witnesses' time focusing on—maybe this is an opportunity with Barack Obama now in the Presidency to really seize the moment and get those political prisoners out of harm's way before more of them die. I yield back.

Mr. ENGEL. Thank you, Mr. Smith. Mr. Klein?

Mr. KLEIN. Thank you, Mr. Chairman and Ranking Member. Appreciate the outline of the issues as extremely well-presented this morning. Just to add a few points to this. The history of the United States' relations in Latin America has been somewhat consistent over the last couple of decades. It is not just this past administration; it predates that in terms of, in my opinion, a somewhat lackluster approach and a comprehensive view.

We have pushed trade, and we recognize that free trade is important in our hemisphere, but beyond that, it is not just trade. Trade goes so far in terms of the business community and some opportunity for employment, but it is that underneath part of the relationship that needs to be further developed.

The reason Mr. Chavez has had some success in his neighboring countries is because he has applied some of that oil money to healthcare and some things underneath there to attract local people, people that don't have big relationships with their central government or other people. That has been somewhat effective.

We need to do a better job of showing the commonality of interest that we have, the values that we share, the free enterprise system that we believe in, all the various things that can make their life better in a region, and it is very important. Venezuela is a particular problem because we see the use of the oil money, the attitude, the threats, the Venezuelan Jewish community attack. That is unacceptable, and, as I know, there are many people in this country that view it that way.

Even our transportation secured administration has taken the position that U.S. passengers traveling back and forth between Venezuela and the United States are not safe. I mean, these are serious problems that need to be addressed. At the same time, we have to look inward in the United States. The chairman mentioned energy policy. We cannot deal with Venezuela effectively until we recognize that we are buying millions of barrels of oil and propping up economically a country that we view as certainly not acting in our best interests, and in many ways, hostile to our interests.

So this relates to our internal energy policy and us dealing with energy alternatives and internal energy policies that will allow us to remove ourselves from that commitment to buying oil from that country, as well as having an energy policy that is comprehensive for the entire Western Hemisphere, which I certainly support as well.

So, Mr. Chairman, I look forward to working with all of you and our experts, and looking forward to hearing from them today, the comments that they have, to help develop a policy that will be comprehensive and suit us well in the future. Thank you, Mr. Chairman.

Mr. ENGEL. Thank you, Mr. Klein. Mr. Fortenberry?

Mr. FORTENBERRY. Mr. Chairman, thank you for your leadership, and I thank Mr. Mack as well for devoting a significant amount of your public policy energy to these concerns.

I have been a member of the Foreign Affairs Committee since coming to Congress, but this is my first service on this particular subcommittee, so I look forward to working with both of you to strengthen our partnerships and our resolve in our own neighborhood, confronting human rights abuses, as well as endemic poverty, but also creating a platform for new dialogue and new ways of thinking about creating hope and opportunities among all of our people. So I thank you and look forward to serving with you.

Mr. ENGEL. Thank you very much. Mr. Meeks?

Mr. MEEKS. Thank you, Mr. Chairman. I want to thank you for your leadership on this committee in moving forward, and I think that we can tell by the way that this room is filled today the interest in the Western Hemisphere and understanding the importance that the Western Hemisphere is to the United States of America. It is a new day. You know, that is a change that we have got to understand and recognize that our dear friends to our south are indeed critically important to us here in the United States.

I think as Chairman Faleomavaega said, and as President Obama said, that we need to reach out. Last night, I had a small dinner with the Assistant Secretary of State, Tom Shannon, and what he said was, I think he was quoting someone else, I can't remember who, but he said that a crisis is a terrible thing to waste. And so when I hear that we have these challenges, we can call them a crisis in Venezuela, but there is also opportunity.

We can call it a crisis in Cuba, but there is also opportunity. There is a crisis in Colombia, there is also opportunity. There is a crisis when you look at the plight of those who are African, Latinos and those who are indigenous to the nation, but there is also opportunity. That is what I think that we need to look at and look at where we can open those doors to make things better because when we make things better there, we make things better for ourselves.

That being said, you know, as we talk about what is going on today, and of course all of our concerns here in the United States right now is the global financial crisis. As a result of that, many of our concerns are definitely focused on the stability of the United States' economy. I am also tremendously concerned about our neighbors in the hemisphere and how the shock from the financial crisis might impact the recent social and economic gains that they have seen.

Without a doubt, when you go to South America, Central America and the Caribbean nations, they can do many things to prevent their loss of their progress, but it is also very clear that they will need external support. I have watched the transformation of many of these countries in the Western Hemisphere with great hope and anticipation in the past few years and I now watch with anxiety and fervent hope that there will not be much slippage backwards in these trying times.

The economies of Latin America and the Caribbean grew at an average annual rate of nearly 5.5 percent for the 5 years between 2004 and 2008, lending credence to the once widely-accepted idea that they were decoupling from slower growing developed economies, particularly the United States. Today, we find that despite years of economic reform and growth, the region is not inoculated from the financial shocks reverberating from the United States.

Our great lesson in this moment of crisis is that we are all critically linked together and interdependent. Latin America and the Caribbean, not unlike most developed and emerging markets are today, find that they are indeed subject to the movement of world markets and trends. However, unlike the United States, and China and other similarly situated nations, Latin America and the Caribbean governments are for the most part ill-equipped to put 5 to 7 percent of GDP into a stimulus package.

Even those nations that have been buoyed by high revenues in the past now find that they have reduced their ability to act because of falling commodity prices. None of this bodes well for South and Central America and the Caribbean. Suddenly, nations that had the gun to feel the benefits of sustained growth are now turning to external stimulus packages for help.

They are looking to international financial institutions more than they have in a long while. Until recently, there was noticeably a decline in IMF, World Bank and IDB lending to the region. That trend has since been replaced with IFIs announcing aggressive new lending projects in the region. There are many questions to explore if IFIs are to shed for good the negative perceptions they have had in the region.

For example, what are the conditions associated with the new liquidity of funds? If the severe policy changes of the past return as conditions for lending, will they surely provide ill feelings for IFIs? I look forward to hearing from this magnificent panel today, and I am particularly interested in your views on how Latin America, the Caribbean nations can both recover from this crisis and hold on to important long-term goals, like poverty reduction, social inclusion and trade capacity building. Thank you.

Mr. ENGEL. Thank you, Mr. Meeks. Mr. Sires, who has served as our vice chair.

Mr. SIRES. Thank you, Mr. Chairman. I will just be very brief because I really want to hear what this panel has to say. I wasn't going to speak but some of the members expressed by thinking so well. I was very disappointed last year to begin with when we didn't have a vote on the Colombia free trade agreement. I think that would have sent a strong message to the region in terms of this country trying to work with all those countries.

I am obviously very interested in the issue of Cuba. I have relatives there, a cousin there, and obviously I am very interested in the new position that this President is going to take. I also believe firmly that we cannot take a country by country approach. We have to take a regional approach because every one of those countries is important. So I look forward to seeing what the new administration is going to do with the lack of money that we have now about how we can improve our relationship with all those countries.

I read also the story on Bolivia, the lithium concentration that they have in that country. If we are going to move forward on cars or battery cars, that is going to be an important partner in this process. I am also looking forward to hearing what the influence of Russia, China and some of the other countries that are going into the region, even in Iran.

Obviously, I am very concerned about what is going on in Venezuela. I see the trend of Venezuela, the abuse against the Jewish community in Venezuela, as the same trends that happened in Cuba many years ago. So I am really looking forward to what the panel has to say. Mr. Chairman, I look forward to working with you and the new ranking chair, the member from the Republican side. Thank you.

Mr. ENGEL. Thank you, Mr. Sires.

Before I call on our witnesses, I just want to acknowledge two friends who are here today, the Ambassador from Colombia, Carolina Barco. Welcome. Behind her, Ambassador Villagran from Guatemala. Welcome, Ambassador. It is always a pleasure to have good Ambassadors here. In fact, when we were at the swearing in for President Obama we had a walk through of the Ambassadorial section. I said, I have so many friends there, I ought to sit with them instead of with the Members of Congress. So welcome. You could tell Mr. Meeks is from New York. He has an attitude.

Let me again welcome the witnesses. We really do appreciate your coming here. Part of the hardest job you have is not your testimony, it is listening to all of us before you can testify. Now we are going to listen to you, and we are very anxious to hear what you have to say. Let us start with Mr. Bendixen.

STATEMENT OF MR. SERGIO BENDIXEN, PRESIDENT, BENDIXEN & ASSOCIATES

Mr. BENDIXEN. Chairman Engel, thank you so much for the opportunity and the privilege of addressing your subcommittee about our foreign policy toward Latin America at such an important time as the new President gives us hope and optimism about the future.

I want to begin by making it clear that in my opinion, actually I think it is going to be a very controversial opinion, that the political and economic challenges facing our Latin American foreign policy are daunting. There are now two Latin Americas. The eight countries that make up what I call the Socialist Coalition are not our friends. The leaders of Venezuela, Bolivia, Ecuador and Cuba had made that clear through their words and deeds.

The Governments of Argentina, Brazil, Uruguay and Paraguay have been more careful about their rhetoric and even their policies, but they have worked to diminish our power and influence in the region. The other Latin America is made up of Mexico, Colombia,

Peru, Chile, the Central American nations and the Dominican Republic. I call them the free market countries.

The two Latin America models reflect the political reality of 2009, and let us not forget that in the 2006 Mexican Presidential election, the candidate supported by the countries of the Socialist Coalition lost by less than 1 percentage point. Could have been a lot worse. Is it just the radical Presidents and the leftist politicians that do not like us? No.

The image of the United States in most of the countries in the Socialist Coalition was at an all time low in 2008. For example, only 9 percent of adults in Argentina and less than 30 percent of those in Venezuela and Brazil had a favorable opinion of the United States. As I mentioned before, the words and deeds of many of the Presidents of the Socialist Coalition countries have contributed to the decline of our image and influence in the region.

"Capitalism is the enemy of humanity," says the coup d'état signed by the Presidents of Brazil, Venezuela, Bolivia, Ecuador and Paraguay at the World Socialist Forum held in Berlin just last week. President Evo Morales of Bolivia expelled our Ambassador last September. President Hugo Chavez of Venezuela expelled our Ambassador 2 days later.

As I am sure we all remember, we were offended, all Americans were offended, when he called our President the devil at the United Nations. Lula, the President of Brazil, yes, he is more moderate in his economic policies and rhetoric, but let us not forget that he led the movement that is responsible for the demise of the U.S.-led free trade agreement to the Americas signed in Miami in the middle 1990s.

President Rafael Correa of Ecuador has ordered the closing of our military base in Manta later this year. What factors helped create the two Latin Americas? Let us review the six characteristics that differentiate the Socialist Coalition countries from the free market countries.

First, all of the free market countries have a free trade agreement with the United States. None of the Socialist Coalition countries have one. Second, most of the free market countries have a large number of their citizens working in our country, and therefore, they receive billions of dollars in remittances every year. The opposite is true of most of the Socialist Coalition countries.

Third, the image of the United States is positive, very positive, among the people of the free market countries and very negative among the people of the countries of the Socialist Coalition. Fourth, free market economic policies in one Latin America, Socialist economic policies in the other Latin America. Fifth, our Ambassadors play an important role in the free market countries. In contrast, they are almost irrelevant in the countries of the Socialist Coalition. As a matter of fact, we don't even have one in three of them.

Sixth, free market countries have increased trade, mostly with Europe, Japan and Taiwan since 2000, while China has become the most important trade partner for the Socialist Coalition countries during the same period of time. One statistic says it all: Exports to Latin America from China have increased by more than 600 percent since the year 2000. Six hundred percent. The equivalent

number for the United States, little more than a 40 percent increase, less than 6 percent a year.

What do I recommend? Let us be realistic about our limitations for the next couple of years. We do not have the economic resources or the political credibility to have a major impact in the countries that make up the Socialist Coalition. Let them be for now.

Let us target our assistants, let us help our friends, let us approve the free trade agreement with Colombia, let us implement the agreements with Peru, Chile, Central America and the Dominican Republic in a way that maximizes their opportunity to achieve progress, let us full fund the Merida Initiative and help Mexico fight the drug cartels, let us not lose anymore power and influence in Latin America. In 2009, it is unfortunately the best we can do. Thank you, Mr. Chairman.

[The prepared statement of Mr. Bendixen follows:]

Sergio Bendixen, President, Bendixen and Associates
Testimony to the House
Subcommittee on the Western Hemisphere on US Policy towards Latin America and the Caribbean

February 4, 2009

Chairman Engel, thank you for the opportunity to testify on the critical and timely need to produce and execute an effective and sustainable US policy towards Latin America and the Caribbean. A policy that should signal serious commitment and a willingness to learn and to listen on our part.

Throughout the 20th Century, President Roosevelt articulated the Good Neighbor policy and talked about the respect and the rights of others. President Kennedy launched the Alliance for Progress which resulted in the high water mark for US relations in the region and President Clinton saw the importance of working together and convened the Summit of the Americas. Despite these noble and well conceived efforts we have not been able to develop a true, consistent, effective and lasting partnership with our Latin American neighbors.

REGIONAL OBSERVATIONS:

With some notable exceptions, Latin American countries have become politically mature, more independent and critical of the US during the long benign neglect of the last 8 years. Brazil and Venezuela are projecting their influence across the region. Peru, overcoming corrupt governance, has begun to move forward, as well as Colombia. Yet, nations like Haiti, Honduras, Nicaragua, Ecuador, and Paraguay continue to be mired in a troubled past and Cuba is ripe for a major change with some initial steps that the President should undertake by lifting all remittance and travel restrictions while calling for the release of all political prisoners.

Emerging and powerful multinationals of the stature of Brazil's mining giant Vale, and energy global player Petrobras, or Mexico's CEMEX demonstrate the growing economic maturity shaping the region. New trade links denote a diversified global presence. Chinese imports increased twenty fold since 1990, while Chinese exports to the region jumped from $600-$700 million range at the beginning of the 90s to close to $40 billion around 2005.

Key regional players like Mexico, Brazil and Argentina see no reason to support our policies in Doha and the Bretton Wood Group, or in our reaction to formal or informal multi-country organizations like OECD and the G-8. This is a very troubling development that will only get worse without a new an effective approach from the US.

These trends (and others like urbanization, communications, financial maturity, trained professionals, transportation, grass root democratization across the spectrum) call for a new approach in our foreign aid as part of our overall foreign policy, one tracking more the MCC process (one which rewards and reinforces proper policies and regulations) than conventional USAID projects alone.

LA/C can no longer be treated as a single region where one set of policies fits all. Massive income disparities and all pervasive corruption enjoyed with total impunity by previous governments have given leaders like Chavez, Correa, Morales and Ortega the popular electoral base which placed them in power.

It is encouraging Mr. Chairman, to those of us that continually monitor and experience the regional events, to know that your leadership and the work of this Committee, at this time, will be of special importance and relevance to promote a new era of hope, understanding and productive engagement between the US and Latin America.

Intractable unequal income distribution and high poverty levels throughout the entire region along with personal insecurity, public corruption, poor education, labor rights violations and organized crime are the main reasons used by groups opposed to the US to vent the latent resentment and frustration of the population.

We must address these fundamental root causes in the formulation of our foreign policy, trade agreements and economic aid programs if we are to achieve an efficient, lasting and morally grounded approach.

Because of these factors, democratic advances of the last 20 years are at risk as we see the unfolding of anti American populist movements with authoritarian tendencies led and inspired by the Castro – Chavez playbook. Iran, Russia and China's growing presence in the region add to this widening rift between US interests and Latin America.

In both Venezuela and neighboring Ecuador, leftist leaders have used referendums as ways to consolidate power and mold their countries along populist lines.

In Bolivia, a constitutional referendum just approved will allow President Evo Morales to seek a second consecutive five-year term, reshape the congress, and extend the state's power – an important victory for this strongly anti-American leader who recently expelled the U.S. ambassador, nationalized the country's energy supplies, and whose key patron is Venezuelan President Hugo Chávez. If re elected, Morales could remain in office through 2014.

In El Salvador, presidential elections will be held next month on March 15. A recent poll gives Mauricio Funes, the FMLN candidate a lead of 47.4% over Rodrigo Avila, the ARENA nominee at 23.8%.

Funes is a popular political commentator and talk show host who gained a national audience and following through the construction of a patchwork grid of daily TV and radio broadcasts on second-tier media outlets throughout the country.

These populist Latin American leaders have found the way to get the majority of their marginalized and disenfranchised people to vote them into power. Funes has done exactly this and he may well win the Presidential election and usher the FMLN back as one more anti American government in El Salvador.

We must underscore that no regional stability will be sustainable over the long term in the absence of measures enforced to reduce the gap between the few haves and the majority have nots.

This is not the time for ideological filters, but for pragmatic diplomacy. The stronger countries--**Argentina, Brazil, Chile, Mexico, and Venezuela**--and increasingly **Peru** and **Colombia** could serve as anchors to our foreign policy in the region. In this set, only **Brazil, Chile and Mexico** may be strong enough to qualify as primary partners. But the others must be engaged with a clear end game: **To have the US as an integral part of their trade, capital and military**

institutions instead of voracious emerging powers like China and Russia taking over markets for US products and services in the region..

Chile is a sort of Sweden of the Americas and **Costa Rica** is an example of democratic stability. What applicable lessons can the US learn and export from these two?

The moral high ground brought by this Administration, with an afro descendant as our national leader, should be fully capitalized in a continent where afro descendants, indigenous communities, and other non-Caucasians represent a large part of the population and have been systematically excluded.

As President Obama has stated: America is strongest when we act alongside strong partners. Now is the time for a new era of international cooperation that strengthens old partnerships and builds new ones to confront the common challenges of the 21st century -- terrorism and nuclear weapons; climate change and poverty; genocide and disease. Most of these are present in the Latin America and Caribbean region.

POLICY - STRATEGIC ELEMENTS

Our overall strategy in Latin America should address these basic areas in Phase I (next two years), at a minimum, to yield productive and lasting US – LA/C partnerships:

A. Macro-economic stability - We must develop coordinated regional plans with the Treasury, the Fed and US Foreign Aid to ensure that Mexico, Brazil, Argentina and Chile are macro economically stable as the main economic engines of the area.

B. Economic development - expanding opportunities for all through economic integration. LA/C needs investment, innovation and fair trade linked closely with small and medium sized US companies to "lift all boats". The focus of our aid should be on micro and not macro projects to quickly have a significant and positive impact on the region from the bottom up. More US trade missions should be encouraged and made a part of US policy. One of the keys to development and good health is readily available clean water. The US can play a key partnership role here. When people have economic stability, markets for their products and choices, they choose democracy, demand transparency and actively participate in their own government. The Peace Corp should be expanded as well as cultural and educational exchange and other people to people programs to solidify relations and breakdown barriers between North and South.

A word of caution here: there are way too many NGOs and other organizations spending too much money inefficiently to make an optimum impact (too many administration costs, turf battles and redundancy in this area to optimize effectiveness). Launching even more groups to get involved could make the problem worse. Some organization needs to act as a clearinghouse for global economic development to maximize financial aid and effort.

C. Develop sustainable energy sources and combat climate change. We should invest, promote and seed projects that develop solar, wind, water, bio fuels and other clean energy sources while requiring re forestation, preservation and rehabilitation of environmentally sensitive water and green areas as conditions to aid packages.

D. Security - protect the hemisphere by strengthening human rights and the rule of law to protect the public and to combat drug trafficking and organized crime. Develop programs to reform judicial systems, train law enforcement officials, enhance intelligence agencies and develop citizen oversight panels to combat non state actors such as cartels, gangs and foreign or domestic subversive elements.

COUNTRY SPECIFIC RECOMMENDATIONS – PHASE I

Mexico: is and will be for the foreseeable future the most important country in US foreign relations within LA/C..
Before taking the oath of office President Elect Obama's only meeting with a foreign head of state was with President Felipe Calderon signaling the vital importance of US – Mexico relations. Today, border issues affect our optics, but those issues are overwhelmed by the massive benefits both nations derive from their close relationship. These benefits caused by their role as a major trading partner, top energy supplier, center of US investment and source of corporate profits, key US tourist destination and top recipient of foreign remittances, vibrant investor in the US and supplier for US labor. These mutual benefits should be protected and expanded.

Mexican internal problems parallel our problems. In this context:

Plan Merida should be revised to better reflect the values of our new Administration and invest more in Central America where much of the drug trafficking and gang activity begins.

Both Mexico and the US will significantly benefit from the reduction of the growing income gap, primarily in the South and in Mexico City marginal neighborhoods where social unrest could lead to major instability and stimulate additional migrations.

Learning from the experiences already accumulated by the US Millennium Challenge Corporation, the US and Mexico could fund a US-Mexican Development Corporation designed to reward communities and States with policies and programs that have successful reduced poverty and reduced income polarization. Like in the US, a well regulated and transparent administration will be required for any joint investment in development to produce results.

As a logical extension, US bilateral foreign aid could gain a strong ally in Mexico by co-sponsoring overseas programs and allowing, perhaps under NAFTA protocols, Mexican companies to bid in US foreign aid programs.

NAFTA should be improved, but carefully and using its own internal review mechanisms. This is not the right time to increase the uncertainty faced by the important financial and commercial interests built as a result of this imperfect, but workable, agreement.

Water availability and related issues have a critical factor on both sides of the border.. The architecture of an overarching authority integrating strong water policies, infrastructure, administration and access must be carefully evaluated and implemented.

Current illegal migration flows complicate diplomatic relations and weaken our homeland security. Because no lessons have been applied here, very unpopular solutions like the contract driven border wall have gained the upper hand.

The US needs to deepen our engagement with Mexico through organizations like USAID and MCC in measures destined to reduce their squalor and poverty and to improve security and the rule of law.

The Treasury and the FED should closely monitor the country's financial condition and collaborate in any way possible to forestall a currency collapse like the one faced by the Clinton Administration. This will cost resources and require high level diplomacy—we should appoint a trusted and capable Ambassador.

Brazil: After Mexico, Brazil is the most important country to our foreign policy, economy and climate change initiatives. Begin laying the ground work for a strong hemispheric relationship with this country. Initiate policies designed to counteract the Chinese influence by creating progressive investment protocols. Form alliances with Brazil building on their growing influence and presence in global markets especially in the areas of energy, the environment and agriculture.

Daily violence is a growing concern in spite of several years of surprising prosperity during Lula's presidency. Cooperation with US and Brazilian security agencies can help stem the tide of rising crime within and outside Brazil's borders.

Ecuador: Colombia's raid on a rebel camp in Ecuador last year galvanized President Rafael Correa;s antin American stance. He has ousted top commanders and members of his military who he says have ties to the CIA and reaffirmed that Ecuador will not renew the lease for the U.S. air base in Manta after it expires in 2009.

Although it was important for the U.S. to support Colombia after the raid, it also was important to acknowledge Ecuador's justifiable anger at the violation of its sovereignty – the US missed the opportunity for a nuanced response and instead simply ignored Ecuador.

Correa is distancing his country from Colombia's internal struggles and, like other Latin American nations, redefining its relationship with the U.S. with significant influence from the Castro-Chavez think tanks.

The evolving politics of South America call for respectful engagement, not Cold War bluster. Lessons learned in Ecuador could be applicable in Bolivia, Nicaragua, Venezuela, Cuba, Haiti, Argentina and even Mexico and Brazil in order to prevent further alienation from the US.

Colombia: Guide our State Department to strengthen its contacts with the opposition and to send strong signals that there will be no support for Uribe's third term. Do not cancel Plan Colombia but redirect it towards its original objective, reduction of coca and opium traffic. Channel foreign aid to address poverty stricken regions within Colombia which harbor anti American elements.

US-Colombian relationship faces two urgent issues: Plan Colombia and the FTA.
The high profile President Bush gave President Uribe, needs to be balanced by also highlighting the profile of other key leaders in the region.

Colombia has gained a measure of peace, the FARC guerrillas are withering away and the democratic process should ensure a peaceful transition from the current two terms President, to a democratically elected leader. The Obama Administration should clearly state its support for the Colombian constitution and its laws.

The flaws of Plan Colombia should be addressed through existing DEA and State channels with close Congressional oversight.

Cuba: offers a unique low cost opportunity **to have a major positive impact on US-LA/C diplomatic relations while encouraging the transition to democracy.**

We should follow up on the promises made in the campaign trail by removing travel and remittance restrictions by Cuban Americans to the island and by expanding cultural, academic and religious exchanges.
Amend the Libertad Act by allowing humanitarian aid to people in need, not only to political prisoners and their families; by supporting economic development through private sector options and include under the promotion of democracy the promotion of free enterprise.

The Embargo may be difficult to lift initially (because the Castro ruling elite wants it in place and South Florida constituents may oppose it). Lift export barriers to Cuba except those considered by the DOD to be of military sensitivity.

Encourage the World Bank and the IMF to engage the authorities in the island and transfer capital to specific projects encouraging democracy (e.g. communications) or free enterprise (e.g. micro credit facilities).

Haiti - Absolutely no excuse for allowing this level of poverty to exist. It continues to be a shameful commentary on our treatment of the region. Three hurricanes in six weeks pounded the poorest country in the hemisphere and very little happened. A mini-Marshal Plan for the island would not be that expensive, it would be supported by President Obama's new world wide Peace Corp renewal and would prove our commitment to the poorest in the region.

The Black caucus and other members of Congress have correctly pointed to the horrific poverty destroying this country and creating waves upon waves of illegal migrants in the Caribbean. The root cause of the current recurring crisis in Haiti is the political tension built around those who are pro-Aristide or opposed to him. Many are firmly convinced that the US engineered the coup d'état that pushed this charismatic and popular politician from Haiti. Thus, many perceive the US as anti-democratic and pro-elite.

This fragmented and hard working, society, lacks the basic institutions to move from foreign aid to private development. As a result, its development efforts are populated by NGOs and religious groups instead of small and medium entrepreneurs. The upper classes have lost a significant share of their capital and political base. This creates a unique opportunity to encourage free enterprise thru micro, small and mid-size business development.

The current funding level should be maintained for the next two-three years. Its effectiveness will receive more strict independent tracking, monitoring and evaluation than in the past and in terms of measurable and validated results. The Obama Administration, through our US Ambassador, could suggest the establishment of a US-Haiti Authority to oversee this development effort with Congressional oversight.

As part of this development program, special activities should be designed to encourage the engagement of the Haiti Diaspora with the development priorities of their communities.

CONCLUSION

The aforementioned countries would represent a well focused and doable Phase I agenda for the next two years setting the stage for a comprehensive engagement framework on a country by country basis throughout the entire region to be in place by the end of President Obama's first term.

We must understand Mr. Chairman, that what happens in this Hemisphere has a significant impact in the US. Be it immigration, jobs, healthcare, drug trafficking, security, climate change; it is certain that our entire nation will feel the effects of our relations with our neighbors to the South.

Congressman Delahunt has stated in addressing the region that "the greatest enemies of democracy are not individuals or individual nation states but rather poverty, lack of hope, profound disparity and inequality of income and wealth", we could not agree more!

I fully endorse, President Obama's principles, referring to the region, that "after decades pressing for top down reform, we need an agenda that advances **democracy, security and opportunity** from **the bottom up**."

NEXT STEPS

So, Mr. Chairman, we come to this juncture and reflect on what should be done so I would suggest an initial set of organizational and practical steps to
develop a realistic engagement plan and send a strong signal to the Hemisphere:

First, together with the Senate and House Foreign Affairs leadership, pass a Congressional joint resolution which defines Latin America and the Caribbean as an area of strategic and priority importance to US foreign policy.

Begin a series of fact finding 'high level trips' to Latin America to learn, listen and articulate a new commitment to the region. Do the ground work for a subsequent Presidential trip to LA/C to present the new policy after fully engaging the region in face to face meetings. Policy recommendations should be made after these trips.

Second, working with the Special Envoy to Latin America, as project leader, clearly define a general framework for the President's Latin American foreign policy. This should be very basic, achievable and done in phases.

Third, appoint and empower a work team to begin to execute it. Members of USAID, the IMF, the World Bank, the UN, Defense, State, Congressional staff and expert facilitators should be appointed and given the charter to come up with the blueprint and present it to the Sec of State and the Congressional Foreign Affairs committees for their endorsement and ultimate recommendation to the President.

This is a major task and it must be coordinated by someone who is empowered and committed, if not, we'll be back to ad-hoc, inconsistent, conflictive programs and 'business as usual', a signal which will surely turn off the region.

Finally, communicate it very clearly so that State, Congress, and the White House are all on the same page and speak with one voice on expectations and time frames going forward.

The Congress should then plan to conduct periodic hearings to check on progress.

This is a pragmatic, "jump start" approach that can only work if the individuals are empowered, strategically placed and well led.

For the next two years while the President is understandably focused elsewhere, you can move this vital Phase I agenda forward and make significant progress with minimal Presidential involvement. Multitasking in the new administration will increase the bandwidth and give us the opportunity to address these "burning platform" issues which are so important to all of us in the Western Hemisphere.

My firm and I remain ready, willing and able to assist in this important Phase I and subsequent efforts.

Sergio Bendixen

Mr. ENGEL. Thank you very much, Mr. Bendixen. Dr. McClintock.

STATEMENT OF CYNTHIA MCCLINTOCK, PH.D., PROFESSOR OF POLITICAL SCIENCE AND INTERNATIONAL AFFAIRS, DIRECTOR, LATIN AMERICAN AND HEMISPHERIC STUDIES PROGRAM, THE GEORGE WASHINGTON UNIVERSITY

Ms. MCCLINTOCK. Chairman Engel, Congressman Mack, members of the subcommittee, thank you very much for the opportunity to testify this morning. I would like to recommend a new tone of respect for Latin America and new policies on Cuba, drug control and immigration. My expectation is that this will help reverse the recent deterioration in the relationship between the United States and Latin America that was highlighted by Mr. Bendixen.

Just to supplement some of his figures, consider that in surveys between 2000 and 2005, approval ratings of the United States fell by 20 points or more in countries that were our friends—Chile, Brazil, Mexico. "Mainly negative views of the United States were held by more than 50 percent of the people in those three, again, friendly countries." Unfortunately, George Bush was among the hemisphere's most unpopular leaders, tied with Hugo Chavez.

What went wrong? As elsewhere, overwhelming majorities opposed the United States war in Iraq and the U.S. treatment of detainees at Guantanamo. Also, the administration's welcoming of a 2002 coup against President Hugo Chavez dismayed the region's leaders. Further, as Mr. Bendixen has highlighted too, we face new competition in the hemisphere. China is playing a much larger role, and the Latin American nations themselves grew economically and have been forging their own foreign policies.

This is true, as has been mentioned, for Brazil and of course for Venezuela. There was one estimate that Venezuela is spending five times as much as we are on foreign aid. Of course, that is one of the ways it has been courting allies in the hemisphere. As Chairman Engel mentioned, this situation has been helped by the election of Barack Obama.

At the same time, it hasn't been helped, obviously, by the global financial crisis. Rightly or wrongly, this crisis has been blamed on us by many Latin Americans. I couldn't agree more also with Chairman Engel that there is a wonderful opportunity for President Obama at the Fifth Summit of the Americas in Trinidad and Tobago in April. I think it is crucial that he listen at this event just as has been said, and also hopefully that he can reach out to Hugo Chavez and Evo Morales there.

In my view, the President's priorities should be Cuba, drug control and immigration policies for several reasons. This isn't to say that I disagree with many of the initiatives that have already been mentioned by others, but I think it is especially the case with these three policies that they have been in place for a long time and it has really become clear that our current policies have failed.

There was a recent excellent Brookings Institution report just 2 months ago that elaborated very clearly the need for change in these policies. Also, Latin Americans have rejected these policies, so by changing them it is especially clear that President Obama is listening to what Latin Americans want.

With respect to Cuba, of course for nearly half a century the United States has maintained a trade embargo and other sanctions against Cuba with the hope of a democratic transition. I certainly share that hope, I share that concern about political prisoners. This is abominable. Unfortunately, our policy has not succeeded. We are confronted with U.N. sanctions, we are confronted by repudiation in the United Nations and other forums. Every other government in the hemisphere has diplomatic and economic relations with Cuba, and also very important, more than 60 percent of Americans favor free travel to Cuba and United States trade with Cuba, so I am with that 60 percent.

I think it is an excellent moment to change our policy toward Cuba precisely because of the election of an African-American. His support in Cuba and his reaching out to Cuba will make it much more difficult for the Castro brothers to blame the United States for Cuba's problems.

With respect to drug control, again, this is a policy that has failed, and large majorities of Americans recognize that it has failed. We have been spending about $20 billion annually but U.S. drug use has not declined since the early 1990s and the price of cocaine has fallen. In the Andean region as a whole, despite large expenditures, coca cultivation in 2007 was at a 20-year high. What should be done? Chairman Engel mentioned a very important point that is mentioned very, very frequently by the Mexicans in particular, trying to get a handle on the guns that are smuggled across our border that originate in the United States and that fuel these drug wars.

Also, most Latin Americans want an end to coca eradication and fumigation and the replacement of those policies with real support for alternative development, which of course fits into the goals of poverty reduction, and especially reduction of rural poverty. Much more controversially, and I recognize that this could be a minority view, but I think it is time to consider after 20-plus years whether or not supply reduction efforts really have any chance to succeed.

In my own view, there is just too much land in the Andean countries, there is too much money for the traffickers and it is just not unfortunately going to happen in my view. Ideally, and again, I know this is controversial, but it seems to me that if the use of marijuana and cocaine were decriminalized, we could go a long way to reducing drug-fueled organized crime and drug-fueled insurgencies in the region.

Unfortunately, a third failed policy is immigration, which has been based since the mid-1990s primarily on border patrol. Since 1996, the number of border patrol officers has more than tripled and a 700 mile long, 16 foot wall is being constructed at the cost of about $9 billion. However, the possibility that an illegal immigrant is apprehended at the border has not increased; the number of illegal immigrants from Latin America in turn has gone up by some 40 percent.

Further, from the point of view of our Latin American friends, the wall, and also, unfortunately, the frequently demeaning treatment that Latin Americans receive when they seek visas at United States Consulates are deeply alienating in the region. The Brookings Institution and I believe that the prospects for control of ille-

gal immigration are much better at the workplace than at the border.

Laws against the hiring of illegal workers should be strictly enforced and fines increased at the workplace, and the technology facilitated to make that happen. Also, it is really not acceptable in Latin America or here that immigrants' work be welcomed, but yet they, and their families, have to live in the shadows. Almost two-thirds of U.S. voters support a path to citizenship for illegal immigrants who pay taxes, pay a penalty and learn English, and I am in that group.

As I said, none of this doesn't mean that I don't agree with other initiatives that were advanced, certainly efforts of poverty reduction, energy partnership, would be very desirable, but I think that given the emphasis by our President on the need for change, it is with change in these policies that we could most clearly signal those changes. Thank you, Mr. Chairman.

[The prepared statement of Ms. McClintock follows:]

"U.S. Policy toward Latin America in 2009 and Beyond"

Testimony before the House Committee on Foreign Affairs
Subcommittee on the Western Hemisphere

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February 4, 2009

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify this morning at this hearing, "U.S. Policy toward Latin America in 2009 and Beyond." First, as the necessary context for my recommendations for U.S. policy, I would like to describe briefly the status of the relationship between the United States and Latin America. From this context, I believe that it will be clear that both a new U.S. spirit of respect and new U.S. policies are crucial to building a constructive partnership between the United States and Latin America in the next few years.

The Context: Latin America and the World in the 2000s

Approval of the United States has diminished in Latin America. In Latinobarometer surveys between 2000 and 2005, approval ratings of the United States fell by more than 20 points in Ecuador, Chile, Brazil, and Bolivia; more than 30 points in Mexico and Uruguay; and more than 40 points in Argentina, Paraguay, and Venezuela.[1] In the 2006 Latinobarometer survey, President George Bush was among the hemisphere's most unpopular leaders, tied with Hugo Chávez and scoring just a tad better than Fidel Castro.[2] In a 2007 BBC survey, 64% of Argentines, 57% of Brazilians, 53% of Mexicans and 51% of Chileans had "mainly negative" views of the United States.[3] Particularly indicative of the erosion of U.S. influence was the contrast between the 1994 Summit of the Americas, when 34 countries of the hemisphere signed an agreement for a Free Trade Area of the Americas (FTAA), and the 2005 Summit, when Brazil and other Latin American countries called for the U.S. to end its agricultural subsidies prior to the resumption of talks for the FTAA.

What went wrong? As elsewhere, overwhelming majorities opposed the U.S. war in Iraq and the U.S. treatment of detainees at Guantánamo.[4] In its invasion of Iraq without the approval of the United Nations, the Bush administration reminded Latin Americans of the multiple U.S. interventions in Latin America during the twentieth century. Also, the administration's welcoming of a 2002 coup against President Hugo Chávez dismayed the region's leaders, who in the Inter-American Democratic Charter had just stipulated the steps that were to be taken by the Organization of American States to sanction coups in the region. In general, the administration was considered hypocritical--not playing by the rules that it wanted others to follow--and President Bush was perceived as arrogant and incompetent.[5]

At the same time as Latin Americans were more critical of the United States, they became interested in China's potential role in the region. Trade between Latin America and China increased ten fold between 2000 and 2007, to over $100 billion (although this figure was still well below the $560 billion in U.S.-Latin American trade).[6] Although China's investment in Latin America is only a fraction of the investment of the European Union (the largest investor in the region) or of the United States, it is increasing. In the Latin American nations where China's role has increased the most, China is often perceived as an emerging superpower. In Peru, for example, despite the new free-trade agreement with the United States and two visits by President Bush, China was rated more favorably than any other country in a Catholic University survey; the U.S. finished seventh.[7]

Latin American nations are also more confident of their own capacity to play significant roles in the hemisphere. Overall, the last five years were good ones for the region: economic growth was robust, poverty levels declined, and democracy deepened. These trends were particularly evident in Brazil; also, as Latin America's largest country with new oil discoveries to boot, it became Latin America's foremost leader and, as a BRIC country (with Russia, India, and China), a major global player as well.

Further, for the first time since the Cold War, the United States faces in the region an adversary with ambitious foreign-policy goals and the resources to pursue his goals: Venezuelan president Hugo Chávez. With record-high oil prices, the Hugo Chávez government has courted Chinese investment, conducted naval exercises with Russia, and befriended Iranian president Mahmoud Ahmadinejad. It is estimated that, in 2006, Venezuela spent $2.1 billion abroad and that, in Latin America, Venezuela was spending five times as much as the U.S. on aid.[8] In part as a result, the Chávez-led Bolivarian Alternative in the Americas (ALBA) now includes not only Venezuela and Cuba but also Bolivia, Nicaragua, Honduras, and Dominica. The tensions between the United States and Venezuela and Bolivia are highlighted by the fact that, as of September 2008, all respective ambassadors had been withdrawn.

Most recently, the U.S.-Latin America relationship has been battered by the global financial crisis. Rightly or wrongly, the crisis has been blamed on the United States by many Latin Americans, and it has further tarnished the image of free-market economics in the region.[9] Of course, President Obama is working overtime to achieve an economic recovery, and success will be crucial for inter-American relations.

A new spirit of respect

Former president Bill Clinton has said that what matters most for the United States in the world is "the power of our example, not the example of our power." This is particularly true in Latin America, which shares American democratic values more than any other region except Europe. So, President Obama has gotten off to a good start with his initiative to close the detention facilities for suspected terrorists at Guantánamo Bay.

President Obama will have an excellent opportunity to strike a new tone with Latin America's leaders at the fifth Summit of the Americas in Trinidad and Tobago on April 17-19, 2009. First and foremost, the president should listen—which fortunately by all

accounts he does very well.[10] And, the president can show that he is listening by changing U.S. policies in the recommended direction; as will be elaborated below, a change in U.S. policy toward Cuba would be ideal. Also, given that Hugo Chávez and Evo Morales are expected to be at the Summit, hopefully fists will be unclenched, handshakes made, and better relationships begun.

Smart U.S. Policies for Latin America

Current U.S. policies toward Cuba, drug control, and immigration have been in place for twenty years or more, and it is now very clear that they have failed. Not only are the policies unwelcome in Latin America, but they are considered anachronisms, maintained only because they are responses to U.S. domestic politics, and accordingly fuel the perception that the U.S. is not a rational superpower. Also, there is robust agreement within the Democratic Party on the need for change in these policies, and so it is appropriate that they be top priorities.[11]

Several other U.S. policies in the hemisphere are very salient also: free trade, foreign assistance and poverty reduction, and human rights and democracy. Important as these policies are, I would not (for rather different reasons) recommend that the Obama administration emphasize them at this time.

Cuba

For nearly half a century, the U.S. has maintained a trade embargo and other sanctions against Cuba, with the expressed goal of a democratic transition on the island. Clearly, this has not happened. For decades, U.S. sanctions have been overwhelmingly repudiated in the United Nations and other forums. Every other government in the hemisphere has diplomatic and economic relations with Cuba. And, opinions in the United States are changing: in a recent Zogby poll, more than 60% favored free travel to Cuba and U.S. trade with Cuba and in a Florida International University poll even 55% of Miami-Dade Cuban Americans favored ending the trade embargo.[12]

It is an excellent moment for change. Perhaps two-thirds of Cubans are of African descent, and they are particularly excited about the inauguration of President Obama. The more that Obama reaches out, the more difficult it will be for the Castro brothers to blame the United States for Cuba's problems.

During the campaign, Barack Obama promised unlimited family travel and remittances for Cuban-Americans. But he should go further. As leading experts on Latin America recommended in a 2008 Brookings Institution report, all restrictions on travel and remittances as well as the "communications embargo" should be ended immediately; Cuba should be removed from the U.S. Department of State's list of state sponsors of terrorism; and cultural, scholarly, sports, and official exchanges should be encouraged.[13]

Drug Control

U.S. drug-control policy has failed. Despite recent annual expenditure of about $20 billion on domestic law enforcement and supply reduction, U.S. drug use has not declined significantly since the early 1990s and the price of cocaine has fallen.[14] In part due to draconian drug laws, the U.S. has the highest incarceration rate in the world.

Under the program *Plan Colombia*, more than $6 billion was spent with the stated goal of cutting coca cultivation in Colombia (the major producer) by 50% from 2000 to 2006, but in fact coca cultivation rose slightly.[15] In the Andean region as a whole, coca cultivation in 2007 was at a 20-year high.[16] Not only has U.S. policy failed to achieve its objectives, but the methods used to try to reduce supply—in particular, aerial fumigation—endangers and alienates near-by communities.

What should be done? There is agreement among top Democratic Party analysts on several important recommendations. One that is especially important to Latin America is that the U.S. should try to stop the smuggling of arms from the U.S. to the region; it is estimated that about 2,000 guns cross the border every day and constitute roughly 90% of the guns used by Mexico's drug traffickers.[17] In particular, the U.S. should ratify both the UN protocol against illegal firearms and the Inter-American convention against firearms.[18] There is also consensus on the need for harm reduction—that chronic use should be considered a public-health problem, not a criminal problem, and that drug courts and drug treatment programs should be expanded. (The cost of incarceration for one year is about $34,000, versus $3,300 for one year of substance abuse treatment.[19]) Analysts agree too that drug-prevention programs should be made more effective.

More controversial is the question of supply-reduction efforts. Some analysts believe that forced eradication and fumigation should be ended, and more emphasis be placed on support for alternative development. Others, however (who include me) believe that, although such an approach is an improvement, it will not succeed in significant supply reduction. In our view, demand for drugs is inevitable; and, given that so much terrain in Latin America is apt for coca cultivation, even if supply is curbed in one area, it will move to another. The profits in the drug industry are huge; the value of the roughly 550 metric tons of coca produced in Colombia upon arrival in the U.S. was estimated at about $75 billion in 2007, or roughly thirty-five times as much as was spent on eradication and interdiction.[20] It is very difficult to imagine conditions in which traffickers will not find producers.

Accordingly, in our view, a better approach is decriminalization.[21] Decriminalization would have the major advantage of reducing drug-fueled organized crime, which of course is currently ravaging parts of Mexico. Also, violent organizations that were once insurgencies, namely Peru's Shining Path and Colombia's FARC, endure today primarily because of drug money and coca growers' opposition to supply reduction.

Although large majorities of Americans believe that the U.S. war on drugs is failing, they are not clear about what should be done.[22] Currently, approximately 40% of Americans support the legalization of cannabis.[23] Perhaps, given the success of such movies as *Traffic* and *No Country for Old Men* and the admission of marijuana smoking by Bill Clinton and Barack Obama as well as Michael Phelps, it is a moment for public debate and education on this score.

Immigration

A third failed policy is immigration, which has been based since the mid-1990s primarily on border control. Since 1996, the number of border patrol officers has more than tripled, and currently a 700-mile-long, 16-foot "wall" is being constructed along the border at a cost of about $9 billion.[24] However, since 2000, the possibility that an illegal immigrant is apprehended at the border has not risen significantly and the number of illegal immigrants from Latin America has increased by roughly 40%.[25] Meanwhile, the border "wall" is deeply insulting, especially to Mexicans. Also, especially from South America, illegal immigrants have often over-stayed their visas, and as a result visas have become more and more difficult to secure.

Analysts agree that the prospects for control of illegal immigration are much better at the workplace than at the border.[26] Laws against the hiring of illegal workers should be strictly enforced; to this end, a new, secure Social Security card should be introduced, the E-verify system improved, and fines against employers of illegals increased. Upon strict enforcement at the workplace, the immigration-control practices at the U.S. border and U.S. consulates, which are prone to racial stereotyping and are often demeaning, should become more humane. (Indeed, with or without other changes in U.S. immigration policy, transparency in the visa process and consular officers' respect for all visa applicants must be increased.) Also upon strict enforcement at the workplace, guest worker programs could be expanded.

Democratic analysts also agree that, under certain conditions, a path to legal status--at least a visa if not citizenship--should be provided for illegal immigrants.[27] Almost all illegal immigrants are in the U.S. because their work is welcome in this country; yet, they live in the shadows, with horrific tolls on their families. For most Americans, this is not ethically acceptable. About two-thirds of likely U.S. voters (and 80% of likely Democratic voters) support a path to citizenship for illegal immigrants who pay taxes, pay a penalty, and learn English.[28]

Free Trade

During the presidential campaign, Barack Obama criticized recent U.S.-Latin American Free Trade Agreements (FTAs); he said that worker training and other labor adjustment programs should first be established in the U.S., and that labor and environmental protections should be increased in the Latin American countries.

There is no reason for President Obama to change his position now. Although many mainstream Democratic analysts argue that FTAs have met their stated objectives of increasing trade and investment and should be supported, analysts in the progressive wing of the party emphasize that, especially due to large U.S. agricultural subsidies and accordingly reduced prices for food products, FTAs exacerbate rural poverty and are accordingly deleterious.[29] The U.S. public is not enthusiastic about FTAs; as of November 2007, only about 40% of Americans believed that free-trade agreements were "a good thing" for the United States.[30]

A key pending FTA is the agreement with Colombia. Some Democratic Party analysts believe that this FTA should be approved by the U.S. Congress because Colombia has

negotiated in good faith for years and the U.S. will appear an unreliable partner if it is not approved.[31] There is truth in this argument, and President Obama should acknowledge his concerns on this score to President Álvaro Uribe. However, in the presidential campaign Barack Obama said that Colombia's human-rights record has not improved sufficiently in recent years to warrant a permanent U.S. stamp of approval, and other leading Democratic analysts and I agree. The Colombian government should be encouraged to further improve its human rights performance.

Foreign Assistance and Poverty Reduction

As Barack Obama indicated during the campaign, current U.S. foreign assistance and support for poverty reduction in developing areas are much too small. Through the Millennium Challenge Corporation, U.S. AID, the IDB, and the World Bank, the U.S. should provide much more funding for poverty reduction.[32] However, at this time of financial crisis, an increase in U.S. aid to Latin America is unlikely to be viable.

Human Rights and Democracy

Unfortunately, as has already been discussed, most Latin American leaders considered the Bush administration hypocritical about democracy promotion. Accordingly, for the moment the Obama administration should work only multilaterally on these principles; hopefully U.S. credibility will gradually be restored.

Conclusion

With a new tone of respect and new, smart policies on Cuba, drug control, and immigration, the Obama administration should find much greater Latin American interest in cooperation on other important but very complex issues, such as economic integration and poverty reduction and also energy and climate change. Further, with a tone of respect and smart policies, the Obama administration should find it easier, over time, to engage President Chávez and other ALBA leaders and, hopefully, develop their commitment to working together with the U.S. toward a peaceful, prosperous, and democratic hemisphere.

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[1]The Latinobarometer survey in eighteen Latin American nations is the most widely reported annual survey for the region; key results are published annually in *The Economist*. On this item, see *The Economist*, October 29, 2005, p. 40. The "approval ratings" are the net result when the number of "very bad" or "bad" responses are subtracted from the number of "very good" or "good" "opinions of the United States."

[2]"Latin American Publics are Skeptical about the U.S.—But Not About Democracy," at www.worldpublicopinion.org in the section on Latin America, dated March 7, 2007.

[3]Idem. Apparently, although comparisons from different survey instruments are very imprecise, even in 1958—a bleak period for inter-American relations, just after Vice President Nixon's disastrous trip to Latin America—majorities had positive opinions of the United States. See Alan McPherson, "Nixon Stoned, Washington Shocked: The 1958 Caracas Riot as Anti-U.S. Awakening," Paper prepared for delivery at the meeting of the Latin American Studies Association, Dallas, Texas, March 27-29, 2003, p. 9.

[4]"Latin American Publics..." at www.worldpublicopinion.org.

[5]This was the case even in countries where the bilateral relationship was good, such as Peru. I have had many conversations with Peruvians from all walks of life and the comments about President Bush were virtually invariably to this effect.

[6]Daniel P. Erikson, "The New Challenge: China and the Western Hemisphere," Testimony before the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, June 11, 2008, p. 2.
[7]Instituto de Opinión Pública of the Universidad Católica del Perú, "Estado de la Opinión Pública," November 2008, p. 7. In another World Public Opinion survey, Argentines and Mexicans were more likely to be confident that President Hu Jintao would "do the right thing regarding world affairs" than they were that President George Bush would (although there was not a great deal of confidence in either leader).

[8]Javier Corrales, "Venezuela's Domestic and Foreign Policy: Current Trends," Testimony before the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, July 17, 2008, p. 3 and Richard Holbrooke, "A Daunting Agenda," *Foreign Affairs*, Vol 87, No. 5 (Sept-Oct. 2008), p. 6.
[9a]"Update 1-Latin American leaders berate U.S. for crisis," *Reuters Business and Finance*, January 30, 2009.
[10]This point was emphasized by OAS Secretary General José Miguel Insulza at his keynote address to the conference "The Obama Administration and Latin America's Rising Powers," George Washington University, January 26, 2009.
[11]The views of largely Democratic-Party Latin American experts have recently been clearly expressed in the report *Rethinking U.S.-Latin American Relations: A Hemispheric Partnership for a Turbulent World* (The Brookings Institution, November 2008).
[12]Zogby/Inter-American Dialogue survey, released October 2, 2008; "Miami-Dade poll sees shift in opinion over Cuba embargo," *The Miami Herald*, December 3, 2008.
[13]*Rethinking U.S.-Latin American Relations*, p. 29.
[14]Ibid., pp. 25-26.
[15]Idem.
[16]Idem., and Mark L. Schneider, "Foreign Assistance in the Americas," Testimony before the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, September 16, 2008, p. 6.
[17]Peter DeShazo and Johanna Mendelson Forman, "Making the Most out of Merida," CSIS Americas Program, August 9, 2008, p. 1.
[18]De Shazo and Mendelson Forman, *p. 1 and Rethinking U.S.-Latin American Relations*, p. 27.
[19]Duncan Smith-Rohrberg Marn, "Wasting Drug Resources," *The Washington Post*, November 24, 2008, p. A17.
[20]Schneider, p. 6.
[21]See especially Ethan Nadelmann, "Drugs," *Foreign Policy* (Sept-Oct. 2007), pp. 24-30.
[22]Zogby/Inter-American Dialogue survey, October 2, 2008.
[23]Nadelmann, p. 30.
[24]*Rethinking U.S.-Latin American Relations*, pp. 16-17.
[25]Ibid., p. 17.
[26]*Rethinking U.S.-Latin American Relations*, p. 19.
[27]Ibid., p. 19.
[28]Zogby/Inter-American Dialogue survey, October 2, 2008.
[29]John Burstein, *U.S.-Mexico Agricultural Trade and Rural Poverty in Mexico*, the Woodrow Wilson International Center for Scholars (April 2007); Mamerto Pérez, Sergio Schlesinger, and Timothy A. Wise with the Working Group on Development and Environment in the Americas, *The Promise and Perils of Agricultural Trade Liberalization: Lessons from Latin America* (June 2008); Sergio Zermeno, "Desolation: Mexican Agriculture and Campesinos in the 21st Century," *NACLA Report on the Americas* (September/October 2008), pp. 28-32.
[30]*The Washington Post*, February 15, 2008, p. D1.
[31]*Rethinking U.S.-Latin American Relations*, p. 22.
[32]Excellent recommendations are provided in the Washington Office on Latin America, *Forging New Ties: A Fresh Approach to U.S. Policy in Latin America* (September 2007), pp. 7-8.

Mr. ENGEL. Thank you, Dr. McClintock. Mr. Farnsworth.

STATEMENT OF MR. ERIC FARNSWORTH, VICE PRESIDENT, COUNCIL OF THE AMERICAS

Mr. FARNSWORTH. Thank you, Mr. Chairman. Thank you for your kind comments earlier. I appreciate that very much. It will be good to work with you again in the 111th Congress. Mr. Mack, congratulations to you. We look forward to working with you again and other members of the subcommittee, Mr. Meeks and others. We have a very good relationship and anticipate that continuing.

This is an important and timely hearing. This has already been talked about both by the subcommittee members, as well as the witnesses. We think that there is a tremendous opportunity in the coming weeks and months to work with willing hemispheric partners in a pursuit of a mutually beneficial agenda.

A spirit of good will and cooperation with the United States exists across much of the hemisphere, but we have to realize that the expectations right now are exceedingly high and they have to be managed on all sides. Even so, now is the right time to really try to advance concrete steps to build this agenda.

Let me posit, if I could, the first, most obvious point, which cannot be overlooked. The best way to assist the hemisphere at this point would be to fix the U.S. economy, resisting any understandable but ultimately self-defeating impulses toward trade and investment protectionism. If the current economic crisis has proven anything, it is that Latin America remains dependent on the United States for its own well-being, both directly through trade and investment flows with the United States and indirectly through commodities exports to Asia.

Regardless of politics or ideology, the region remains hungry for investment from the United States and trade with the United States. Were we to do nothing else, restoring the U.S. economy while doing everything possible to keep markets open and investments flowing would do the most to return much of Latin America to precrisis growth levels.

Of course, there is much additional work to do. The Fifth Summit of the Americas, which has already been raised, to be held in April in Trinidad and Tobago will be a prime opportunity to consider an agenda for renewed hemispheric growth and development. With this in mind, the Americas Society Council of the Americas, has issued a major working group report laying out several priorities for the summit, including financial recovery, energy security and climate change, microeconomic reforms and capacity building and workforce development.

Concentration on these issues, we believe, will do the most to help restore a regional growth agenda and to build prospects over time. Mr. Chairman and members of the subcommittee, the repercussions of the economic crisis will almost certainly be broader and deeper than originally anticipated. Despite years of badgering by economic development specialists, many at this table, the region continues to rely primarily on global commodities markets for growth, and commodities from agriculture, to oil, to zinc have taken a beating.

Even before the economic crisis hit, roughly a third of the region's population was living in poverty. Some governments, like those in Brazil, Chile, Colombia, Peru, were making solid progress reducing poverty and building a stable middle class. Other countries were stagnating as populist policies overwhelmed sound economics. But now, prospects have deteriorated throughout the region.

This can have profound implications, we believe. Democracy remains the accepted organizing framework for hemispheric governance, but antidemocratic steps in some countries are proving worrisome. To the extent populations become restless for improved economic conditions and a newly emerging middle class is squeezed, fragile democratic institutions could come under added strain.

Despite our efforts to build democracy elsewhere around the world, we cannot be complacent about such matters closer to home. The development of a new hemispheric growth agenda, we believe, is therefore critical. In the immediate run, a focus on access to credit, trade finance and infrastructure development would help keep hemispheric economies from seizing up.

Economic stimulus programs can be appropriately considered, although we do have to remember Latin America's history with hyperinflation and one has to be cognizant of that. Over the longer term, education and workforce development issues, infrastructure and the rule of law must also be addressed. The United States can play a very important role here through technical assistance, Millennium Challenge support, increasing the countries, frankly, in Latin America which are eligible for Millennium Challenge support. The list goes on, but we can play a very important and positive role.

Open markets also hold a key to economic recovery and longer term growth and job creation. As we saw in the aftermath of the Mexico peso crisis in the mid-1990s, keeping markets open contributes significantly to quicker and more robust recovery. As an aside, the President would go to Trinidad and Tobago for the summit with a much stronger hand on these issues, and overall, if we pass the trade agreements that have already been talked about, Colombia and Panama, which are manifestly in U.S. strategic and economic interests.

Growth would also be supported through implementation of an energy partnership of the Americas, which President Obama has spoken about. Finding a path forward to increase traditional and nontraditional energy supplies, encourage conservation and build a coordinated regional approach to climate change would be a significant contribution to the agenda, as well as to our own daily lives.

More broadly, I believe the United States must also continue to place special emphasis engaging with Brazil. Several steps could quickly be pursued. Among them, inviting Brazil to join in the G–8, but in any event, Brazil is a nation that cannot be taken for granted, either in the hemispheric or the global context.

In particular, Brazil's emerging super power profile on traditional and nontraditional energy and environmental issues, along with an active and constructive participation in the global nuclear nonproliferation regime, point to prospects for heightened coopera-

tion on energy and global climate change issues, for one. Yet, even as we look to Brazil, we cannot overlook Mexico.

The reality is that United States relations with Mexico will always be the most intensive and complex of all our relations with Latin America. Nurturing them is perhaps our most urgent regional task. President Calderon's courageous actions against the illegal cartels have provoked a predictable, violent backlash.

The sad reality, and we have already heard about this, both from members as well as people giving testimony, the sad reality is that much of the fire power fueling this downward security spiral, in addition to the demand for the illegal drugs and other products in the first place, comes from the United States.

Even during difficult economic times full support is imperative for the Merida Initiative for Mexico and Central America, which you, Mr. Chairman, have championed, and others on the subcommittee have championed. I also want to commend your leadership on border affairs and some of the other issues you have already talked about. There are many other issues to discuss, and time is limited, but I want to thank you again for the opportunity to testify before you. I look forward to your questions.

[The prepared statement of Mr. Farnsworth follows:]



OVERVIEW OF U.S. POLICY TOWARD LATIN AMERICA

HEARING BEFORE THE
COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON THE WESTERN HEMISPHERE
U.S. HOUSE OF REPRESENTATIVES
FEBRUARY 4, 2009

ERIC FARNSWORTH
VICE PRESIDENT

***** As Prepared for Delivery *****

Good morning, Mr. Chairman and members of the Subcommittee. Thank you for the opportunity to testify again before you. Mr. Chairman, we greatly appreciate your ongoing leadership on these important issues. You are a strong voice for the region and we look forward to working with you closely again in the 111th Congress. Mr. Mack, we congratulate you as the new Ranking Minority Member even as we thank Mr. Burton for his past leadership. We also look forward to continuing our strong relationship with you.

This is a timely and important hearing. There is a tremendous opportunity in the coming weeks and months to work with willing hemispheric partners in pursuit of a mutually beneficial agenda. A spirit of goodwill and cooperation with the United States exists across much of the hemisphere. Exceedingly high expectations must be managed on all sides, but nonetheless now is the time to take concrete steps to build the agenda.

Priorities for the Hemispheric Agenda…

The first, most obvious point must not be overlooked. The best way to assist the hemisphere at this point in time would be to fix the US economy, resisting any understandable but ultimately self-defeating impulses toward trade and investment protectionism. If the current economic crisis has proven anything, it's that Latin America remains dependent on the United States for its own well-being, both directly, through trade and investment flows with the United States, and indirectly, through commodities exports to Asia which are then used as inputs for Asian exports to the United States. Regardless of politics or ideology, the region remains hungry for investment from the United States and trade with the United States. Were we to do nothing else, restoring the US economy while doing everything possible to keep markets open and investment flowing would do the most to return much of Latin America to pre-crisis growth levels.

Of course, there is much additional work that can and should be done. The Fifth Summit of the Americas, to be held in April in Port of Spain, Trinidad and Tobago, will be a prime opportunity to consider an agenda for renewed hemispheric growth and regional development. The Summit will be the first opportunity most hemispheric leaders will have to meet and take measure of the new US President, providing the United States with an important vehicle to signal the tone and substance of its evolving hemispheric plans, as well as to listen to the desires and concerns of the rest of the region. With this in mind, the Americas Society/Council of the Americas has issued a major working group report entitled, "Building the Hemispheric Growth Agenda: A New Framework for Policy." The report lays out several priorities for the Summit, which can form a sound basis looking ahead for broader policy in the Americas. These priorities include, among other things, financial recovery and well-being, energy security and climate change, microeconomic reforms, and capacity building and workforce development. More broadly, the United States must also place special emphasis on engaging more actively and creatively with Brazil as an emerging global actor. We must also do a better job in nurturing the complex relationship with Mexico, perhaps our most urgent task within the cacophony of other competing priorities.

...Within the Reality of Global Economic Stress

Mr. Chairman and members of the Subcommittee, the reality of the economic crisis that began in the United States is now sinking in across the Americas. Repercussions will almost certainly be broader and deeper than originally anticipated, as commodities from agriculture to oil to zinc take a beating. This could have profound implications. Democracy remains the accepted organizing framework for hemispheric governance, but anti-democratic steps in some countries are proving worrisome. To the extent populations become restless for improved economic conditions and a newly emerging middle class is squeezed, fragile democratic institutions could come under added strain. Despite our efforts to build democracy elsewhere around the world, we cannot be complacent about matters closer to home.

Even before the economic crisis hit, roughly a third of the region's population was living in poverty. Some governments, like those in Brazil, Chile, Colombia, and Peru, were making solid progress reducing poverty and building a stable middle class. Other countries were stagnating as populist policies overwhelmed sound economics. Now, as the global crisis deepens, prospects have deteriorated for a region that still, despite years of badgering by economic development specialists, continues to rely primarily on global commodities markets for growth.

The development of a new hemispheric growth agenda is critical. In the immediate run, a focus on access to credit, trade finance, and infrastructure development will help keep hemispheric economies from seizing up. Economic stimulus programs can also be considered, although given Latin America's history with hyperinflation, governments and central banks will need to be ever-vigilant about overly-permissive fiscal and monetary policies. Over the longer term, education and workforce development issues, infrastructure, and the rule of law must also be addressed.

Open markets also hold a key to economic recovery and longer term growth and job creation. As we saw in the aftermath of the Mexico peso crisis in the mid-1990's, keeping markets open, in Mexico's case as a direct result of NAFTA, contributes significantly to quicker, more robust recovery. On the other hand, protectionist measures deepen recessions and throw even more people out of work on all sides. As an aside, it goes without saying that the President would go to Trinidad and Tobago with a much stronger hand on these issues—and overall—if we were to pass quickly one or both of the trade agreements we have pending in the region.

Further Priorities for the Administration and Congress

More broadly, the President's desire for an Energy Partnership for the Americas is just the sort of game changing issue that the hemisphere has been crying out for, where we can develop an agenda with our neighbors in Canada, Latin America, and the Caribbean, based on pragmatism and mutual self-interest. It's also consistent with our own domestic agenda. Energy impacts every nation in the Americas. Finding a path forward to increase supply of traditional and non-traditional energy, encourage conservation, and build a coordinated regional approach to global climate change would be a significant contribution to the hemispheric agenda, as well as to our own daily lives.

Second, the emerging US-Brazil relationship is one that should be prioritized. Several steps could quickly be pursued, among them inviting Brazil to join the G8, but in any event Brazil is a nation that cannot be taken for granted, either in the hemispheric or the global context. In particular, Brazil's emerging superpower profile on traditional and non-traditional energy and environmental issues, along with its active and constructive participation in the global nuclear non-proliferation regime, point to prospects for heightened cooperation on energy and global climate change issues. Trade and investment policy and international peacekeeping operations, among others, are also areas where cooperation should continue to be pursued.

Yet even as we look to Brazil, we must not overlook Mexico. The reality is that US relations with Mexico will always be the most intensive and complex of all our relations with Latin America. These relations must be actively nurtured; when they are not, they deteriorate. President Calderon's courageous actions against the illegal cartels have provoked a predictable, violent backlash. The sad reality is that much of the firepower fueling this downward security spiral, in addition to the demand for the illegal drugs and other products in the first place, comes from the United States. The threat to Mexico is real, and threats to Mexico are threats to us. We cannot ignore them or wish them away. Therefore, even during difficult economic times, I would urge continued, full support for the Merida Initiative, which you Mr. Chairman have championed. I also want to commend you for your leadership on border affairs, including weapons trafficking and border infrastructure. To be blunt, the border must work better to facilitate legitimate cross-border exchange, while serving as a more effective check on illegal activities.

Addressing these issues first would help establish a broader framework for a successful agenda in the Americas. I look forward to the opportunity to respond to your questions.

Mr. ENGEL. Thank you, Mr. Farnsworth. This makes up for the time I kept you waiting in my office and never showed up. Dr. Walser.

STATEMENT OF RAY WALSER, PH.D., SENIOR POLICY ANALYST FOR LATIN AMERICA, DOUGLAS AND SARAH ALLISON CENTER FOR FOREIGN POLICY STUDIES, THE HERITAGE FOUNDATION

Mr. WALSER. Mr. Chairman, distinguished Members of Congress, it is an honor and a privilege to be here again before the subcommittee on the Western Hemisphere. I feel like the person who comes into the candy store and all the ideas have been picked over, so I hope to add maybe a couple of new ideas. I will try to move away from my prepared testimony. I left a large stack with 10 different sorts of recommendations. I will try to narrow them to five recommendations for your consideration.

The first one of my recommendations is do not disparage the Bush administration's achievements. Build on them in the future. In 8 years in office, the Bush administration doubled foreign assistance budgets, created the Millennium Challenge account—I don't think we have heard that mentioned here—launched PEPFAR. They took fairly substantial interest in the hemisphere.

The MCC, with its long-range, performance-based approach, has a place in the mix of development strategies for the future. One hopes the compacts for El Salvador, Honduras and Nicaragua will be able to progress and that fresh attention can be given to the developing rural Guatemala and southern Mexico, both significant sources of illegal migration to the United States.

During the Bush presidency, Congress, with bipartisan support, passed free trade agreements with Chile, Central America, Dominican Republic and Peru. Obviously, we know that the agreements with Colombia and Panama await congressional approval, and action should be taken upon them as quickly as possible.

Plan Colombia, begun under the Clinton administration and continuing under the Bush administration, achieved remarkable improvements in security and reductions in levels of violence and crime. The presence of the Colombian Government extends much deeper into the countryside than at any point in the past. A continued projection of a mix of civilian, law enforcement and military elements is needed to broaden the capacity of the Colombian state to curb the armed extremes of the paramilitary right and the FARC left.

The Security and Prosperity Partnership for North America advanced the concept of working with Canada and Mexico to develop a closer relationship which improves efficiency and competitiveness while enhancing security. We should, however, make sure that all SPP deliberations will be conducted in a fully transparent manner and be presented for public scrutiny and debate before being implemented as regulation or law.

I agree the drug issue is fundamental. We really do need a new bipartisan approach. I clearly endorse the idea of moving forward, supporting Mexico with the Merida Initiative. The one thought that occurred to me was the possibility that we go back to the 1980s and look at what President Reagan did when faced with the Central

American crisis, which was to create a high level, bipartisan commission on drug policy.

Try to reignite the bipartisan consensus, look at those elements of our past drug policies that do not work and move forward. It is very critical that we get a handle upon it. Yes, consumption in the United States continues to drive a major problem, major insecurities in the Western Hemisphere, and we really must do something about it.

I think that one of the things we must do is to develop a bold initiative. My choice for this bold initiative is education. Many look back with nostalgia at the Marshall Plan for wore torn Europe or JFK's Alliance for Progress. We recognize the continued need for policies that aim high and reflect our best intentions. The United States moreover needs a bold headline capturing initiative that is capable of touching the lives of ordinary Latin Americans.

Education is the key to permanently reducing poverty and making more equitable societies. The United States is well-positioned to present a broad, multifaceted educational initiative. Rejuvenating programs at the higher education level could be a signature initiative for the new administration. It can reach directly to future leaders and spur innovation in sciences and technologies, areas where Latin America lags behind on the global scale.

President Obama should consider creating a senior level voluntary western hemispheric education council to energize and revitalize the gamut of educational strategies and opportunities.

Clearly, the debate on Cuba is not going to go away. I believe that we need a freedom agenda for Cuba. It is important to keep clearly in focus the fact that Cuba, after 50 years under the revolutionary anti-American Castro brothers, remains a totalitarian state, an ideological dinosaur and an island prison with a stronger kinship to the regimes of Stalin and Mau than to modern social democratic states.

While the desire to move barriers that separate Cuban families and presumably infringe upon rights to free travel for United States citizens is commendable, it is important to remember that Cuba's restrictive bureaucratic regime, with its rigid controls and dual currency system, is skilled at skimming as much as possible from every fresh resource of foreign currency in order to perpetuate the regime strangle hold on Cuban economic life.

New flexibility and openness to travel and wider contact with Cuban society should be accompanied by demonstrable relaxation of the repressive political and economic controls of the Castro regime that have impoverished and repressed Cubans and left the island's once vibrant economy in shambles. Efforts to remove United States administrative and legislative restrictions on travel and trade with Cuba should be calibrated with reciprocal changes that free political prisoners, allow the growth of civil society, remove restrictions on speech, access to information, including the internet, and travel.

Empowering the Cuban people rather than extending an economic lifeline to the moribund Communist regime should remain at the core of a new Cuba policy.

Finally, don't bend over to appease Hugo Chavez. The challenge of dealing with Venezuela's Hugo Chavez is considerable. He is an

outsized populist authoritarian, a study in contradiction to the country torn between an impulse to populist class or unit socialism and the preservation of political and economic pluralism.

While Chavez enjoys a significant following among Venezuelan citizens and is lionized as Fidel Castro's successor, his ability to construct a viable domestic economy and a system for sustainable social development are subjects of fierce debate. The battle for the political soul and future direction of Venezuela is for its people to determine, but the United States has a legitimate, if still undefined, role in working with the majority of Venezuelans who I believe do not desire to surrender their civic rights and freedoms to a monolithic President for life.

The referendum on February 15 on altering the Venezuelan constitution to remove term limits will say much about the nation's political future and viability of Chavez' Bolivarian revolution. The primary concern of the United States is dealing with a leader who routinely insults the U.S. and warmly embraces every rogue and tyrant from Fidel Castro and Robert Mugabe to Mahmoud Ahmadinejad.

Moreover, he seeks to become the energizing axis for Latin America's socialist integration, as well as a pivotal player in a new world order that he hopes will freeze out capitalism and globalization and weaken the U.S. Sending an ambassador to Caracas ought to be quietly placed low down on the White House to do list.

A United States ambassador should not be sent to Caracas without a comprehensive, tough-minded strategy, one that focuses foremost on actions harmful to U.S. interests, such as drug trafficking, potential links to radical Islamist terrorism, support for the FARC and fronting for Iranian sanctions evaders. There needs to be a serious and satisfactory attempt by both parties to resolve differences before seeking agrimon for another potential sitting duck of an ambassador. I thank you for your time. I look forward to answering your questions.

[The prepared statement of Mr. Walser follows:]

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CONGRESSIONAL TESTIMONY

U.S Policy toward Latin America in 2009 and Beyond

Testimony before
The Subcommittee on the Western Hemisphere
Committee on Foreign Affairs
United States House of Representatives
February 4, 2009

Ray Walser, Ph. D.
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The Heritage Foundation

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My name is Ray Walser. I am the Senior Policy Analyst for Latin America at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

In the face of multiple challenges from distant Iran, Iraq, North Korea, Afghanistan, and Pakistan, it may be easy to forget that Latin America and the Caribbean are so close at hand. The region may not be America's backyard, but it is certainly very much our neighborhood. The United States shares a 2,000-mile border with Mexico that is still far too porous. Cuba is a mere 90 miles from Key West, reachable by the desperate on even the most flimsy of craft. Ready trade partner, democratic friend, and epicenter of the cocaine trade, Colombia, is a two-hour flight from Miami and accessible by the ingenious, stealthy, semi-submersible boats of drug traffickers. All in the Western Hemisphere worry about the same legal and illegal flow of goods and people, the same hurricanes, and shared environmental hazards.

Across the board, U.S. ties with Latin America and the Caribbean run broad and deep. From 1996 to 2006, total U.S. merchandise trade with Latin America grew by 139 percent, compared to 96 percent for Asia and 95 percent for the European Union. In 2006, the U.S. exported $223 billion worth of goods to Latin American consumers (compared with $55 billion to China). Fifty-one percent of U.S. energy imports originate from Canada, Mexico, Venezuela, Ecuador, Colombia, and Brazil.

Americans of Hispanic descent now account for 15 percent of the U.S. population, making the U.S. the largest Spanish-speaking nation after Mexico. Illegal migrants, predominantly Hispanic, exceed 10 million. The billions of dollars in remittances dispatched from the U.S. are vital to the economic health and well-being of American's neighbors to the south. But the current recession will create new strains abroad.

Any major change in U.S. relations with Latin America will inevitably be linked to progress on complex U.S. domestic issues, notably immigration reform, homeland and border security, and reducing U.S. domestic drug consumption. These changes are contingent on prevailing public attitudes toward open markets, free trade, international competition, and openness to migration. Any substantial retreat into protectionism or isolationism on the part of the U.S. will send a hard shiver down the spine of the Americas. While Americans generally desire to help their less advantaged neighbors, they fear the additional tax burdens that would accompany any increases in foreign assistance in a period when fiscal discipline is under siege and recessionary pressures are mounting.

In the new Obama Administration, just as in others, Latin Americans will first judge the President, our Congress and our nation by what it is able to accomplish at home. The historic election of 2008 and the orderly and dignified transition in 2009 speak volumes about the openness, the maturity, and the majestic continuity of American democracy. The old adage about the U.S. needing to lead by example remains fundamental to revitalizing our ties with Latin America.

The Western Hemisphere, moreover, presents a confusing and complex patchwork of states, cultures, resources, and ethnic and linguistic identities, as well as conflicting definitions of democracy and pathways to the economic future. Just think of the differences between three of the Southern Hemisphere's sovereign states: the Bahamas (a small English-speaking Caribbean nation), Brazil (an emerging multi-racial economic giant), and Bolivia (an impoverished, ethnically divided, politically unstable state). Imagine how difficult it is to develop a common policy that fits not just these three, but all 35 sovereign nations of the Americas. Therefore, it is important that from the beginning, the new Administration avoid sweeping rhetoric, one-size-fits-all programs, and cosmetic multilateral fixes that paper over the region's differences and problems.

Latin America is undergoing changes in geopolitical orientation. The growth and current crisis in the global economy and the rise of Asia coupled with a new sense of Latin American identity and solidarity have an impact on the region's development. From the establishment of the Union of South American Nations (*UNASUR*) to the proposed creation of a Bank of the South (*Banco Sur*), a southern rival to the International Monetary Fund (IMF), South America is demonstrating a desire for greater autonomy of action as well as separation from the U.S. and the traditional mechanisms of the international economy.

Even strong trade partners of the U.S., such as Chile, Colombia, and Mexico have signed dozens of free-trade agreements in all parts of the world and seek more agile and diverse paths for integration into the global economy. Many South Americans believe they can better solve political problems in a divided country like Bolivia without direct U.S. involvement. Brazil considers itself a rising power, meriting a place on the world stage on par with India or even Russia.

Latin Americans are making progress against the traditional asymmetry that dominated relations between the Northern and Southern Hemispheres during the 20th century. China and India's entry into the Latin American market coupled with the steady presence of the European Union and a more activist Russia will ensure that the future field of potential international links remains far more diversified.

A less friendly player, such as Iran, is warmly welcomed by Bolivia, Nicaragua, and Venezuela and is actively courted by Brazil. Transnational bad actors from the violent Basque ETA separatists to terror groups Hezbollah and Hamas are also seeking to gain entry into the Western Hemisphere. The diplomatic leverage and economic influence the U.S. wields remains important, but it is undergoing relative decline in face of growing global competitiveness and new threats. The Obama Administration and Congress must make continued policy adjustments that fit these changing international realities.

1. Do Not Disparage Bush's Achievements: Build on Them

In eight years in office, the Bush Administration doubled foreign assistance budgets, created the Millennium Challenge Corporation and launched the President's Emergency Plan for AIDS Relief (PEPFAR). The MCC has begun the disbursement of nearly $1 billion to El Salvador, Honduras, Nicaragua, Paraguay, Guyana, and Peru. During the Bush presidency, Congress, with bipartisan support, passed free-trade agreements with Chile (2002), Central America and the Dominican Republic (CAFTA-DR, 2005), and Peru (2007). The Bush Administration also negotiated agreements with Colombia and Panama that now await congressional approval. It is vital that Congress not walk away from these agreements.

Plan Colombia, begun in the Clinton Administration and continued under Bush, achieved remarkable improvements in security and reductions in levels of violence and crime. The streets of Bogota and Medellin are far safer. The reach of the Colombian government, from soldiers to social workers, extends much deeper into the countryside than in any point in the past. This continued projection of a mix of civilian, law enforcement, and military power is needed to lift the capacity of the Colombian state and to win the final battles against the armed extremes of the paramilitary right and the FARC left.

In North America, the Security and Prosperity Partnership (SPP) for North America advances the concept of working more closely together with Canada and Mexico to develop a close relationship with our most important trade partners improving efficiency and competitiveness while enhancing security at American borders. We should, however, make sure that all deliberations of the SPP should be conducted in a fully transparent manner and that it any decisions or recommendations reached by the SPP should be presented for public scrutiny and debate before being implemented and made into law.

2. Protecting U.S. Security Remains a High Priority

A hydra of violence and insecurity troubles the Western Hemisphere. Recent surveys of public opinion indicate that security is becoming the primary concern for Latin Americans. Making an impact in fighting crime and drugs in Latin America will require a mix of the elements of hard power—helicopters, aerial and maritime patrol craft, radars, and law enforcement technology—and soft power—computers, systems networks, and investigative and human rights training. It will also require U.S. leadership and cooperation with our neighbors. It will require close coordination of all elements of national power in the U.S. and abroad and a seamless web of cooperation with neighbors across a spectrum that runs from community policing, crime prevention, and demand reduction in Latin America and the U.S. to intelligence sharing, improved investigation and forensic skills, and improved capacity for seizures, take-downs, and arrests.

It is important for Washington to speak forthrightly about the U.S.'s dangerous drug habits. Reducing U.S. consumption is critical. Consumption of cocaine and other drugs fuels the bloody chain of violence and narco-terrorism that runs from the alleys and streets of U.S. cities through Mexico's Tijuana, Sinaloa, and Michoacan, through Guatemala's Peten to the hidden runways in Venezuela and cocaine labs and coca fields in Colombia, where the Revolutionary Armed Forces of Colombia (FARC) guard the trade, hold hundreds hostage, and siphon off massive revenue from the cocaine trade.

Congress and the Executive branch should continue to show President Felipe Calderon and the Mexican people that it considers the fight against Mexico's violent drug cartels to be a high U.S. security and law enforcement priority. The $1.5 billion counter-drug assistance package known as the Merida Initiative will give Mexico, Central America, the Dominican Republic, and Haiti the support desperately needed to fight back against ruthless, well-armed, well-financed drug mafias. Moving swiftly to choke of the flow of arms, bulk cash, and precursor chemicals southward from the U.S. will also reassure our closest neighbors of our sincere commitment to rolling back the tyranny imposed by drug terror.

To reexamine strategies for the "war on drugs" and shore up domestic support, the Administration might wish to consider convening a bipartisan commission to map out a balanced drug strategy for the next four years. Such an exercise was conducted during the first Reagan Administration (1983) to deal with the Central American crisis.[1] It helped to lay the basis for a bipartisan policy in a critical region. A similar systematic review, debate and presentation of policy recommendations could help to advance a new consensus and a strategy to tackle the cyclical problem of the production, sales, consumption of illicit drugs. When the study is completed, President Obama should invite the heads of state of the Western Hemisphere to review the policy and to develop a new, hemispheric anti-drug compact and strategy.

The problem of transnational gangs (*maras*) is often seen abroad as originating in the U.S. and being aggravated by the process of criminal deportations from the U.S. Regardless of origin, the gangs are a shared challenge. Developing a comprehensive and effective response will find a wide and favorable audience in the region.

The U.S. Southern Command under the energetic and forward-looking leadership of Admiral James Stavridis has worked to enhance security partnerships and military-to-military relationships in the Americas and to interweave civilian and military components into combined actions. Problems associated with ungoverned spaces and the weak institutional capabilities of many of our neighbors make the U.S. armed forces a valued partner in a range of situations from disaster relief to medical missions. Efforts "to demilitarize" U.S. foreign policy in the Western Hemisphere should not overlook the positive accomplishments of Southern Command's work.

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[1] President Reagan created the National Bipartisan Commission on Central America, chaired by Henry Kissinger, to issue a report on Central American policy. It became an important blueprint for U.S. policy in the 1980s.

3. **Do Not Renege on Free Trade Deals**:

Former Bolivian president Jorge Quiroga recently remarked that it is ironic that two key commodities (oil and cocaine) enter the U.S. duty free, while the U.S. Congress debates duty-free entry of legal products from pro-American Colombia (which already has access to the U.S. market) and Panama.

Congress should quickly approve the pending trade agreements with Colombia and Panama. These actions will send a strong signal that the new Administration will be adopting a forward-looking trade policy agenda that emphasizes the creation of new U.S. jobs through expanded export opportunities.

A full spectrum of the wisest voices—U.S. and Latin American presidents, former senior officials, both Democratic and Republican— and the Council on Foreign Relations, the Brookings Institute, the American Enterprise Institute, The Heritage Foundation, to name a few, as well as mainstream-media editorials are unanimous in urging swift passage of pending agreements with Colombia and Panama.[2] Colombia will certainly be willing to work with the Obama Administration and Congress to accommodate additional reasonable measures aimed at protecting labor and environmental standards.

The new Administration should also continue to support the "Pathways to Prosperity in the Americas" (PPA) program, an initiative to re-invigorate efforts to deepen and enlarge a free trade area in the Western Hemisphere. At a time when multilateral organizations (e.g. the World Trade Organization, the Inter-American Development Bank, the World Bank, and the International Monetary Fund) that were created to foster trade and open markets are struggling to advance free-market principles, and groups such as the United Nations are increasingly ideologically sympathetic to worldwide socialism, new post-Bretton Woods structures such as the PPA are needed to advance the interests of the U.S. and other free economies in the world. The PPA should be designed to support and enhance governing arrangements that emphasize the basic principles of economic freedom and market-led economic policies while addressing issues of social development and poverty reduction.

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[2]Some examples recommending approval include: Jose Miguel Insulza, Secretary General, Organization of American States (OAS), "Recognize and Build on Our Progress," *Americas Quarterly*, Fall 2008, pp 103–105, at *http://as.americas-society.org/article.php?id 1332* (January 28, 2009); Council on Foreign Relations, "U.S.–Latin America Relations: A New Direction For A New Reality," Independent Task Force Report No. 60. pp. 17–19; "Rethinking U.S.–Latin Relations: A Hemispheric Partnership for A Turbulent World," Report of the Partnership for the Americas Commission, November 2008, p. 22; and "Democrats Support Colombia FTA," *Latin Business Chronicle*, April 21, 2008, at *http://www.latinbusinesschronicle.com/app/article.aspx?id=2314* (January 28, 2009).

4. **Don't Bend Over to Appease Hugo Chávez**

The challenge of dealing with Chávez is considerable. He is an outsized populist-authoritarian, a study in contradictions in a country torn between an impulse to populist, class-oriented socialism and the preservation of political and economic pluralism. While Chávez enjoys a significant following among Venezuelan citizens and is lionized as Fidel's successor, his ability to construct a viable domestic economy and a system for sustainable social development are subject of fierce debate.

The battle for the political soul and future direction of Venezuela is for its people to determine. But the U.S. has a legitimate if still undefined role in working with the majority of Venezuelans who do not desire to surrender their civic rights and freedoms to a monolithic, president for life. The upcoming referendum on February 15 on changing the Venezuela constitution to remove term limits will say much about the nation's political future and the viability of Chavez's Bolivarian Revolution..

The primary concern of the United States is dealing with a Latin American leader who routinely insults the U.S. and warmly embraces every rogue and tyrant from Fidel Castro and Robert Mugabe to Kim Il-Song and Mahmoud Ahmadinejad. Chávez has forged a strong relationship with an increasingly threatening Iran and a resurgent Russia. Moreover, he seeks to become the energizing axis for Latin America's socialist integration as well a pivotal player in a new world order that he hopes will freeze out capitalism and globalization and weaken the U.S.

Sending an ambassador to Caracas ought to be quietly placed low down on the White House's to-do lists. A U.S. ambassador should not be sent to Caracas without a comprehensive, tough-minded strategy for dealing with Venezuela's populist/authoritarian leader, one that focuses foremost on actions harmful to U.S. interests such as drug trafficking, creating a launching pad for radical Islamist terrorism, support for the FARC insurgency in Colombia, and fronting for Iranian sanctions evaders. There needs to be serious and satisfactory attempt by both parties to resolve differences before seeking *agrément* for another potential sitting duck of an ambassador.

5. **Avoid a Summit of the America's Circus**

President Obama should not permit the April 2009 Summit of the Americas in Port of Spain, Trinidad, and Tobago, to be hijacked by anti-American, authoritarian populists as was the fate of the last Summit at Mar del Plata, Argentina, in 2005. When it was launched in 1994, the presidential-level summit process was intended to consolidate democracy and facilitate negotiations for a Free Trade Area of the Americas (FTAA) agreement. Prospects for an FTAA have dimmed considerably in the years since, however, subverted by special interests and opponents of market-based democracy. The 2005 Summit was disrupted by an alliance of anti-U.S., anti-free trade, and anti-globalization groups and leaders, including Hugo Chávez, Evo Morales, Néstor and Cristina Kirchner, and other "21st century socialists." These radicals will likely seek again to advance their destructive agenda again in Trinidad. This time, however,

President Obama must thwart them and promote the interests of the U.S. and our hemispheric friends and trade partners.

6. Move Ahead with Brazil

The opportunity to forge a more extensive association and even a partnership with Brazil presently exists. Strengthening trade ties would be a good place to start. Under social democrat President Luiz Inácio "Lula" da Silva, Brazil has emerged as a regional powerhouse, competently leading international peacekeeping efforts in Haiti and acting as a "grown-up" restraining influence on a power-hungry, anti-U.S. Hugo Chávez. Lula and his economic team have implemented prudent fiscal and monetary policies, attracting private investment and achieving robust economic while alleviating poverty. As an incentive to encourage Brazilians to enter negotiations with the U.S. for a free trade agreement, Congress should immediately permit duty-free imports of Brazilian cane-based ethanol, offsetting the revenue loss by ending price supports for the wasteful U.S. corn ethanol program, which costs more to produce in relation to the energy it delivers all while harming the environment. Ending federal mandates, in turn, will help a strong U.S. ally, President Felipe Calderon of Mexico, where ethanol-fueled corn prices have led to higher (and politically costly) prices for corn tortillas, a Mexican dietary staple.

7. Promote Energy Cooperation

Much of the U.S. electoral campaign was conducted in a period when global energy prices soared, siphoning off precious American dollars, and leaving the U.S. vulnerable to energy blackmail by Venezuela's anti-American president Hugo Chávez.

Even with currently lower oil prices, the U.S. still needs a sound, comprehensive strategy will require expanding domestic oil and energy supplies, nuclear power, economically sustainable alternative energy sources, and energy efficiency and conservation. The U.S. must work closely with Canada and Mexico, America's nearest and most reliable suppliers. Realistic steps to promote energy alternatives in both Americas will include elimination of the tax on sugar-based ethanol, collaborating to develop research in second-generation bio-fuels, and supporting a regionally integrated system of pipelines and liquefied natural gas facilities.

8. A Freedom Agenda for Cuba

It is important to keep clearly in focus the fact that Cuba, after 50 years under a single, revolutionary, anti-American leader, remains a totalitarian state—an ideological dinosaur and island prison with a stronger kinship to the regimes of Stalin and Mao than to modern social democratic states. The island belongs not to the people but to an aging Raul Castro and his military comrades. Cosmetic economic changes have done little to alleviate dire economic distress.

While the desire to remove barriers that separate Cuban families and presumably infringe on rights of free travel for U.S. citizens is commendable, it is important to

remember that Cuba's restrictive, bureaucratic regime with its rigid controls and dual-currency system is skilled at skimming as much as possible from every fresh resource of foreign currency in order to perpetuate the regime's stranglehold on Cuban economic life. Waves of Canadian and European tourism, for example, have done little to open Cuba either politically or economically. An omnipresent socialist state still controls the economy and restricts the lives of Cuban citizens.

New flexibility and openness to travel and wider contact with Cuban society should be accompanied by a demonstrable relaxation of the repressive political and economic controls of the Castro regime that have impoverished and repressed Cubans and left the island's once vibrant economy in shambles. Efforts to remove U.S. administrative and legislative restrictions on travel and trade with Cuba should be calibrated with reciprocal changes that free political prisoners, allow the growth of civil society, and remove restrictions on speech, access to information (including the Internet), and travel. Empowering the Cuban people rather than extending an economic lifeline to a moribund communist regime should remain at the core of a new Cuba policy.

9. Keep Regional Focus on the Inter-American Democratic Charter

On September 11, 2001, while the world watched al-Qaeda's unfolding assault on America in horror, Secretary of State Colin Powell was in Lima, Peru with the region's foreign ministers in a meeting of the Organization of American States. Before departing for his stricken home, the Secretary joined in signing the Inter-American Democratic Charter. The charter remains a unique agreement promising the people of the Americas democratic governance based on the rule of law, political pluralism, the separation of powers, and respect for human rights. Seven years later, a significant minority of Latin American states have begun abridging citizen's rights and turned to the streets to stifle political debate, while the Organization of American States, the guardian of the Charter, has sat inertly on the sidelines.

The United States is founded on and supports the sound principles of the Charter. Americans should not be afraid to defend them. Constitutions exist to protect the rights of minorities as well as of majorities. Democracy means more than finding ways to manipulate the electoral process in order to remain in executive office.

But the U.S. cannot be the only nation in the Americas ready to speak out in defense of the Charter. The challenge is to encourage other, fellow democrats in the Americas to speak up too, in the halls of the OAS and elsewhere.

10. Develop a Bold Education Initiative.

The Obama Administration needs a bold initiative capable of touching the lives of ordinary Latin Americans. Education is the key to permanently reducing poverty and making more equitable societies. The U.S. is well-positioned to present a broad, multifaceted educational initiative. Support for elementary and secondary education is important and can be made with loans from the World Bank and the IADB. Rejuvenating

programs at the higher education level could be a signature initiative for the incoming Administration. They can reach directly to future leaders and spur innovation in sciences and technology, areas where Latin America lags behind on the global scale. President Obama should consider creating a senior-level, voluntary, Western Hemispheric Education Council to energize and revitalize the gamut of education strategies. The challenge is also to develop a stronger synergy to promote coordination and cooperation between government efforts, NGOs, and civil society. Additional educational efforts should also advance English-language education and develop a basic program that identifies the fundamentals of democratic capitalism.

Mr. ENGEL. Thank you, Dr. Walser.

Let me start with the questions. A number of you, particularly Mr. Farnsworth, so I think I will start with you, mentioned the global economic crisis and how we can best help the Western Hemisphere. Obviously because of the financial crisis, our ability to provide increased aid and trade opportunities for the hemisphere may be more limited than we would like. What actions could President Obama take in the hemisphere that could be cost neutral, or a little bit cost neutral, but symbolically important.

When he goes, hopefully, to the Summit of the Americas in Trinidad and Tobago in April, should he use the summit as an opportunity to role out a major new initiative in Latin America or would it be more useful for the President to simply attend and listen?

Mr. FARNSWORTH. Well, thank you for the opportunity. I think that those are both upstanding questions, and let me do what I can to see if I can add some thoughts. In terms of the immediate financial crisis, I think what the Federal Reserve has done in terms of opening the facilities for Mexico and Brazil and other countries I think is very, very good. That is the type of creative, forward looking thinking that is required.

That obviously doesn't address the region as a whole. I think there are several things that can, and should, be done in that capacity. Number one is simply a process of consultation. Yes, the crisis might have begun in the United States, but the impact is felt throughout the world, certainly in Latin America.

I think it would be entirely appropriate if senior members of the U.S. Treasury, of the Federal Reserve, of the White House, whatever is the appropriate vehicle, were in close consultation with their counterparts throughout the region, not just saying here is what we are going to do, but, frankly, asking for their thoughts as well in an actual consultative process. I think that is number one.

I think a regular series of meetings at the margins of the IMF and World Bank annual meetings could be something that would be very productive to begin to, number one, put procedures in place and vehicles in place so that this crisis hopefully is not repeated, but certainly, even if it is, that there are early warning systems that are put in place so that people can react appropriately and with some sort of foresight and understanding.

Other ideas that I think could be very useful, I mentioned inviting Brazil to join the G–8. Frankly, that should be done, but also, Mexico. The reason why, these are two very important economies, but the G–8 is the global coordinator of financial issues, and I

think to have Latin American voices at that particular forum is relevant in this point in time, and it is certainly consistent with where the weightedness of those particular economies are going in their global impact. So I think that would be a very good thing to consider.

The other thing I would mention briefly in this regard is something that actually President Lula mentioned at the Social Summit a few days ago. You know, President Lula was a labor organizer when he got his start, but he quite clearly, and was quoted as saying to the United States: "You need to keep markets open, you can't revert to protectionism." Here is a former labor organizer telling the United States the best thing you could do for us right now is keep your markets open.

That is not a financial issue, per se, but it is directly related and it would help Latin America's largest economy, and, frankly, the rest of the economies, to get back to the growth path. I think that is the primary issue.

In terms of the summit, my personal view is that, and I went to the first summit in Miami with President Clinton, I was part of the summit package in Santiago in 1998, I have been around the Summit of the Americas process since the very beginning in my professional capacity, and I have to say that it can be a very good vehicle and a very effective vehicle to bring the leaders of the hemisphere together, to sit in one place, to get to know each other, to develop the relationships that drive the overall national relationships. I think it is very, very positive.

At the same time, this is happening so early in the administration. There are many new faces around the table and we already have seen that much of what the hemisphere wants is to have a voice in the process. My personal view is that at the summit a very valuable aspect of that would be to go and listen and to hear what the rest of the hemisphere is saying. Yes, the President of the United States can't go with empty pockets, can't say, "I have no ideas." That is not what I am recommending.

I am saying that the rest of the hemisphere also has good ideas, and I think if we came with a precooked major initiative, whatever and however well-meaning that would be, that could actually backfire. So I think that we need to have the summit begin a process, not be the end of a process.

Mr. ENGEL. You know, Mr. Farnsworth, it is interesting that you say that because one of the things that I have been saying in the 2½ years that I have been chairman of this subcommittee is as we go around to all countries, it doesn't matter whether it is in the Caribbean, or in South America, or in Central America, the one thing that is there all the time is that people feel or the governments feel that the United States has been disengaged, that we have not been engaged, engaged in a respectful way, you know, not where we are telling people what to do because we know better, but having a dialogue with our partners and our sisters and brothers in the same hemisphere, in our own backyard.

I am a big believer, and that is why our subcommittee has travelled and we have gone and we have met with heads of state in all these countries, both on the left and on the right. It is amazing, you know, except for a few, they really want to have better rela-

tions with the United States, regardless if they are on the left or on the right.

One of the things that I really believe is that engagement for the United States is not only the right thing to do for the Western Hemisphere, it is the right thing to do for the United States because if we are disengaged, and if we create a void and a vacuum, others will rush in to the vacuum. We have seen that happen with the Chinese, we have seen it happen with the Iranians, we have seen it happen to a lesser extent with the Russians, and of course we see it with Hugo Chavez and his nonsense.

So we need to be engaged for us, but also for the other countries in the Western Hemisphere. I hope that that is the policy that the Obama administration will articulate, one of engagement. Now, we have plenty of problems all around the world, and I am not suggesting that we disengage from the Middle East or we disengage from some of the other places, but I think we are able to juggle a few balls in the air and we are able to say that our own backyard is important to us, not at any other expense of any place around the world, but we cannot ignore our own backyard while we are doing all these other things.

I hope that that is what the Obama administration will show, that we are not any more disregarding or not engaging our own backyard.

Mr. FARNSWORTH. I completely and totally agree. I think that, you know, I have had some similar conversations, and you ask, well, what is the nature of the engagement that you are actually looking for? What determines in your mind what is engagement? Oftentimes, it is simply a matter of having a seat at the table and having a voice and being consulted. It is not to say they are always going to agree or we are always going to agree. That is not the point.

But to actually have that discussion, I think that is very valuable and that can begin a process with the—you know, you have, again, a very wonderful opportunity right now to use the spirit of reconciliation in the hemisphere toward the United States, but I don't think that window is going to remain open forever, and so if we can take some steps now that will begin a path, begin a process, I think that would be time very well spent.

Mr. ENGEL. Let me just say, and this is the last comment I will make before I turn it over to Mr. Mack for questions, no matter where we went in the hemisphere we had these press conferences, you know, and we thought we were doing so well, but after the election, or even before the election, the only thing the media wanted to know about was Barack Obama.

He was such a rock star in every country we went to. It didn't matter whether we were in Chile or Paraguay. Everywhere we went to, people wanted to know about him. And, so I think that we have a tremendous opportunity here and the administration has a tremendous opportunity here to change the perception, to change the feelings.

As was mentioned before, there are negative feelings on the street about the United States. While we don't conduct our policy because we want people to feel good about us, why shouldn't we

want to have people feel good about us? I think there are enormous opportunities in the Obama administration. Mr. Mack?

Mr. MACK. Thank you, Mr. Chairman. I guess my first question is for Mr. Bendixen. I was very interested in your testimony and want to give you an opportunity to expand on it a little bit. You talked about, I guess, two Americas, and you outlined the differences between the two. I would like to focus for today a little bit on those that would be considered our friends and allies. If you could talk a little bit about the strengths that we already have and what you believe we could do from a policy position to support to continue those relationships as well.

Mr. BENDIXEN. Sure. First of all, we have to be realistic not only about what our friends want but what all of Latin America wants that I don't think it is possible right now. If you listen to the Presidents, the politicians, public opinion in Latin America, they want us to end the embargo to Cuba. That is not going to happen. They want us to end our agricultural subsidies which they consider to be tremendously important in terms of their ability to progress economically. That is not going to happen.

You hear this a lot on television. They want us to spend as much money as we spent on the war in Iraq and help create a Marshall Plan for Latin America. That is not going to happen. We have tremendous economic limitations.

In countries like Colombia, Peru, Mexico, Central America, which, as I mentioned, are still what you might call very friendly countries, countries that are our allies, our friends, there is tremendous respect not only for our Government and for our new President—which, by the way, I think is also popular in other places, it is just the opportunities aren't there for much progress. But I think culturally there is a history there that is very powerful.

Now, since we cannot really devote many economic resources to those countries right now, I think the most important thing we can do is open up trade. I think the chairman asked about the Summit of the Americas in Trinidad in April. I don't think President Barack Obama is going to be able to bring a new initiative that costs billions and billions of dollars. It is just not going to be possible under our economic reality.

If he could announce at that summit that finally he has figured out a way to get the U.S. Congress to approve the free trade agreement with Colombia, and why not Panama, that would be a tremendous symbolic signal to Latin America that we are now moving in the direction of not only engagement, which the chairman was mentioning, which is also very important, but actually doing things that help the countries that have proven already over the last few years to be on our side and have been our allies not only in terms of policy but also at the United Nations and the OAS and other international organizations.

Mr. MACK. Thank you. You know, I couldn't agree with you more. I think that we have been working and fighting a long time to get a vote on the free trade agreement with Colombia and also Peru, Panama, so, you know, that would be a tremendous way for the United States to extend our hand to our friends.

The next question I would like to ask Dr. Walser about, and that is the upcoming elections in Venezuela where Hugo Chavez is once

again asking his country to make him President for life. I wanted to see if you would talk a little bit about what you think that would mean for Venezuela, but also for Latin America, with the influence that Chavez is trying to spread through those that aren't our friends in Latin America.

Mr. WALSER. Well, I hate to claim to be an expert on Venezuela, but for the moment, I will at least try to make a few predictions. Clearly, he sees February 15 as the opportunity to sort of seize the initiative. My understanding is from the analysis of the Venezuelan economy that it is headed toward serious problems, given obviously the decline in the price of oil.

Chavez has built an economy that stills relies upon the expert of all earnings for roughly 96 percent of its overall or gross export earnings. Something like 50 percent of its budgetary earnings come from the oil industry. It is a country which has become far more dependent upon the export of oil, so clearly the declining price and the promises that he has made, are sort of headed toward a train wreck, as one might say, so he has advanced the effort for the referendum for February 15.

He says that this is the defining point that will enable him to spend at least another term to install his Bolivarian revolution. Obviously, a defeat of that referendum will raise very significant questions about the future of Hugo Chavez in Venezuela, very serious questions about the nature of his revolution. Victory will clearly open the door for continued efforts by the Venezuelan opposition and we will still have parliamentary elections.

In the elections in 2012 he would still have to stand for office. So it is not a sure path for Chavez. I think the overall implication at this particular point is that the money train has sort of run out, and we are going to see where Chavez positions himself in the months and years ahead without oil at $120, $140 a barrel.

So he is facing some very serious domestic constraints which are going to alter, I think, in the next couple of years his position, his opportunity to influence events in the Western Hemisphere and that, as I think was said earlier, crisis opens up opportunities. It certainly opens up opportunities for us to try to, as the chairman and others have said, engage in the Western Hemisphere. So it is going to be an acid test but I don't think it is the final test.

Mr. MACK. Thank you.

Mr. ENGEL. Thank you, Mr. Mack. Mr. Meeks.

Mr. MEEKS. Thank you, Mr. Chairman. I have got a few questions, and of course I have first got to express some concerns also because I think what the opportunities that I think that presents itself with the crisis that we are currently engaged in is to change the way that we have been dealing with South America and Central America, especially when it seems as though we are doing it with the Cold War attitude. Picking, you know, who can do this or that as we did in the Cold War.

We should be moving to change and going in a different way and looking at South America and Central America in a different way because that is exactly what we are talking about that they don't want. They don't want us just to come and tell them this or that or this is our friend as we did in the Cold War. Here is opportunity

to change. We have got to make sure that we take advantage of it.

I agree with certain things. I mean, clearly I think that would send a strong message is if in fact, and I found that there is countries whether or not wherever they may be that say we should pass a free trade agreement with Colombia. They agree on that. Some who lean to the left. So I think that would be a message that us not telling them but we listening to them. That is change.

It helps bring all of them together because, whether we like it or not, they are interrelated. The politics of Venezuela is related with Colombia because they trade with one another. And so for us to try to pick winners or losers and dividing the continent I think is an old way of thinking and here is the opportunity of a new way of thinking and going forward.

Now, I think that the chairman is absolutely correct in that we have got to think of some new and inventive ways that we can come down to Trinidad, et cetera, to figure out what can we do? How can we make a difference given the fiscal constraints that we have? I was meeting with some last evening and we were talking about the roles that, for example, the IMF may have.

I understand that they have a stigma, was the word that was told by me, because most countries say that if they go into the IMF that shows that their economies are weak or about faltering and they don't want that stigma placed on them.

So my question to Dr. McClintock first, and whoever else, is do you see any roles for, whether it is the IMF, or the World Bank, or any of the IFIs in the region that could be beneficial, that, you know, could help where we might not be able to come up with some money without having the stigma placed upon those nations and/or putting them in a severe debt as, you know, some of the countries were placed under when they were able to take some of those loans before which causes them also to have a bad relationship or bad look when you talk about the IFIs?

Ms. MCCLINTOCK. Yes. You know, I agree. I think that there is definitely a role for, you know, the international banks in consultation with us and the Latin American countries in providing low interest loans and enhancing new investment. I agree with Mr. Farnsworth that the summit is an ideal place to begin more of those discussions, to get together. So I think those are crucial.

One point I would like to mention that agrees with the spirit of your comment is that Latin America at the moment is divided between the socialist, you know, and the market friendly, but that is this particular moment. I think all the incumbent governments are going to be hurt by the global financial crisis. What that means for us, as Mr. Walser was saying, it is good news regarding Venezuela, this undermines Hugo Chavez, but by the same token, it does hurt some of our friends, so I think it is a delicate moment.

We just have to be sensitive to the ways in which these crises and problems are going to affect. My own hope is that, you know, as we engage and as we listen, we undercut Hugo Chavez, we undercut Fidel Castro, and that helps everybody in the long run.

Mr. MEEKS. One of the other things that I think, though, that is in common, and then I am going to go to you, Mr. Farnsworth, and ask you the same question that Dr. McClintock answered, but

one of the things that I think that we have neglected to say that has taken place over the last few years where, whether they are left leaning, or socialist leaning, or, you know, part of a free market is that democracy. There have been elections.

Each leader has been elected by the people. There has been, you know, no coup d'états, except for the one that was attempted in Venezuela in, what was it, 1991, 1992? There have been elections. As a result of some of those elections, for the first time individuals who are indigenous to the countries were elected President from people who were never heard of, or heard from, or participating in elections before.

There were never given any services or any attention before by governments prior to the election of these Presidents. No one seemed to have cared and said anything. These were elections. They are continuing to elect. In Venezuela there was a referendum where Chavez tried to get, you know, talked about extending the term limit before. The people of Venezuela said no. Nobody said anything to say that it was a free election or anything. They turned him down.

We have yet to see what is going to happen on February 15. I was there at the election before as an observer and I saw lines that were miles long of people waiting to vote. I think that is progress that we should compliment and not just take for granted and say, you know, it is. So rallying around the progress that was made, because I like to look at the positive side. Mr. Farnsworth, same question. Where do you think we are headed?

Mr. FARNSWORTH. Thank you for the opportunity. I couldn't agree more. In fact, what we are seeing in the electoral changes across much of the hemisphere are direct results of the fact that long overlooked whole populations, particularly in the Andes, all of a sudden have the franchise and they can elect, they can choose their leaders, through the vote.

We can help with the democratic process, but ultimately, it is up to the people to elect their own leaders, and that is what they have done. In some cases, those leaders don't particularly like us. They have historical grievances; they have all kinds of things. That doesn't justify in some cases some of the behavior, but the fact of the matter is one can understand this, and it is a healthy development for democracy, I believe, in the region. Just exactly, Mr. Meeks, what you are saying.

You are seeing that all throughout the region where, and particularly Mr. Faleomavaega is not here anymore, but the indigenous community has been the primary beneficiary of a broader franchise, again, through the Andes, through parts of Central America and what have you. I think that is a healthy development. Now what one needs to see as the next step as these democracies begin to mature to try to channel those very legitimate political aspirations into a healthy movement for the positive direction of their countries.

Very quickly in terms of the questions that you asked on finance, and then I want to add one other quick topic about the broader, you know, left, right dichotomy.

Mr. ENGEL. We are going to have to do it a little quickly because they are calling us for a vote, and I want to give Mr. Smith and Mr. Sires a chance.

Mr. FARNSWORTH. Very quickly. There is a huge role for the IFIs. Yes, there is a certain status of the IMF in Latin America, but there is a huge role for the IFIs: Credit; access to credit; keeping the economies flowing; the World Bank in terms of not forgetting the least of the populations who could be touched by financial crisis; the Inter-American Development Bank; the Andean Development Bank. Huge role for those who would like to discuss it further.

In terms of bringing the hemisphere together for a new day, one of the issues that brings us all together, whether as a supplier or producer, is energy. I personally think that energy should be, needs to be, a primary topic of discussion at the summit because whatever we think on the politics, look, we might not like Hugo Chavez and he might not like us, but we sure are doing business every day with that country, and so are other countries.

Whether it is traditionals, nontraditionals, or biofuels from Brazil, or other countries working together, Brazil having a left-leaning government, our previous President was right leaning, to have those two countries cooperating so well on biofuels in Central America, in the Caribbean, these are logical areas that need to be expanded.

It goes to your entire point about let us find the areas where we can cooperate, let us forget about, you know, who called somebody who in the newspaper yesterday and let us move forward in a cooperative agenda for the Americas. Thank you, Mr. Chairman.

Mr. ENGEL. Thank you. Mr. Smith.

Mr. SMITH. Let me just say, Mr. Bendixen, to your comment about the 600 percent increase of exports from China to Latin America, we see the same kind of exponential increase to Africa as well, but we have got to remember, we helped enable that. When we lifted MSN and delinkage from human rights—and obviously there is no labor rights in China, they get 10 cents on the hour—the USTR looks scant and does nothing in terms of an unfair labor practice. We need to resurrect all of that and hold China to account.

Secondly, let me just say to Dr. McClintock, you know, it is an excellent moment for change and you noted the Zogby poll. I believe that the Zogby poll asked as a precondition for opening up free travel and free trade with Cuba that there be the release of the political prisoners. There would be huge percentages of Americans who would say absolutely.

I would hope that at the very least if President Obama moves in that direction he will insist that all of those political prisoners be released. Finally, the 1980 Hague Convention on civil aspects and international child abduction established, in principle at least, a transparent, predictable process to impartially adjudicate child abduction cases.

The Hague Convention entered into force between the United States and Brazil on December 1, 2003, yet, the U.S. State Department determined in its 2008 compliance report that Brazil continued to demonstrate patterns of noncompliance with the convention

in its judicial performance. On Friday, since I am being denied, and Frank Wolf, to go to Cuba to talk about human rights, I will be joining a man who lives inside of New Jersey, David Goldman, who has been trying for 4 years to not only obtain custody of his son but also to just see his son.

His wife, who is now deceased as of August, sadly and tragically left to go on a vacation for 2 weeks and said I am not coming back. The Central authority and the other important people in the process in Brazil have not lived up to their sacred obligations under the Hague Convention. I am wondering if any of you would like to comment on this Hague Convention as it relates to these child abduction cases in general, relative to Brazil, and especially to the David Goldman case, if you would like. Appreciate it.

Mr. WALSER. I think you have a very valid point there. I don't think any of us at the table would question the importance of reciprocal actions in the observations by independent states of their international obligations, so we would support you and sustain you in your efforts.

Mr. ENGEL. Well, thank you, Mr. Smith. I think this has been a very interesting and productive first hearing and we could go on and on. Obviously, there are so many issues, and the interest that has been generated is just fantastic. I just want to let everyone know that this subcommittee will continue to be active, we will have hearings. Our next hearing is March 3 on Bolivia. We will continue to tackle the issues of the day.

I want to again conclude by thanking my colleagues, particularly Connie Mack. I know we are going to have a very, very good year, 2 years, actually, with this subcommittee. Thank you all for attending.

[Whereupon, at 12:54 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

SUBCOMMITTEE ON THE WESTERN HEMISPHERE
Eliot L. Engel (D-NY), Chairman

January 28, 2009

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend the following OPEN hearing of the Subcommittee on the Western Hemisphere, to be held in Room 2172 of the Rayburn House Office Building:

DATE: Wednesday, February 4, 2009

TIME: 11:00 a.m.

SUBJECT: U.S. Policy Toward Latin America in 2009 and Beyond

WITNESSES: Mr. Sergio Bendixen
President
Bendixen & Associates

Cynthia McClintock, Ph.D.
Professor of Political Science and International Affairs
Director, Latin American and Hemispheric Studies Program
The George Washington University

Mr. Eric Farnsworth
Vice President
Council of the Americas

By Direction of the Chairman

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COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *WHEM* **MEETING**

Day *Wednesday* **Date** *2/4/09* **Room** *2172*

Starting Time *11:19 am* **Ending Time** *12:53 pm*

Recesses [ ] (____ to ____)

Presiding Member(s) *Eliot L. Engel*

CHECK ALL OF THE FOLLOWING THAT APPLY:

Open Session [✓]
Executive (closed) Session [ ]
Televised [ ]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING or BILLS FOR MARKUP: *(Include bill number(s) and title(s) of legislation.)*

"U.S. Policy Toward Latin America in 2009 and Beyond"

SUBCOMMITTEE MEMBERS PRESENT:

Eliot L. Engel, Connie Mack, Gregory W. Meeks, Albio Sires, Christopher Smith, Gabrielle Giffords, Eni F.H. Faleomavaega, Jeff Fortenberry, Barbara Lee, Ron Klein

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not Members of HIRC.)*

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Mack: Statement, FL Cuban-American Voters Survey, Article from the Politico; Giffords: Questions for the Record (QFR); Burton: QFR; Council on Hemispheric Affairs Statement; Council of the Americas Statement

ACTIONS TAKEN DURING THE MARKUP: *(Attach copies of legislation and amendments.)*

RECORDED VOTES TAKEN (FOR MARKUP): *(Attach final vote tally sheet listing each member.)*

Subject	Yeas	Nays	Present	Not Voting

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *12:53 pm*

Subcommittee Staff Director

Subcommittee on Foreign Affairs
"Overview of U.S. Policy Toward Latin America in 2009 and Beyond"

Statement and Questions Submitted for the Record
Congresswoman Gabrielle Giffords
February 4, 2009

Thank you, Mr. Chairman. I appreciate the opportunity to hear our distinguished panel today and hear their views on United States policy toward Latin America.

As one of only ten members with a district on the U.S.-Mexico border, I acutely understand the need to stop the movement of fugitives, drugs and guns in and out of our neighboring countries. A large portion of the Tucson Sector is located in my district; it is the most porous sector along the entire U.S.-Mexico Border. More than 48% of the nation's drug traffic and 44% of all illegal human traffic entered our country through southern Arizona in 2007. Each day, approximately 1,049 illegal immigrants and 2,749 pounds of drugs cross through our ranches, highways, precious lands and communities.

Specifically, I would like to inquire about the Merida Initiative and its impact on these problems I have just discussed.

I believe we must closely monitor the implementation of the Merida Initiative and encourage bold and effective strategies that involve law enforcement officials on the frontlines of the battle against violence and drug and gun trafficking. I remain concerned that the Merida Initiative lacks clear coordination among federal agencies as well as transparent or measurable benchmarks and metrics for determining the initiative's success.

With that in mind, I have the following questions for the panel:

1. In 2008, 5,700 people were killed in drug-related violence in Mexico. Much of this violence was spearheaded by competition among drug cartels for access to the lucrative drug market in the United States, and is facilitated by easy access to highly sophisticated illegal firearms trafficked into Mexico from the United States.
    a) What concrete results have been seen from the Merida Initiative in decreasing gang violence, corruption and organized crime such as narcotics and arms trafficking in Mexico?

        Dr. McClintock: The Merida Initiative was approved by the U.S. Congress only in June 2008 and the first tranche of funds was received in Mexico only a few months ago. So, it is very early to judge the impact of the Initiative. Unfortunately, it does not appear that gang violence, corruption, and organized crime were reduced in the first months of 2009. Killings in Mexico for January-February 2009 numbered more than 1,000--about the same monthly rate as in 2008.

Mr. Farnsworth: Mexico and countries in Central America and the Caribbean have been receiving funding through the Merida Initiative for a relatively short period of time. In that regard, it is too early in the process to fully grasp the benefits of U.S. assistance but preliminary indications are positive. Nonetheless, it is also important to note that the Government of Mexico has shown strong resolve in addressing the crime and violence engendered by the illegal narcotics trade and the easy access to firearms on the U.S. side of the border. This will be a long and hard fight; working with our neighbors as full partners, including fully funding initiatives like Merida designed to address these vexing issues, will do the most to address them in an effective manner.

b) Have you seen an effect on the prices on drugs, particularly cocaine, in the United States? If so, what factors may have explained this change and are they related to the implementation of the Merida Initiative?

Dr. McClintock: In December 2008, the National Drug Intelligence Center reported that cocaine availability in the U.S. declined in 2007 and 2008 and that the street price increased about 20% while purity decreased about 12%. In the report, the National Drug Intelligence Center stated that the leading cause of the change was unclear, but believed that likely factors were 1) several exceptionally large cocaine seizures 2) the Mexican and U.S. governments' counterdrug efforts 3) the high level of intercartel violence in Mexico and 4) expanding cocaine markets in Europe and South America. Supporting the Mexican government's counterdrug efforts, the Merida Initiative would have been a positive factor. It should be mentioned, however, that historically disruption of drug-trafficking in one place leads to its move to another place; this appears to be occurring now with an expansion of trafficking in West Africa and Eastern Europe.

Mr. Farnsworth: As an organization we do not closely follow the prices of illegal narcotics although we would note that a deteriorating security situation anywhere in the world brings with it a concomitant fall in direct foreign investment. The U.S. and Mexico are deeply linked economically and the current security situation hinders both international and domestic enterprise. Reduced investment flows and business activity hinders job creation, particularly in this distressed economic environment, and a lack of job creation in turn across the region can fuel the drug trade and criminal activity in a race to the bottom.

c) Can you report on the flow of arms from Mexico into the United States since the Merida Initiative has been implemented?

Dr. McClintock: The flow of arms from Mexico into the U.S. is minimal; Mexico has very strict gun laws. The major recent concern has been the flow of arms from the U.S. to Mexico. As has been mentioned frequently in recent months, more than 90% of the guns seized in Mexico's drug wars come from the U.S. The Obama administration has expressed concern; it has promised to

enforce a long-ignored ban on importing assault weapons, many of which are re-sold illegally and smuggled into Mexico to the cartels, and the U.S. congress has also provided funds for a crackdown on U.S. gun-trafficking networks. I believe that more needs to be done.

Mr. Farnsworth: We do not have independent statistics on these matters but would compliment the Chairman and others for their efforts to highlight these matters and to offer legislation that would reduce the flow of such arms.

2. Funds were included in the Merida Initiative to promote "rule of law" building. Have you seen a change, but what has been done to protect civil liberties and human rights, particularly against labor leaders in Mexico?

Dr. McClintock: Unfortunately, to date there does not appear to have been an improvement in the "rule of law" in Mexico. An excellent report on this issue is the testimony of Joy Olson, the Executive Director of the Washington Office on Latin America, to the Subcommittee of the State, Foreign Operations, and Related Programs of the House Appropriations Committee on March 10, 2009. As Mexico's military and police moved to try to identify and arrest drug traffickers, they have committed multiple, serious crimes against civilians, and the number of complaints about abuses by Mexican citizens has increased. To date, very few officers have been prosecuted for these crimes.

Mr. Farnsworth: As mentioned earlier, it is too early in the process to evaluate the success of U.S. involvement. We fully agree that the implementation of the Merida Initiative, as with all U.S.-funded programs, must be done with full reference to the protection of civil liberties, human rights, and labor rights.

3. More than 30 journalists have been killed in the past six years in Mexico, including a television reporter in Acapulco and a print journalist in the northern state of Sonora. Others have been kidnapped in a campaign of intimidation largely attributed to the drug cartels. Can you report on Mexico's progress to bring a permanent end to violence against journalists?

Dr. McClintock: As recently as 2008, at least five journalists were killed in Mexico; the violence against journalists has not ebbed. A November 2008 Washington Post article suggested that Mexico's journalists are coping primarily by ceasing their investigative reporting on drug issues. There does not appear to be effective state action to protect journalists.

Mr. Farnsworth: Violence against journalists is nothing less than an attack on democracy. The cartels, in seeking anonymity for their illegal activities, routinely target investigative reporters and others who threaten to expose the drug trade. The Government of Mexico is aware of these threats and has

expressed its commitment to eliminating such tactics designed to intimidate law-abiding citizens into quiescence with the drug trade.

4. Is the Merida Initiative the comprehensive approach we have been looking for to address this crisis on our southern border?

Dr. McClintock: The Merida Initiative, which for the first year was budgeted at about $400 million, primarily provides the Mexican government with helicopters and surveillance aircraft. Over the first year, only about $75 million was given for strengthening Mexico's political institutions. Such expenditures are small relative to the roughly $20 billion that Mexico's cartels make in a year. In a comprehensive approach, the U.S. would do much more to stop the flow of weapons into Mexico, to reduce demand for drugs in the U.S., and to support the reform of Mexico's judiciary and police. Also, as we consider a more comprehensive and effective approach to this crisis on our southern border, we need to include an analysis of the effects of policies for harm reduction and decriminalization of drugs.

Mr. Farnsworth: The Merida Initiative is an important and strategic first step in addressing regional violence and criminal activity. Importantly, the United States must remain open and flexible in addressing changes and obstacles that are bound to be faced in this lengthy process. As in any complex situation, there will be problems that must be addressed months or years down the road that are currently unknown, and the United States, through its commitment, should continue to help our regional partners in addressing them.

Subcommittee on Foreign Affairs
"Overview of U.S. Policy Toward Latin America in 2009 and Beyond"

Questions Submitted for the Record
Congressman Dan Burton
February 4, 2009

1. **When we look for ways out of the current global economic crisis, don't you agree that the Administration must use every available tool to promote the opening of markets abroad for U.S. farmers, ranchers, and manufacturers?**

   - **Dr. McClintock:** Yes, I agree that the opening of markets abroad for U.S. farmers, ranchers, and manufacturers is very important. But I also believe that the U.S. government has other objectives in Latin America as well: in particular, helping to promote development, consolidate democracy, and maintain peace. Unfortunately, at times these objectives are not complementary and accordingly at times the opening of markets cannot be the Administration's top priority.

   - **Mr. Farnsworth:** Yes. The process of opening markets is an essential tool for economic growth and stability. Given the current global situation, it is imperative to continue to find ways to create new markets for U.S. exporters. In 2008, U.S. exports rose 12 percent and accounted for over 13.1 percent of GDP, one of the few bright spots for the economy. Timely passage of the pending trade agreements with Panama and Colombia would expand markets for U.S. exports even as those two nations already enjoy virtually duty-free access for their products to the United States.

2. **If we continue to delay consideration of the pending Free Trade Agreements such as with Colombia and Panama, and fail to successfully initiate new negotiations, doesn't the U.S. risk being permanently left out of this rapidly evolving global trade network?**

   - **Dr. McClintock:** I think that, if the Administration works deftly with the governments of Colombia and Panama to explain the reasons for delays in the implementation of the FTAs and specifies what the Administration would like to see in Colombia and Panama before the approval of the FTAs, the governments of Colombia and Panama will continue to work with the Administration for the FTAs. Although there is a rapidly evolving global trade network, the U.S. is the largest market by far for both Colombia and Panama and neither country is likely to want to bypass the U.S.

- **Mr. Farnsworth:** Yes. Many countries including Colombia and Panama are currently negotiating trade agreements with countries other than the United States. For example, in 2002, Colombia had 2 trade agreements in force that included 5 trading partners. For 2010, Colombia is anticipating completion of 9 trade agreements with 54 countries and over a billion consumers. In order for U.S. exporters to remain competitive, it is a necessity that the United States have equal access to the Colombian and Panamanian markets. As well, if we fail to show leadership in additional new negotiations, others will take up the mantle and either exclude us altogether or, at a minimum, establish negotiation frameworks and rules of the game which do not adequately take into account U.S. interests.

3. It seems to me that the Cuban government has made very few changes in "openness" of their economy and political process despite a change in leadership. Would you agree that political openness is as unlikely under Raul Castro as it was under Fidel?

- **Dr. McClintock:** I agree that, unfortunately, at least in the near term, political openness is as unlikely under Raúl Castro as it was under Fidel. Raúl Castro's recent overhaul of his cabinet appears to suggest that he wants to move towards the "China model": a more open economy, but a still-closed polity. I believe that the goal for the United States is to work so that, amid Cuba's more open economy, political change becomes more likely.

- **Mr. Farnsworth:** The Council of the Americas remains committed to strong, robust democracy throughout the Americas, including Cuba. At this stage, it remains unclear as to the prospects for greater openness under Raul Castro than Fidel Castro, though, with Raul already in power for some time, it does appear that dramatic changes are not on offer in the near term.

A Message to President Obama on Behalf of Cuba's Political Prisoners Who Also Seek Change

Dear President Obama:

Congratulations on your inauguration as the 44th President of the United States of America.

Your election has ignited the flame of hope and change amongst all peoples, especially those struggling for freedom in the remaining totalitarian dictatorships in the modern world. So today, as we join you in this historic celebration, we also remember and call your attention to our families, friends and loved ones imprisoned by one of those regimes, Cuba, just 90 miles off the U.S. coast.



The message of change, which propelled you into the presidency of the most powerful nation in the world, is one that has propelled thousands into prison in Cuba. Daring to call for change in Cuba is a crime carrying 20 to 30-year prison sentences. As we celebrate your inauguration, thousands of human rights advocates and civil rights activists, such as Dr. Oscar Elías Biscet, languish in Cuba's prisons for politically criticizing the government and seeking change. Moreover, countless numbers of young Cubans have been beaten and arrested simply for wearing white wristbands imprinted with the Spanish word for change, ***CAMBIO***. ("Wristband That Says 'Change' Prompts Crackdown in Cuba," *Chicago Tribune*, 11/9/07).

Cuba remains the only totalitarian dictatorship in the Western Hemisphere. Geopolitically, U.S. support for ***Cuba's pro-democracy movement*** is imperative if democracy and prosperity are to be sustained across this region. Your support for this movement in Cuba is as vital to the spread of democracy, as support for the nation of Israel is vital to achieving peace and security in the Middle East. Any legitimization of the cruel regime in Cuba by the United States risks extinguishing the hopes and democratic aspirations of the Cuban people and dangerously feeds the authoritarian desires of other self-absorbed leaders in our hemisphere, who are eager to discard democratic institutions and the rule of law.

At this critical time, it is essential that our nation remains steadfast in its commitment not to unilaterally alter existing sanctions on the Cuban regime. U.S. policy toward Cuba should change only when three overarching conditions written into U.S. law are met:

1. The release of all political prisoners;
2. The legalization of all political parties, an independent media and labor unions; and
3. The scheduling of internationally-supervised free and democratic elections.

Your presidency will be presented with many challenges and great opportunities. Regarding the future of Cuba and its people, we ask that you focus on those most deserving of the friendship, support and recognition of our great nation: ***Cubans striving for their nation's freedom.*** The United States should not reward the oppressive regime that violently incarcerates its citizens for seeking democratic ***CAMBIO***.

DIRECTORIO

CUBA DEMOCRACY Public Advocacy Corp.

For more information, please contact us@cubademocracy.com

`Guy Hursthouse & Tomás Ayuso

¿Cambio?: Latin America in the Era of Obama

- Bush's legacy leaves an estranged Latin America

- Range of new Latin American issues vie for Washington's attention

- Conflicting messages from Obama's diverse cabinet

- Regional leaders express hope, remain cautious

Now that Barack Obama is several weeks into being the 44th President of the United States, expectations are running high in Latin America, where two terms of George Bush's widely noted indifference to regional affairs have strained hemispheric relations. Obama now must address a hemisphere that has developed a substantially different profile than existed eight years before when Bush first assumed office. A highly regarded would-be superpower, an impressive collection of left-leaning governments, a concerted attempt at regional integration, and the formation of an entire array of new institutions have emerged in Latin America since Washington's near abandonment of the region in favor of the Middle East and elsewhere in the world. Moreover, an intensifying security threat associated with drug trafficking and the demands of other, more clamorous issues have muscled their way to the forefront of the area's concerns.

If he is to revive any significant U.S. silhouette in the Latin American region, Obama must live up to his oft-repeated but as yet untested campaign rhetoric calling for 'change.' Each of the agenda items which his presidency is facing in the region can be addressed with reasonable ease if the Obama administration's supposed pragmatism prevails over the *status quo* policies which were a feature of both Clinton's and Bush's approach to the region. What is needed is a sense of respect for all of the hemisphere's players rather than ideological Sturm und Drang or the assumption that augmented trade will provide a universal elixir.

War on drugs

An increasingly high-intensity war is being fought in Mexico between all-powerful drug trade organizations (DTO) and the country's security forces. President Felipe Calderón deployed Mexico's army soon after the onset of his presidency in early 2007. His mission was to dismantle the DTOs' heavily armed networks as well as to attempt to moderate the unprecedented violence that had been growing in the country throughout 2006. Two years since the anti-drug trafficking offensive began, over 8,000 casualties have been violently claimed in cartel hot spots across Mexico. The two bloodiest battlefields have been right along the U.S. border in and around Ciudad Juarez and Tijuana, where DTOs are fiercely fighting over control of drug smuggling routes. Additionally, over 1,000 kidnappings were reported in 2008, exceeding the numbers encountered in Colombia or Iraq.

Early in 2009 the violent trend set in motion during the two previous years has shown no sign of slackening. Officials on both sides of the border only now have begun to give this issue the attention it deserves. Leaders from across the hemisphere have met on a number of occasions to initiate intelligence-sharing programs as well as attempt to jump start cooperative training, tracking and extradition procedures. Recently, President Calderón met with Guatemalan President Colom, Panamanian President Torrijos and Colombian President Uribe in Panama where the leaders underlined the indisputable importance of a coordinated response. Colombia remains the world's leading cocaine producer despite the U.S.-backed multi-billion dollar anti-narcotics campaign, Plan Colombia. Meanwhile, Guatemala and Panama serve as major hubs in the smuggling chain that leads to the U.S.

The Tactics of a Drug Strategy: Colombia and Mexico

In the U.S., officials from relevant branches of the government have begun to point out the destabilizing effects that a lawless Mexico could have on the southern U.S., let alone the rest of Latin America. Last year, Guatemala suffered at least four grotesque massacres that occurred due to Mexico's growing DTO influence in the country. Incidents in Honduras and El Salvador tell similar tales. An Afghanistanization of Mexico and Central America becomes a strong possibility, if not a near certainty, claims a report written by ex-Drug Czar General McCaffrey, referring to the specific areas within Mexican territory being wrested from the government's *de facto* control by powerful drug lords who would then not hesitate to set up their own shadow authority. Ciudad Juarez and Tijuana immediately come to mind as likely locales when contemplating this scenario's plausibility. Local police officers and military personnel have only loose control over certain quadrants in the major Mexican cities where they are. The potential for failed cities in such close proximity to the U.S. border could certainly produce a dangerous spillover effect similar to what is happening in the border towns that link Guatemala and Mexico, where a legal boundary exists only in name.

In an event that may have been more ceremonial that substantive, Mexico's Calderón was the first foreign leader to meet with President Obama. The Mexican leader's main mission in Washington, besides pushing for immigration reform, was the deadly threat of narcotrafficking and the perils posed to both countries. A harried Calderón strongly made the case for added U.S. cooperation in the anti-drug struggle, when he urged that "the more secure Mexico finds itself, the more secure [the] U.S. will be." Obama certainly seems to understand the importance this threat represents for U.S.-Mexican security concerns. If this is so, it should be one of the Obama's administration's greatest priorities to address the responsibility of his country's stake in the violence that Mexico is currently facing largely alone.

Assisting the Mexican government with military aid and intelligence will have little effect if the DTOs continue to arm themselves with US-secured weaponry from cross-border sources. Obama and Calderon both understand the need to collaborate on this issue, which carries dire consequences, but a traditional approach, which is the one likely to take place here, will not do the job. Just like Plan Colombia is having only a very limited impact on the drug trade that originates from Colombia, the recently started Merida Initiative is on track to suffer a similar fate. The importance of acknowledging the price that the war on drugs has cost the

region, which has been fueled by high levels of US consumption and eager DTOs doing the supplying, must be of more than cosmetic note to the Obama administration.

Trade

Trade between the United States and Latin America has grown inexorably over the past decade, with Washington remaining the largest trading partner for many of the countries there, according to latest World Trade Organisation statistics. Even Venezuela – despite Hugo Chávez's 'anti-imperial' rhetoric – relies heavily on U.S. commercial ties, with almost half of the country's exports in 2007 heading for U.S. shores. The U.S., however, has lost considerable momentum in the area during the eight years of the Bush presidency, with Latin American countries moving increasingly towards a system of trade regionalisation which steadily limits Washington's presence. A host of bodies like Mercosur and such collective entities as UNASUR, ALBA, and Petrocaribe have emerged promoting strong regional trade links, and largely have focused on South and Central American Basin locations. The prominence of these organisations has represented an implicit rejection of the Bush administration's attempt to press the Free Trade Area of the Americas (FTAA) in the region. This continental free trade zone became a major project designed to realize Washington's vision for hemispheric trade, but Bush's position was so inflexible that it forced the rest of Latin America into forging ahead with a system of its own choosing, relegating the U.S. a peripheral presence.

Whereas Bush resorted to negotiating bilateral free trade agreements with countries aligned with U.S. interests, Obama would be well advised to remove the blinkers of a specific model of free trade and attempt to engage with Latin America on terms more acceptable to the region as a whole. The newly emerging regional organisations have variously emphasised degrees of political integration and social considerations, like funding poor countries' development programmes in order to temper the unadulterated free trade which both the Bush and Clinton White Houses envisaged. There is certainly a good deal of reason for Obama to address the issue of the growing isolation of the U.S. from the hemisphere's main regional bodies. Those that exist form a patchwork meant to deal with specific issues concerned with distinct development models. No single model yet holds a monopoly on the region's attention. However, any Latin American country keen to assert itself on the world stage as a political entity is now unlikely to submit to trade terms exclusively dictated by the United States. Obama must come to realise this in a way which Bush never did.

Brazil

The one country which noticeably has moved into the U.S.' stead in assuming a leading role in Latin America – particularly in this new wave of regional institutionalization – is Brazil. The Brazilian economy has exhibited a degree of resilience in the face of the ongoing global economic downturn and has become the most economically and geo-politically significant presence in the area. The sign to date of this is the nascent relationship between Lula and Obama which is likely to be a very constructive one. Just prior to the latter's election, Lula described a potential Obama presidency as a representation of major change; adding to the momentum that already had begun in South America: "just as Brazil elected a metal worker, Bolivia elected an Indian, Venezuela elected [socialist leader Hugo] Chávez and Paraguay a bishop, I think that it

would be an extraordinary thing if, in the largest economy in the world, a black were elected president of the United States."

Statements that Lula has made since Obama's inauguration illustrate that his enthusiasm for the new U.S. president certainly remains undiminished, but it is also tempered by the realistic expectations he has for him. Brazil's strong voice as South America's regional hegemon has echoed the expectations that the area has of Obama; asking for mutual respect as the most important guidepost. "Obama should transform that gesture of the U.S. people into a gesture for Latin America … respecting our sovereignty and an equitable coexistence," explained Lula, particularly regarding leftist countries such as Cuba, Venezuela and Bolivia. Nevertheless, after speaking on January 26 over the telephone, the two men spoke highly of the chances of cooperation, particularly on the issue of biofuels, with Lula telling Obama: "Your election transcends the United States."

Given the current positive standing of Brazil in Latin America, good relations between Washington and Brasilia are vital for the existence of solid U.S. links with the region as a whole. What was once exclusively the U.S.' backyard is now one which Obama must learn to share with Lula, and later, others. Indeed, Obama may be well advised to invite Brazil to play a more important role on the world stage by supporting its long-held ambition to become a permanent member of the United Nations Security Council and other symbols of tenure in the winner's circle.

Cuba

One of the most important indicators of future U.S.-Latin American relations will be what President Obama will do regarding the Cuban embargo and other sanctions considered by Latin American leaders as being onerous and unacceptable. Most South American leaders have come forth with positive remarks about Castro and Cuba, and have strongly expressed their condemnation of U.S.-Cuban policy, which if anything became even more rigid under former President Bush. Sympathy for Cuba's plight has grown arithmetically in recent years as left-leaning democracies have emerged throughout the region to which Havana is more a hero than a knave.

Guantánamo and Cuba

Obama's discussion on U.S.-Cuban relations has laid out a welcomed course of possibly reversing President Bush's restrictions on Cuban-American travel to the island as well as removing caps on financial remittances by family members being sent back to the island. A significant step was taken when President Obama ordered the closure of the Guantanamo Bay detention facility within a 16-month window due to its notoriety as a known torture center during the ongoing War on Terror. The prospect of shutting down Guantanamo was well received around the world, but most notably by Fidel Castro who cautiously praised Obama. "I expressed that personally I had not the least doubt of the honesty with which Obama, the 11th president since January 1 1959, expressed his ideas, but in spite of his noble intentions there remained many questions to answer," said Castro in his *Reflections* column. Here we have an interesting duality being posed. It may well be that U.S. relations with Washington may affect a thaw far

more quickly than with Venezuela, because Raúl Castro will be looked upon as an inherently less radical victor than is Chávez. Washington, however, may be mindful of the fact that Fidel Castro administered several generations of the left throughout Latin America – most notably Chile's Salvador Allende, Grenada's Maurice Bishop and Venezuela's Hugo Chávez.

Unfortunately, even though significant progress may be in the making regarding U.S.-Cuban relations, Obama has resorted to Cold War-era rhetoric by using the 50 year-old embargo as leverage to promote democratic change. President Lula of Brazil advised Obama to abolish the inflexible blockade as it lacks "any scientific or political explanation." If Obama were to cease the outdated strategic stalemate with Cuba that has locked U.S. bilateral policy toward the island in an obsolete time capsule, it would help herald a new dawn for U.S.-Latin American relations as well as improving badly frayed hemispheric ties.

Chávez: Lightning Rod & Yolk

For well over a century, the Monroe doctrine dictated U.S. policy towards the rest of the Americas. Since 1823, until recently, Washington basically designated the hemisphere as exclusively an American sphere of influence, and forbade the application of any outside forces to its perceived extended territory. However, the past eight years have seen U.S. influence in Latin America badly erode and progressively usurped by powers from outside the hemisphere. Russia and China in particular have been active in the region, as well as Iran and the European Union, among others, as the continent has diversified its trade links. Hugo Chávez has acted as a 'lightning rod' for many of these changes and for attracting the business and political interests of some of these countries to the continent, but their influence is more widespread and variegated than this connection would suggest.

Building New Links

According to Reuters, "Russia and Venezuela have signed 12 arms contracts worth $4.4 billion over the past two years," and the two countries' navies recently engaged in joint maneuvers. Russian President Dimitri Medvedev, has visited not just Chávez, but also the Castro brothers in Cuba, and Lula in Brazil, and has received Nicaragua's Daniel Ortega and Argentina's Cristina Fernandez de Kirchner in Moscow. On December 23rd 2008, France and Brazil signed a deal worth, according to the *New York Times*, $12 billion for helicopters and submarines, and China's trade with the region has risen tenfold during the Bush presidency, according to the *Guardian*. Moreover, Iran has struck trade deals with Venezuela and presidents Chávez and Ahmadinejad have worked together to revitalize OPEC.

The new Obama administration has issued mixed reactions to this presence of foreign powers in the U.S.' traditional sphere of influence. Speaking on January 27, U.S. Defence Secretary Robert Gates, one of the few members of the Bush administration to retain his post under President Obama, said: "I'm more concerned about Iranian meddling in the region than I am the Russians." Gates expressed concern at the "frankly subversive activity that the Iranians are carrying on in a number of places in Latin America," but made it clear he doesn't see Russian involvement, not even their recent naval maneuvers with Venezuela, as a threat, a view that Assistant Secretary of State for the Western Hemisphere Tom Shannon has previously voiced.

Obama must not place unquestioning faith in Gates' recent comments about Iranian influence in Latin America, which have demonstrated that his roots lie firmly in the Bush administration. The White House under Obama already has begun drafting a letter, in a conciliatory gesture, to the regime of Mahmoud Ahmadinejad, and Gates' view on Iran's links with Chávez in particular seems not to tally with Obama's readiness for a de-marche. Instead of firing hostile rhetorical shots, Obama would be prudent to continue on his diplomatic path and remember that Iran's capabilities and development abilities in the Western hemisphere are limited (particularly now due to their straitened economy); certainly in military terms. Today Tehran poses a far lesser threat to the U.S. than Moscow.

A Mixed Record on Bilateral Trade

In addition to attracting outside influences, it has been Chávez who has been instrumental in spreading a wave of '21st Century Socialism' across the region, influencing countries like Bolivia, Ecuador, Nicaragua and Honduras. Outside Chávez's direct sphere of influence lie other centre-left governments, encompassing Brazil, Argentina, Chile and Guatemala. Thus, the dwindling pool of countries which remain truly sympathetic to traditional U.S. goals in the region is limited to no more than Colombia, Peru, El Salvador and sometimes Mexico. In this respect, Obama inherits a region very much different to what his predecessors had to face.

Many of these countries have experienced frosty relations with the U.S. during Bush's eight years in power. Both Venezuela and Bolivia expelled their U.S. ambassadors in September 2008, and Chávez was famously the subject of a coup in 2002 to which the CIA was allegedly linked. Evo Morales demanded the removal of the U.S. Drug Enforcement Agency (DEA) office from Bolivia in November 2008, and Ecuadoran President Rafael Correa elected in October 2007 not to renew the U.S.' lease on the Manta airbase in the country, forcing U.S. military personnel to leave the area when it expires this year.

The Obama administration's approach again has been mixed in regard to these countries. State Department spokesman Robert Wood said after the January 25 constitutional referendum in Bolivia: "I don´t think the results are final at this point, but we look forward to working with the Bolivian government in ways we can to further democracy and, you know, prosperity in the hemisphere," a comment which drew a warm response from Evo Morales. "If that's the message I feel it's a message that is going to be respectful of the decisions of the Bolivian government, because before, with the government of Bush, we had many problems," he told Mercopress, and Bolivia's foreign minister David Choquehuanca has subsequently hinted that the countries' respective ambassadors could soon be reestablished.

With Venezuela, on the other hand, things are far more muddy. Both Obama's cabinet and Chávez have exchanged gestures alternating between confrontational and accommodating in recent weeks. In their initial exchanges of rhetorical salvos, Chávez welcomed Obama's election as a historic occasion that could potentially lead to an amiable relationship. But while Obama at first may have been demonstrating a new generosity of spirit when it came to unconditional negotiations with Venezuela and Iran – an approach which drew attacks against him from then rival primary candidate Hillary Clinton – he too began to exchange barbs with Washington's traditional pariahs, attacking Chávez for his alleged links to Colombia's FARC in the week prior to his inauguration. "Chávez has been a force that has interrupted progress in the region," Obama said, which prompted the Venezuelan to retort: "hopefully I am wrong, but I think Obama will be the same harmful influence as Bush."

Since Obama's inauguration, Washington's approach towards Venezuela has become even less clear. James Steinberg, the new U.S. Deputy Secretary of State said on January 23: "Our friends and partners in Latin America are looking to the United States to provide strong and sustained leadership in the region, as a counterweight to governments like those currently in power in Venezuela and Bolivia which pursue policies which do not serve the interests of their people or the region." However, on the same day, Chávez appeared to soften his approach, saying of the new president: "He is a man with good intentions; he has immediately eliminated Guantanamo prison, and that should be applauded ... I am very happy and the world is happy that this young president has arrived ... [we] welcome the new government and we are filled with hope." What is alarming when looking upon the whole exchange are the combative words of James Steinberg, who, as Deputy Secretary of State could play a substantial role in formulating a new Latin America policy, despite his history revealing no indication of a weighty background in U.S.-Latin American relations.

As of now, both President Obama and President Chávez appear to be carelessly lobbing condemnations at each other that may come back to bedevil prospects for them to engage in useful talks. Obama may be too hastily dispensing brimstone on Venezuela, a subject in which he is poorly versed, knowing well that Chávez's sclerotic nature might win him a thunderous response at home while simultaneously alienating him from Washington. Equally, Chávez is now using a campaign rhetoric that has the dangerous potential of becoming a fixed public position. OAS secretary general José Miguel Insulza has expressed the conviction that Caracas should take the vagueness of Obama's statements with a grain of salt; advice that both sides of this diplomatic spat might want to heed.

There is no need or desire for Obama to reassert U.S. hegemony in Latin America – indeed, the U.S., given the new display of regional standing on the part of Brazil as much as the significant presence of Chávez, almost certainly lacks the ability to do so. Obama must come to recognise that the newly established presence of such non-traditional Latin American players as Iran, China and Russia has come about primarily as a reaction to the U.S.' post-9/11 neglect of the hemisphere. If he is to halt the growing shadow cast by these countries, and act to secure the fuel and other vital resources and commodities which Washington traditionally has found in Latin America, he must begin to engage constructively with the region at a brisk gait rather than weighing in with Bush-style *caudillismo*.

Obama's Cabinet

Having appointed the tough-minded Hillary Clinton as his Secretary of State and Ron Kirk as his Trade Representative, Obama has two potentially strong free traders in important cabinet positions. Although this is not the position Clinton took during the campaign, she nevertheless takes a flexible point of view towards various pending free trade pacts. In her confirmation hearing on January 15^{h}, Clinton addressed Latin America as a lesser concern than Australia and South East Asia in discussing her foreign policy priorities, and Latin America is one of the few regions without a special envoy in the State Department. During her own presidential campaign, the future Secretary of State berated Obama's willingness to engage in dialogue with the Castro brothers "unconditionally," and also has backed Alvaro Uribe's Colombia in no uncertain terms in its various confrontations with Venezuela.

However, Clinton has made some promising remarks since assuming her position in the Obama administration. "We will return to a policy of vigorous involvement -- partnership even --

with Latin America, from the Caribbean, to Central America, to South America," she said shortly before Obama's inauguration. Latin America can also hope that Obama feels he owes a 'debt' of attention to the U.S.' Latino population which was instrumental in his election. Indeed, Clinton, in a sign that this may be true of the wider cabinet, has said: "We share common political, economic and strategic interests with our friends to the south, as well as many of our citizens who share ancestral and cultural legacies."

The position of Commerce Secretary in Obama's cabinet is on the verge of being filled by Senator Judd Gregg, after the January 4, 2009 withdrawal of Bill Richardson, who is under investigation by the FBI and a federal grand jury for alleged campaign finance irregularities. Richardson, despite being a staunch advocate of free trade, particularly NAFTA himself, would have brought to the administration a wealth of knowledge and experience on Latin American issues. As COHA noted in its original response to his appointment in December, "Richardson is in touch with … hemispheric trends and could be of inestimable value to the new administration, in presenting a new face to the region and a definitive end to the fallow relations that Washington has had towards the region" ('Is Richardson's appointment as Secretary of Commerce good news for NAFTA's revitalization? It certainly is good news for the region's self-esteem', December 15 2008).

Stripped of Richardson as one of his point men on trade issues, Obama's cabinet remains devoid of anyone with a strong focus on Latin America. However, he does have in one of his advisors and White House Counsel someone who COHA has previously lauded as "The right man to revive deeply flawed U.S. – Latin American relations." Greg Craig has espoused the adoption of a multilateral approach toward Latin America and has spoken out in his calling for respecting sovereign regional governments of varying political orientation, an approach which could prove to be highly promising.

Plus ça change

Barack Obama should not rush to follow a well worn path that his predecessors have lamentably taken by relegating Latin America to a peripheral concern. When seeking first tier U.S. foreign policy goals, second-rate punditry is not good enough. If Obama is to rebuild the shattered U.S. image which is currently being observed from Latin America, he must give the region a sense of priority in recognition of Washington's longstanding legacy in the area.

One consequence of the diminishing U.S. regional stature has been an encroaching foreign influence which has taken advantage of the vacuum created by Bush's myopic foreign policy, particularly the distraction provided by Iraq. The effect of this outside influence has been compounded by an emphatic move towards a new conception of regionalism which increasingly excludes United States participation, examples of which include UNASUR, ALBA, the Rio Group, and the Ibero-American summit.

Obama should fulfil his campaign promise to meet unconditionally with the region's leaders regardless of their political orientation – specifically meaning Raul Castro, Hugo Chávez, and Evo Morales. Diplomatic relations between the U.S. and the disaffected South American states reached a low point last year with the reciprocal expulsion of ambassadors involving the U.S., Bolivia and Venezuela. Even though Chávez expressed the hope that Venezuela's relations with the U.S. could improve under Obama, he has since tempered his enthusiasm following perceived dismissive remarks made by the new U.S. administration, and actions from Washington that were not aimed at winning friends.

Obama: Sticking Together a Viable Latin America Policy

Obama cannot afford to neglect the cordial relationship he has already begun developing with Lula in Brazil. Eight years of ignorance and neglect in Washington has enabled Brazil to emerge as a benign regional semi-superpower. The country has assumed a central role in the various moves toward political and economic autonomy which South America has taken away from the Bush presidency. There is no avoiding the fact that if Washington is to make headway in Latin America today, it must have the blessing of Lula or his successor.

Even though the announced closing of the Guantanamo detention facility and a proposed easing on the remittance and travel ban affecting Cuban Americans has been warmly welcomed, Obama must consider among his immediate priorities a truly significant reassessment of U.S. policy towards Cuba. This might also include another unilateral policy – the return of the base on Guantanamo to Cuba. It is an act of pure colonialism for Washington to continue to hold onto a facility it intentionally obtained through its power rather than through reason, and perpetuates the image of the U.S. as an 'empire' in parts of Latin America. The next step should be the lifting (unilaterally, if need be) of the almost five decade-old Cold War-era embargo. This puerile and ineffectual policy has been repeatedly rejected by Latin Americans and its abolition would go a long way towards repairing battered U.S. relations with the region.

Revising the U.S. approach to its 30-year old failed war on drugs, which is now featuring a growing wave of transnational violence, should also be high on Obama's agenda. Considering that the United States is the world's largest and most lucrative market for the sale of these illicit substances, creating security pacts with neighbouring countries in order to clamp down on the supply, will continue to have little effect as long as domestic demand remains unimpaired.

The makeup of Obama's cabinet may point towards the adoption of a policy less bold than Latin America is calling for – even expecting – from the new administration. The implications of Hillary Clinton's appointment as Secretary of State are hard to escape from; it is her position as Washington's top diplomat which will dictate the administration's approach to Latin America, for it is she who will be making most of the appointments of first and second tier personnel who will be exercising their jurisdiction over regional decision making. The loss of a respected Latin Americanist like Bill Richardson over a campaign-donation matter certainly is a grievous blow, and the composition of Obama's cabinet suggests at first glance that the *status quo* could very well prevail.

However, the signals that the Obama administration has sent during its few weeks in office have not been enough to evaluate either its innovative nature or its willingness to break with the past; it has not been seated long enough to establish whether it is prepared to embrace Latin America in all of its variegated forms. Since January 20, the administration has issued a series of remarks, both promising and troublesome. The statements made by Steinberg and Gates demonstrate that the old order's dogma continues to permeate Washington, whereas the approach to date of Clinton, Wood and Shannon, as well as Obama himself, hints that a significant shift could be in the offing when it comes to hemispheric relations. Provided the more progressive wing of the administration prevails, there may still be hope for change in Washington's stance on Latin America.

[NOTE: The following material was submitted for the record but is not reprinted here: Florida Cuban-American Voters Survey by John McLaughlin, February 2009, McLaughlin & Associates (www.mclaughlinonline.com); Building the Hemispheric Growth Agenda: A New Framework for Policy by the Americas Society (AS) and the Council of the Americas (COA). They are available in the committee's records.]