



Third Meeting of the Andean – U.S. Dialogue Forum

Washington, D.C.

September 29-30 and October 1, 2010

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Ten years later, the U.S. agreed to a multi-billion dollar package in support of Plan Colombia. Peru was largely ignored as it was less concerned with narco-trafficking than with bringing the Fujimori saga to an end.

Now, after a 16 year hiatus, Garcia is once again president and prodding another U.S. leader. During a visit to Washington in June, he told President Obama that because of successes in Colombia, drug trafficking problems are moving back to Peru. Indeed, according to the United Nations, Peru once again rivals Colombia in coca production. It is the U.S.'s fault, he chided Obama, and suggested that Peru would benefit from the same kind of assistance Colombia has received.

Needless to say, other Andean leaders haven't exactly put themselves in a place to ask for assistance. Chavez is currently asking Obama to withdraw his nomination of Larry Palmer to be the next ambassador to Venezuela because Palmer has expressed concerns over Venezuela's ties with the FARC. Meanwhile, Bolivia hasn't had a U.S. ambassador for nearly two years since President Evo Morales accused Philip Goldberg of conspiring against democracy and expelled him from La Paz.

Both Morales and Chavez have expelled the U.S. Drug Enforcement Agency ending decades of cooperation. Ape5.95 Tm[()5(ug)10()-59(En)-8(for)6(c)-5 <</MComocrB Tmffc7aa>(69t)6ETBTmfmffa-3(e)4

Abraham F. Lowenthal
Foreign Affairs
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Incoming U.S. presidents, from John F. Kennedy to George W. Bush, have often announced a new policy initiative toward Latin America and the Caribbean. But few expected this from Barack Obama. His administration was inheriting too many far more pressing problems. During the presidential campaign, moreover, he had said little about the region beyond suggesting that the North American Free Trade Agreement (NAFTA) be renegotiated and expressing vague reservations about the pending free-trade agreements with Colombia and Panama.

Soon after Obama's inauguration, however, the administration organized high-level visits to Latin America and the Caribbean and announced various initiatives toward the region. Calling for a "new beginning" in U.S.-Cuban relations, it loosened restrictions on travel and remittances to Cuba by Cuban Americans, said it would consider allowing U.S. investment in telecommunications networks with the island, and expressed a willingness to discuss resuming direct mail service to Cuba and to renew bilateral consultations on immigration to the United States. The administration also backed away from Obama's earlier comments about the free-trade agreements with Colombia and Panama. In April 2009, the president announced that he would press for comprehensive immigration reform, a move that was welcomed throughout the region.

crisis, moreover, had illuminated the increasing everyday importance of Latin America and the Caribbean to the United States, especially that of its closest neighbors in the region.

A POSITIVE VISION

In preparing for the summit in Trinidad and Tobago, the Obama administration assessed the legacy of recent U.S. policies. Administrations of both parties had emphasized regionwide summits, but these had produced little besides rhetoric and an occasional new process of consultation. After 9/11, Washington mainly viewed the region through the prism of international terrorism -- and therefore mostly as a low priority -- instead of focusing on the

the Middle East and with Iran. As actors outside the Americas have become more important to Latin American and Caribbean countries, Washington's influence has declined perceptibly.

Recent U.S. administrations assumed that the paths of Latin American and Caribbean countries were converging: with Chile showing the way, all (except Cuba) were thought to be moving toward free markets, democratic governance, sound macroeconomic policies, and regional integration. The Obama administration, however, recognized from the outset that the countries of the region are actually going in very different directions. This is the result of important structural differences among them, including the level of their demographic and economic interdependence with the United States; the degree and nature of their openness to international economic competition; the strength of key aspects of

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unfurl broad Pan-American initiatives, the new administration sought to bring together different clusters of states with comparable concerns to deal with specific issues.

In its first months, the Obama administration refocused U.S. policy in Latin America and the Caribbean from the "war on terror" to challenges more salient in the region, including economic growth, job creation, energy, migration, and democratic governance. It also began to shift from the so-called war on drugs, which had concentrated on eradicating crops and interdicting narcotics, to focus instead on countering drug-money flows, reducing the demand for drugs, and offering treatment to addicts. (Gil Kerlikowske, the former Seattle police chief, who is known for treating the drug problem as a public health issue, not a criminal one, became the U.S. drug czar in May 2009.)

The new administration eschewed hemisphere-wide approaches and identified four priority regions: Mexico and the United States' closest neighbors in Central America and the Caribbean; Brazil, the region's largest and most powerful country; the diverse and troubled nations of the Andean ridge; and Cuba, a neuralgic issue for the United States long overdue for a new approach. It seemed to recognize that the realities of the region called not for smaller but for more efficient governments that would concentrate on combating crime and violence, expanding education, and providing infrastructure and other needs that are not adequately provided by market forces alone. The Obama administration also understood that progress on key issues affecting U.S. relations with Latin America and the Caribbean -- immigration, narcotics, trade -- would require efforts from the United States at least as much as efforts from states in the region. Washington began to acn.

In late 2009, U.S. Secretary of State Hillary Clinton seemed to dash hopes that the United States would drop its hegemonic attitude when she warned Latin American and Caribbean governments that might be tempted to "flirt with Iran" to "take a look at what the consequences might be." Even Latin Americans wary of Iran were rankled. Obama's welcome call for a new approach to Cuba produced little change. After reversing some sanctions imposed by the Bush administration, the Obama government indicated that Cuba would have to make the next move before Washington considered any more steps toward rapprochement. Far from ushering in a new beginning, the Obama administration seemed to revert to the stance of several previous U.S. administrations: it would wait for Cuba to change.

Obama's promise to prioritize comprehensive immigration reform gave way to a more limited commitment to begin consultations soon -- and even that modest goal then receded. And after the administration acknowledged the need to regulate the export of small weapons from the United States to Mexico, Obama himself suggested this objective was unrealistic because of the power of the U.S. gun lobby, especially in the politically contested mountain states.

The Obama administration's approach to trade policy was confusing at best. First, it rejected protectionism; then, it accepted a "Buy American" provision in the stimulus package. Having signaled a willingness to proceed with the free-trade agreements with Colombia and Panama, it postponed taking any concrete action. It talked up energy cooperation with Brazil but continued subsidizing U.S. corn-based ethanol and maintained high tariffs on ethanol imported from Brazil. Even as it was actively promoting an enhanced U.S. partnership with Mexico, it let lapse an experimental program that allowed Mexican truckers to enter the United States, thus placing the United States in noncompliance with an important NAFTA provision.

Perhaps even more damaging than the failure to implement its own stated goals was the administration's handling of two issues that were not on its original to-do list. Washington's first response to the overthrow and deportation of the constitutionally elected president of Honduras, Manuel Zelaya, by the Honduran armed forces in June 2009 was to reject the move and push for a strong multilateral response through the OAS. But then Washington proved reluctant to apply the harsh sanctions that many Latin American countries -- not just those it often disagrees with, such as Venezuela, but also Brazil, Chile, and others -- were calling for. Although its reticence reflected its general preference for less intervention and its assessment that restoring Zelaya would be widely unpopular in Honduras, Washington was also responding to criticism in the

ease the country's divisions. No Latin American government presented a practical alternative to the U.S. approach, but many nonetheless criticized it on the grounds that Washington's behavior had weakened the hard-won norm against condoning military coups in the region.

In August 2009, the Obama administration mishandled its communications with South American nations about a new ten-year defense cooperation agreement it had negotiated with Colombia. The plan would give U.S. military personnel in the country (capped at 1,400, as before) access to seven Colombian military bases. When news of the accord was leaked in advance of an official statement, Brazil and several other South American governments expressed concern, and some called for full disclosure of the deal's provisions and formal guarantees that U.S. military activities would be restricted to Colombian territory. Worry subsided when the U.S. and Colombian governments provided additional details and, earlier this year, Brazil reached its own security cooperation agreement with the United States. Still, the incident undercut the Obama administration's stated commitment to consultation and transparency

CONFLICTING CONCERNS

It is much too early to know how the Obama administration's policy toward Latin America and the Caribbean will develop or how U.S. relations with the region's diverse countries and subregions will ultimately evolve. This is partly because U.S. policy toward Latin America and the Caribbean is shaped less by strategic considerations than by the continuous interplay of various domestic pressure groups in a policy process that is open to so many external influences. On issues other than imminent threats to national security, it is often easier for various groups in the United States to influence U.S. policy toward Latin America and the Caribbean than it is for the U.S. government to coordinate or control it.

This tendency has been reinforced in recent years by the proliferation of U.S. government agencies involved in inter-American affairs. The Departments of State and Defense and the CIA no longer monopolize U.S.-Latin American relations, as they did from the 1940s through the 1970s. Today, the Department of the Treasury, the Federal Reserve, the U.S. Trade Representative, the Department of Homeland Security, the Department of Justice, and the Drug Enforcement Administration also have considerable influence in many Latin American and Caribbean countries. Congress, with its various committees and caucuses, is more relevant than the executive branch on many issues, including immigration, narcotics, and trade. Even state and local governments have a say -- as was illustrated this spring, when Arizona passed a law authorizing the detention of anyone reasonably suspected of being an undocumented resident. The conflicting concerns of bureaucracies and interest groups generally have more impact on U.S. policy toward Latin America and the Caribbean than do grand foreign policy designs.

All this was clear during the Obama administration's first year. The White House's approach to Cuba was constrained both by pressure from Cuban Americans and by the procedures of the U.S. Senate. Lobbying from labor unions precipitated the trucking dispute with Mexico and stalled progress on the Colombian and Panamanian free-trade agreements (in the case of the deal with Colombia, human rights groups also interfered). Throughout 2009 and in early 2010, the administration failed to press forward with comprehensive immigration reform largely because it feared that making an aggressive push would hurt its chances of getting congressional approval

for its ambitious health-care plan and for a bill to stimulate job creation. Lobbying from agricultural groups in the Midwest ensured that both the subsidies for U.S. cotton and ethanol producers and the tariffs on ethanol from Brazil would be maintained. The clumsy handling of the Colombian bases agreement partly reflected a power imbalance between the Pentagon and the State Department, thanks to blocks in the Senate on nominations for top posts in the Bureau of Western Hemisphere Affairs. And Washington's ambivalent policy on Honduras was influenced by the anti-Zelaya lobby in the United States, which seemed motivated more by an eagerness to weaken Chávez and embarrass Obama than by any concern for Honduras itself.

The Obama administration has faced serious difficulties in implementing its incipient policy for Latin America and the Caribbean. Its accomplishments to date should not be overlooked; nor should one discount the possibility that many of these constraints could be at least partially overcome if the administration were to clearly articulate and vigorously pursue the approach implicit in its initial steps. More concretely, the Obama administration's tacit abandonment of regime change as the primary aim of U.S. policy toward Cuba may turn out to be much more important than its caution in moving toward normalizing relations with the Cuban government as long as Havana is unwilling or unable to reciprocate. Likewise, the Obama administration's high-profile commitment to working out a way to grant citizenship to millions of unauthorized immigrants in the United States could be of historic import. And its increasingly close day-to-day cooperation with Mexico on a wide variety of border, economic, social, health, and law enforcement issues may ultimately transform this crucial bilateral relationship

LOOKING AHEAD

The evolution of the Obama administration's policy toward Latin America and the Caribbean will largely depend on factors that are still difficult to gauge, including what the U.S. government does about homeland security, its budget deficits, interest rates, trade and currency issues with China, and Iran's nuclear program. A great deal will depend, for instance, on how well the U.S. economy recovers. A prolonged downturn would mean a loss of the U.S. public's confidence in the U.S. government. That, in turn, would undermine the Obama administration's leverage and make it more vulnerable to pressure from interest groups on several issues in U.S.-Latin American relations, ranging from trade and immigration to energy and narcotics. Whether Obama can build momentum now, after the passage of his health-care reform package, to increase his support in Congress and with the U.S. public will determine how much authority he can bring to bear on a host of other issues.

The initial hope for a new era in inter-American cooperation may very well continue to be dampened by the many pressures to which the administration is subject. But it is also still quite possible for the Obama team to carry out the innovative approach that it began to pursue but never clearly outlined during its first months: cooperating with different clusters of Latin American and Caribbean countries on shared transnational challenges and opportunities; developing innovative approaches to Mexico and the United States' closest neighbors in Central America and the Caribbean; forging a strategic relationship with Brazil; responding in carefully differentiated ways to the region's diverse populist and nationalist movements; moving cautiously toward a pragmatic working relationship with Cuba without ignoring concerns about

fundamental human rights; and supporting efforts by Latin American and Caribbean governments to strengthen their effective democratic governance.

Obama's positive but never fully articulated vision for Latin America and the Caribbean can still be realized. It fits well with his overall internationalist approach, domestic priorities, and political coalitions. It is supported not only by the president's own foreign policy team but also by the career bureaucrats who specialize in Western Hemisphere affairs and by major groups outside government. In that regard, unlike the Kennedy, Carter, and Reagan administrations, the Obama administration is unlikely to see its policy for Latin America and the Caribbean torpedoed by infighting between political appointees and career officials. Interest groups in the United States will continue to press their views, but many of the most important ones -- large corporations, religious organizations, environmentalists, human rights advocates -- generally share the administration's vision.

Moreover, the 2008 elections weakened the groups that had been shaping U.S. policy toward Latin America and the Caribbean in the recent past. Hard-liners in Florida's Cuban American community have lost ground, while Cuban Americans born and raised in the United States and Latino voters of other backgrounds -- groups that generally support the Obama administration's proposals on immigration and toward their countries of origin -- have gained influence. The U.S. farm lobby has lost clout during this period of fiscal concern, and the trade unions' calls for protectionism have been weakened by the urgent need to increase U.S. exports in order to revive the U.S. economy.

The Obama administration may well have more room to maneuver than did recent U.S. administrations. Indeed, this is suggested by various steps it took in early 2010: Obama called for doubling U.S. exports worldwide within five years, he identified Colombia and Panama as important trading partners of the United States in his 2010 State of the Union address, there have been moves to resolve the trucking dispute with Mexico, there have been growing efforts on Capitol Hill to repeal the U.S. tariffs on ethanol from Brazil, the United States offered concessions to settle the dispute with Brazil over cotton subsidies, and there has been a push to produce a bipartisan plan for immigration reform.

Several Latin American and Caribbean governments, including some that differed sharply with the Obama administration over how to handle the coup in Honduras and the U.S.-Colombian defense cooperation agreement, may also be ready to reach out to Washington. Important groups in foreign and finance ministries and in the private sector understand that the chances of forging more positive relations with the United States are probably greater with the Obama administration than they have been in many years. Facing mounting difficulties at home, Chávez may not be able to exert as much pressure on Latin American governments to keep their distance

The catastrophic earthquakes that struck Haiti and Chile early this year were dramatic reminders that policies must often respond to the unexpected. The Obama administration quickly demonstrated its solidarity with the victims of the disasters by emphasizing multilateral cooperation in its participation in relief efforts. In Haiti, it worked with Brazil, Cuba, the Dominican Republic, Ecuador, Venezuela, and others under the aegis of the United Nations to provide rapid, substantial, and effective aid. High-level meetings between top U.S. officials and their counterparts in Argentina, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Haiti, Mexico, and Uruguay in the first few months of 2010 provided another chance for the Obama administration to refocus on Latin America and the Caribbean. Considering how many other problems, domestic and international, the administration was facing at that time, this spurt of attention suggests that it is still eager to improve U.S. relations with the region.

In order to grasp that opportunity effectively, the Obama administration needs first and foremost to articulate a broad framework and compelling goals for its relationships in the Americas. It was prudent not to announce at the outset of the new administration an overly ambitious program, like the Alliance for Progress, John F. Kennedy's sweeping plan for economic cooperation in the Americas, and it was wise to attend the 2009 Summit of the Americas primarily in a listening mode. But this sensible restraint should not preclude the administration now from clearly setting forth why Latin America and the Caribbean matter to the United States; what interests, ideals, and concerns they all share; and how they can work together to pursue common aims. Elements of such a vision have been implicit in the Obama administration's approach to discrete issues, but they need to be expressed in a comprehensive and authoritative way.

Latin America and the Caribbean matter to the United States today not for the traditional security and ideological concern of limiting the influence of outside powers in the region but rather for much more contemporary reasons. Massive, sustained migration and growing economic integration between the United States and its closest neighbors in Latin America and the Caribbean have given rise to "intermestic" issues, complex issues that have both international and domestic facets: the narcotics trade, human and arms trafficking, immigrants' remittances, youth gangs, and portable retirement pensions, among others. U.S. cooperation with Latin American and Caribbean nations is critical in confronting these issues, as well as transnational ones such as energy security, climate change, environmental protection, public health, and nuclear proliferation.

Latin American and Caribbean countries are also a prime source of energy and other natural resources for the United States and a major market for U.S. goods and services. About one-quarter of the energy the United States imports comes from Latin American and Caribbean suppliers, and there is great potential for expanded energy production in the Americas, from both renewable and nonrenewable sources. The region buys 20 percent of all U.S. exports, more than the European Union. U.S. firms -- which still have a competitive advantage in Latin American and Caribbean markets thanks to proximity, familiarity, and demographic and cultural ties -- see opportunities in expanding consumption among the region's fast-growing middle class, especially at a time of economic stress in the U.S. market.

Finally, the people of Latin America and the Caribbean share important values with the people of the United States, especially a commitment to human rights, effective democratic governance,

and the rule of law. In an international environment that is often hostile to the United States, the Americas remain a largely congenial neighborhood.

For all these reasons, the Obama administration should reinvest in its relations with Latin America and the Caribbean. To do so, it should certainly help strengthen the Inter-American Development Bank, which has become more relevant in the wake of the international financial

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Executive Summary

The significance of Latin American and Caribbean countries for the foreign policy of the United States has changed in re

significant investment opportunities for US firms; and those which are or may become substantial sources of energy, renewable or nonrenewable, to fuel the US economy.

preventing and responding to pandemics; curbing nuclear proliferation; and reforming international governance arrangements.

All the Andean countries, to differing but high degrees are plagued by severe problems of governance, deeply challenged political institutions, and the need to integrate large numbers of historically excluded citizens, living in poverty or extreme poverty, in many cases from

the Organization of American States, the Inter-American Defense Board and elsewhere. During the early years of the United Nations, for example, the Latin American bloc accounted for almost one third of the membership of the General Assembly, and its alignment with the United States on issue after issue—relating to Russia, China, Korea, Palestine and other issues—was of critical importance.

Latin America was also generally perceived as of great economic worth to the United States, both as the main source of various mineral and agricultural imports, and as an arena for US private direct investment. Latin America was by far the most important such arena through the first half of the 20th century, providing important opportunities for US economic expansion after World War II, as US firms displaced European companies in industry and commerce, complementing their prior stake in mining, agriculture and utilities.

Although affirmations of the significance of Latin America for US security and diplomacy and for the US economy long continued to appear, not only in rhetoric but also in strategic planning documents, the fact is that all three reasons for Latin America's supposed importance to the United States declined steadily from the mid-20th century to the 1990s.

Revolutions in military technology and in maritime trade reduced the strategic significance of Latin America to the United States, even of the Panama Canal. Super-tankers used to transport petroleum became too large to transit the Canal, as was also true for the aircraft carriers around which US naval forces became organized. Latin America's possible use as a potential base for a

United States fell sharply. Diversification of sources and the use of synthetic materials reduced the value of Latin American natural resources and primary products for the United States. By the 1980s, Latin America was still moderately important for a few particular US corporations, but was not of high priority for the overall global economic role of the United States. By the same token, the United States was still disproportionately important for the economies of many Latin American and Caribbean countries. But many Latin American nations, especially in South America, began to diversify their economic relationships away from the United States – building much stronger investment, commercial and financial relationships with each other, with Europe, and with Asia, first with Japan and, more recently, with China. This last trend has recently gone so far that a CEPAL report in 2010 warns of the danger of Latin American dependence on China, not the United States! A few Latin American countries, especially Mexico, are still important to

population of the United States has reached fifty million, mostly as a result of the massive

The US government today is no longer concerned with keeping the Latin American left from power. From the 1960s through the 1980s, it would have been hard to imagine Washington accommodating such Latin American leaders as Lula (or even Fernando Henrique Cardoso, indeed) in Brazil, Ricardo Lagos and Michelle Bachelet in Chile, Tabaré Vázquez and José Mujica of Uruguay, Mauricio Funes of El Salvador, Fernando Lugo in Paraguay or Leonel Fernández in the Dominican Republic—all of them lineal descendants of the parties, movements and leaders against which the United States intervened in the 1960s. The United States government has its discrepancies with Hugo Chavez in Venezuela, Evo Morales in Bolivia, Daniel Ortega in Nicaragua, the Castros in Cuba and others, but there are evident limits on US intervention against them, and practical cooperation continues between the United States and the governments of all these countries, even Cuba. No one really expects the Marines to land in Caracas or the CIA to assassinate Chavez or Morales; by the same token Venezuela is unlikely to cut off petroleum exports to United States, and Bolivia seeks international investment from the United States and other countries to develop its natural gas and lithium deposits.

China's commercial and investment presence in the Americas today far exceeds that of the Soviet Union or Germany in earlier periods, but the Chinese presence does not raise serious concerns for US policy. China's commercial exchange with many Latin American countries strengthens those countries' economies, thus expanding their potential as markets for US products. Contemporary Russia's presence in the Americas, partly commercial but also political and military, has more to do with Russian attempts to establish that they want to be taken into account in international arenas (mainly with respect to other issues) than with presenting any consequential direct challenge to the United States or its interests in the Western Hemisphere. Iran's efforts to build relationships with Venezuela, Brazil, Bolivia, Argentina and potentially other countries is the one significant current extra-hemispheric concern for US policy, mainly because Iran and the United States appear to be on a broad collision course, and Iran can therefore be expected to use its presence in the Americas to cause problems for the

Changing US immigration laws and more stringent border enforcement procedures may reduce the rate of entry by unauthorized migrants but are unlikely to change the causes, sources or magnitude of overall migration flows.

During the past fifty years and especially since the 1980s, Mexico and the Caribbean and Central American nations have become ever more fully absorbed into the US orbit, both because of underlying demographic and economic trends and because of such policies as NAFTA and the Dominican Republic-

centrist consensus on the broad outlines of macroeconomic and social policies, including the urgent need to reduce gross inequities and alleviate extreme poverty, to continue to expand its large, expanding and influential middle class, and to improve the quality of education and access to it at all levels.

Brazil plays a growing role in international negotiations on trade, climate change, the environment, public health, food security and intellectual property. It is an active leader of the Global South and works closely with China, India and South Africa on several issues. It is also

Many of you have traveled throughout this region and elsewhere in the world. And it is amazing how hard people work. But often times, that work keeps them not in the economy but actually on the outside of the economy. And the society as a whole loses the benefits of that productivity.

we're looking at how we can develop new ways to enhance that money coming back, to give small businesses and communities a chance to prosper. We're building new ways to leverage remittances to expand credit for development and infrastructure projects without taking anything from the hard-earned dollars being sent back to the families.

We want to promote financial inclusion, and that's why we're using microfinance. We've seen microfinance not go just only to an individual but to provide innovative banking services in poor neighborhoods in Peru and providing health insurance and housing loans in Central America. Last year, President Obama announced a new Microfinance Growth Fund, which has committed more than \$100 million to provide credit to individuals and small businesses, especially women. And the U.S. Government has worked closely with multilateral institutions to expand financing for the small and medium-sized enterprises. But we also call upon the existing financial institutions – the banks, the credit unions – to do more to be cre±

and the Inter-American Development Bank, the increase in trade, commerce and remittances, in cultural ties and family relationships. So we have a lot to show for the last 50 years, but that should be a spur to do even more, not an excuse for resting on our laurels.

We have seen just this past year in Haiti how strong we are when we come together. Every single country in this hemisphere contributed something to the relief effort after the devastation in Haiti. When I visited after the earthquake, I watched as people from all over our hemisphere – indeed, all over the world, not just governments, but church groups and NGOs and so many others – came to give help to people in need. There was no talk of ideology or division. There was no arguments about the history or on the past. There was just pragmatism and unity around a shared purpose.

Environment

A second factor that exacerbated tensions was the method of negotiation of the Copenhagen
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non-contact' jungle native. The solution, according to García, is to formalize property rights,

Hydrocarbons and mining in particular have recently seen significant hikes in capital investment. They have also triggered the most contentious arguments between the state, the private sector, and social movements over the territorial, environmental, and human implications of their expansion. The result for those who live near extractive enterprises has been tension and conflict.

Under siege may sound too strong, but in large parts of the continent, peoples and environments are increasingly being pressured from all sides. In the words of anthropologist



Figure 1 (above), drawn from a recent and influential inventory of hydrocarbon concessions and contracts in the western Amazon, shows the sheer physical extent of this process. Meanwhile, new hydrocarbon concessions have been carved out of the Central American isthmus, for example, in Mosquitia and the Pacific coast. Thus, García's manifesto must be seen as part of a far larger set of policies and political commitments that have allowed this geographical transformation to occur. Likewise, Bagua has to be seen as part of a wider set of consequences and responses to this expansion—some of which have already occurred, many of which are yet to come, even as García and other presidents in the region argue that such protests are part of an international conspiracy rather than legitimate expressions of citizen concern.¹⁰

The image is similar for mining. At the beginning of the 1990s, Latin America received about 12% of global investment in mining; today the share is around one third.¹¹ Some estimate that more than half of Peru's peasant communities are affected by mining concessions, while up until mid-2008 the geography of mining concessions in Ecuador suggested something similar.¹² Investment and exploration have likewise grown in Argentina, with a 740% increase in foreign

investment since 2003.¹³ The conflicts and socio-environmental preoccupations around the Marlin mine in Guatemala described in the interview with activist Gregoria Crisanta Pérez (see page 16) are part of this wider whole.

and Ecuador's governments seem just as likely as Peru's to tell activists and indigenous groups to get out of the way of national priorities, just as likely to allow extractive industry into fragile and protected ecologies, and just as determined to convince indigenous peoples that extractive industry is good for them too, without fulfilling their right to free, prior, and informed consultation (much less full consent).

We have, then, a tangle of currents that coexist within socio-environmental protests, and they can and do pull movements in different directions. The tensions between the first two, more conservation-minded environmentalisms and latter three, more socially concerned positions are clear. Perhaps more thorny are the tensions that exist among the latter three, all of which might be associated with a broad left position in the region; while none is intrinsically opposed to extraction on environmental grounds, each allows for quite different trade-offs among environment, rights, and development, as well as between the local and the national. Arguably the fifth current, resource nationalism, is the most clearly expressed among the broad social bases of Correa's Alianza País and Morales's MAS. Conversely, indigenous and human rights movements tend to express positions that are far closer to the ideas that underlie environmental justice and the environmentalism of the poor.

How these differences are negotiated is critical. In some cases, negotiation has occurred through co-optation and corruption—movement leaders take favors of some sort and tone down their positions in return. Indeed, any commitment to these movements should not obscure a recognition that such corruption is serious and has affected how, for instance, the gas fields of Peru's Camisea and Bolivia's Chaco have developed. In other cases, negotiation is conducted through compensation—a similar mechanism to the first, except that benefits are transferred to a broader group than just the movement leadership. These mechanisms help neither to consolidate democracy nor to bring about institutions that could allow any sustained resolution of political difference surrounding the relationships between extraction, environment, and rights. In yet other cases, of which Bagua is an extreme example, negotiation occurs through violent conflict.

Ironically, one country where there has been some institutional innovation appears to be Peru—the least likely candidate on the face of things. The state has begun to take faltering steps toward stronger environmental regulation, while some regional governments and NGOs have begun to experiment with ecologically based land-use planning, and, following the tragedy in Bagua and other conflicts, conditions may now be in place for a more systematic debate on the rights of local populations to free prior and informed consent regarding economic activities on their lands and territories and for the passing of legislation to protect these rights. Indeed, the Bagua incident took place just as the Ombudsman's office was pushing for such a debate.

both the Ombudsman and socio-environmental movements in elaborating strategies and proposals.

In the end, whether such steps toward institutional change progress far will depend considerably on the geopolitical relationships in which the extractive economy is embedded. In Peru, the position that the United States takes on whether the decrees being protested in Bagua really *were* necessary to satisfy the government's free trade agreement with the United States will matter. Even if the Peruvian government's motivations are simply to facilitate extractive investment, it has used the free trade agreement to assert the need for some of these decrees (interestingly, a pres

This chapter first presents an overview of the social implications of climate change in the key areas addressed in each chapter. Second, it outlines the main recommendations for incorporating climate change adaptation measures into development planning at the government, community, and household levels, as summarized in table 11.1. It concludes with perspectives for future research on the social dimensions of climate change.

Table 11.1. Summary of Policy Recommendations

Policy action	Level of implementation	Objective
<p>and the social environment conflict;</p> <p>groups and limitations.</p> <p>EU, in particular, should invest in climate adaptation.</p>	<p>Central and local government, NGOs, and communities</p> <p>Increase social knowledge.</p>	<p>Undertake poverty and social impact analysis to understand implications of climate change, including on vulnerable groups and locations.</p>

<p>Develop strategies and concrete sub-plans oriented toward helping indigenous communities.</p> <p>Development agencies and national meteorological services must begin with</p> <p>actions to strengthen natural capital.</p>	<p>Local government, NGOs and</p> <p>nationality</p> <p>knowledge of local</p> <p>communities.</p> <p>institutional arrangements</p> <p>diversification of</p> <p>activities</p> <p>Expand protected areas</p>
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Table 11.1 Summary of Policy Recommendations (continued)

Direction	Level of implementation	Objective
<p>Expand protected areas</p> <p>Expand protected areas in areas such as basins, dry forested areas and parks in the</p>	<p>N/A</p>	<p>Expand protected areas</p>
<p>Expand protected areas</p> <p>Expand protected areas in areas such as basins, dry forested areas and parks in the</p>	<p>Community</p>	<p>Expand protected areas</p>
<p>Expand protected areas</p> <p>Expand protected areas in areas such as basins, dry forested areas and parks in the</p>	<p>Local government</p>	<p>Expand protected areas</p>

The Social Implications of Climate Change

The findings in this book suggest that climate change may push the poor in Latin America and the Caribbean (LAC) beyond their ability to cope. Poverty, inequality, water stress, disease incidence, and migration patterns are and will be measurably affected by climate change, which will affect people's livelihoods in unprecedented ways.

The LAC region is one of the most ecologically diverse regions in the world, and the close proximity of different eco-zones means that climate change will affect local communities in different ways. Social implications will differ significantly between—and even within—communities, as the vulnerability context may vary greatly from neighborhood to neighborhood. Some households will be able to rely on remittances to cope and rebuild following a disaster; others may rely on educational attainment in taking preventive, adaptive measures against climate change; and still others may use their mobility to their advantage and seek new economic opportunities elsewhere.

Climate change presents both threats and opportunities for existing and new livelihoods. The

mosquitoes, with severe implications for human health. They also affect the range and yields of crops, with implications for the viability of traditionally grown crop varieties and for agricultural practices, food production and trade, and food security. In adults, temporary malnutrition reduces body mass, immunity, and productivity, but the results are rarely permanent. In children it can stunt growth, impede brain development, or cause death. Hence, risk is increased that climate change may cause an intergenerational downward spiral in human potential. Higher air temperatures also cause human health problems directly, including raising mortality rates among infants, the elderly, and other vulnerable groups. Further, higher temperatures combined with

The incidence of natural disasters is rising, and poor areas are hit the hardest. The incidence of major floods, droughts, and storms in Latin America and the Caribbean has been rising, from roughly 100 in 1970–79 to more than 400 in 2000–08. Patterns of actual and predicted natural hazards show that disasters are more likely to develop in poor areas, even if the hazard frequency there is lower. While weather-related hazards are more frequent in South America, they cause disproportionately more fatalities in Central America and particularly in the Caribbean.

Poverty makes people vulnerable to natural disasters, and natural disasters make people vulnerable to poverty. More than 8.4 million people in the LAC region live in the path of hurricanes, and roughly 29 million live in low-elevation coastal zones, making them highly vulnerable to sea level rise and saline intrusion into groundwater supplies, storm surges, and coastal flooding. On one hand, the impacts of natural disasters are socially differentiated, and the poor are most affected by fatalities and injuries because they tend to live in areas with high risk of floods, landslides, or droughts; because the quality of their housing is too poor to withstand severe weather events; and because they lack resources to help them quickly recover lost assets. The high density of urban slums makes the urban poor more susceptible to disease outbreaks following natural disasters, while the rural poor are vulnerable because of their high dependence on natural resources. On the other hand, natural disasters erode the asset base of poor households by destroying natural and physical assets, diverting human capital, depleting financial resources, and straining social assets, pushing the poor deeper into poverty. Thus, the impact of disasters is superimposed on existing vulnerabilities and may compound the difficulties faced by the poor.

Disaster adaptation policies should combine a mix of hard and soft adaptation measures to strengthen public infrastructure and protect the asset base of the poor. Supporting the infrastructure needs in essential public service areas, such as schools, hospitals, and police buildings, as well as safeguarding access to water, electricity, and sewerage connections, will help build resilience in local communities and thus prevent natural hazards from turning into disasters. In addition, applying a strategic focus to the infrastructure needs of the poorest, for example, by building food and feed storage and safe livestock facilities, will help protect their asset base during extreme weather events. In particular, hazard risk management frameworks should focus on developing social capital in the community by incorporating participation and voice coalition in the design of natural disaster adaptation initiatives. Key policy recommendations include the following:

- Decentralize decision making, draw

Artisanal fishing. Climate change and variability, in the form of storms, increasing sea surface temperatures, and rising sea levels, will significantly worsen current environmental problems that threaten the livelihood and sometimes the food supply of artisanal fishing communities. Changes in the migration patterns of fish stocks due to changing sea-surface temperatures, and the destruction of fishermen's physical capital during natural disasters threaten the livelihoods of artisanal fishermen. The particular vulnerability context of small-scale fishermen relates to their lack of access to insurance and property rights, as the globalization of trade and the privatization of access rights undermine their reliance on traditional areas for fishing. In addition, early warning systems often do not reach the remote location of small-scale fishing communities, leaving fishing villages and their assets vulnerable to sudden extreme weather events.

Better planning and improved management of natural resources can help build the resilience of small-scale fishing communities. Aquaculture—if designed to be pro-poor, sustainable, and

natural resource base. Key policy recommendations to support climate change adaptation in the tourism sector include the following:

- Develop and implement new building codes and policies to restrict development in near-

capacity needed to protect livelihoods affected by climate change. Key policy recommendations include the following:

-

weakened by malnutrition is more susceptible to disease. Conversely, malaria and diarrhea can

- Implement simple, community-based mechanisms for purifying and storing water that prevent parasites from thriving.
- Implement low-cost programs to promote household hygiene, and expand nutritional

- Develop capacity-building programs to increase and improve the dialogue between indigenous communities and local governments.
- Implement crime, violence, and conflict prevention programs, and develop plans for deploying military and police forces to maintain security during natural disasters.

Poverty and Inequality

Climate change will undoubtedly affect the livelihoods of poor people and may increase poverty rates in Latin America and the Caribbean. Using municipality-level regressions to analyze the climate-income nexus over the next 50 years in five large LAC countries, researchers found that climate change would tend to cause a reduction in average income levels in Brazil, Chile, and Peru and cause an increase in the poverty levels (all else equal). However, the climate-income relationships differ substantially from country to country, implying that the likely impacts of

- Undertake poverty and social impact analysis to understand the social implications of climate change, including violent and nonviolent conflict, migration, inequality, and

more equitable access to local, national, and international institutions and their resources.

and implement adaptation practices. However, for local institutions to function effectively, strong institutional ties with the national government are required to ensure a continued exchange of information. For example, incorporating the data and knowledge collected at the local level into regional and national adaptation strategies is contingent on integrating power down through the system, while at the same time keeping governance efficient.

Drawing on local knowledge and institutions in designing adaptation measures is essential to achieving sustainable adaptation. The findings in this book repeatedly emphasize the importance of actions that are conceived and executed locally, using area-based, decentralized approaches to enhancing resilience where livelihoods are irrevocably changed. Social capital is essential to facilitate this kind of representation of local interests and knowledge, yet it is also an outcome of the process. Although tensions between different types of social capital can develop, often in rural and traditional settings, the goal is to address underinvestment in social assets by regenerating bonding social capital among stakeholders at the local level.

Involving local stakeholders in adaptation initiatives is a practical means to increase institutional and project accountability while building the local asset base. At the institutional level, local civil society organizations can play a key role in tracking the allocation of funding for adaptation projects at the regional and local level. At the project level, retraining local agents to fill jobs in project management and field monitoring and evaluation can provide a safety net by promoting climate-resilient jobs while working toward reducing community risk from climate change. This holds potential to strengthen the physical and financial capital of those whose livelihoods are threatened by climate change. It will also build the social capital needed for communities to voice and represent their own interests, so that national institutions can be made more responsive to, and accountable for, the needs of local communities.

Prong 3. Build household resilience through asset-

People living in poverty are particularly vulnerable to the erosion of their asset base. During a sudden decline in assets, such as during a climate-related disaster, poor households often cannot achieve even low consumption levels without having to deplete productive assets even further, whether livestock, family health, or children's education. Hence, building the asset base of the poor is a no-regrets approach to good adaptation while working toward local development goals.

As part of an asset-based vulnerability analysis, it is helpful to distinguish between the asset protection needed during a natural disaster and the asset building needed to withstand projected long-term, gradual climate changes. Different constellations of assets are needed during different stages of an impact of climate change: before, during, in the immediate aftermath, and for long-term recovery and adaptation. For instance, early warning systems and training are crucial elements of enhancing livelihood resilience, whereas financial capital, such as credit or insurance, is vital for recovery and long-term adaptation. Interventions should focus on enhancing the specific mix of livelihood assets that will provide the greatest resilience and adaptation in the local climate-related vulnerability context.

Table 11.1 provides a summary of policy recommendations regarding how to build the asset base of the poor and enhance local livelihoods and access to public services. Highlights of the

recommendations are presented below in each of the following asset categories: physical, human, social, cultural, natural, and financial. All these categories are interconnected, and actions aimed at the same adaptation objective will be seen to overlap.

Physical Capital

Recommended actions to strengthen physical capital focus on improving public works and infrastructure, with the wider goal of creating access to services for the most vulnerable people. They include preventing erosions and landslides, particularly for urban settlers; decentralizing water management to the local level; protecting productive infrastructure such as tourist areas and storage facilities for local harvest; separating sewer and storm drain systems and increasing their capacity; and devising early warning systems to save lives. Such efforts will have multiple effects and will help protect against the spread of diseases and the loss of jobs and other productive means, as well as increase food security and integration with agricultural markets. An often overlooked dimension of adaptation is the transfer of technology. Climate-smart communication technologies offer opportunities to implement innovative adaptation measures for resource-strained or geographically isolated communities.

Human Capital

Improving the health and education of a population is the safest no regrets approach to enable long-term adaptation to climate change. As seen above, studies from Brazil show that an extra two years of schooling can mitigate the negative effects of climate change on income. As a short-term coping strategy, the use of climate indicators in conditional cash transfer programs can help ensure adequate nutrition levels in chronically poor populations affected by climate change. Other programs to strengthen human capital include raising awareness of climate change and its associated impacts, as well as of the adaptation programs that are available to families.

Social Capital

Building and preserving social

communities and national climate change planners: it serves to strengthen livelihood resilience as well as to promote sustainable outcomes through local participation.¹

Natural Capital

Preserving the natural resource base must be part of both urban and rural adaptation strategies. While this objective covers a broad and important field, certain priorities are worth highlighting for their direct effect on livelihood resilience: water, agriculture, and environmental resilience. First, to conserve water as an asset requires action to implement water pricing, switching to less-water-intensive agriculture, and creating new highland reserves. Second, to sustain livelihoods that depend on agricultural production, adaptation measures should seek to improve crop rotation and diversification of farm activities. Farming techniques that promote adaptation to new environmental circumstances should complement traditional farming methods. Finally, promotion of sound environmental policies, particularly for watersheds, marine protected areas, and coastal zones, is needed to support the development of the environmental resilience on which natural capital depends.

Financial Capital

Expanding access to financial services must be a priority in adaptation programs. In Nicaragua, for example, a conditional cash transfer program was introduced with a productive investment grant as part of a package with basic nutrition and education. This enabled recipients to begin adapting their livelihoods to the growing threat of drought. The innovative part of the program consisted of adding a climate-risk dimension to social protection programs that traditionally focus on the chronically poor. The same principle can be applied to other adaptive measures, such as making transfers contingent on the recipients' dwelling in less-exposed or less-vulnerable areas. Other noteworthy approaches to strengthening financial capital include social funds and support for community-driven adaptation, safety nets for coping with climate risks and natural disasters, improving access to credit and land titles, and microinsurance and indexed insurance. Finally, offering local people training geared toward employment in climate-resilient jobs will help support the development of much-needed alternative livelihoods. A successful program in Belize trained local fishermen who could no longer make a living from fishing as rangers, researchers, tourist guides, and park managers, with the added benefit of building resilience for their entire communities.

Perspectives on Future Research

Conventional indexes of water well-being often fail to fully measure the complexity of water scarcity, which encompasses not only water availability and use, but also water quality and environmental demand. Data problems and constraints tend to be the most important limitation on the development of more comprehensive and useful indexes. Particularly concerning climate change, scaling remains a severe challenge for converting data from global climate models and scenario results into information for operational use at the local level. New research initiatives should aim at developing more sophisticated water indicators to address the limitations of relying on single-factor indicators and to capture water stress and vulnerabilities at the subregional and local levels. To develop a set of best-practice indicators of specific relevance to Latin America and the Caribbean, it would be worthwhile

to focus future case studies on how integrated water resource management (IWRM) can be tailored to local circumstances and how scientific knowledge about climate change and IWRM principles is being applied on the ground.

Current research on rural livelihoods tends to focus on how extreme events affect poor rural households. An increasing need exists to better understand how climate change and variability affect the long-term sustainability of agricultural systems in marginal environments. Research should focus on how complex agrarian and livestock systems can adapt to climate changes and variability and assess the coping capacity of rural communities in different regions. Such research will not only improve knowledge of social impacts but, most importantly, aid in building adaptive capacity at all levels within the farming community.

A need exists to strengthen interaction between research teams and local communities. Many farming communities in the LAC region, including indigenous groups, rely on knowledge of the local environment for their livelihoods, and their capacity to cope and adapt to climate change and variability depends on how quickly their knowledge can be adjusted to reflect the changing climate. That stresses the need for better education of rural populations and the need to target research and knowledge development and dissemination more toward them. It may also be advantageous to involve rural communities in developing new ways of learning that better incorporate both traditional knowledge and science based results and that compensate for the poor conventional learning skills associated with high illiteracy rates.

The impact of climate change on coastal livelihoods remains severely understudied. Research is also needed for different subregions and sectors to better understand the impact of climate change on the urban poor. For coastal industries such as fisheries and tourism, up-to-date time-series statistics on employment and value added are vital to developing adaptation measures to help safeguard these industries against climate change.

In regard to fisheries, more detailed analysis is needed on the potential for small-scale aquaculture as well as the vulnerability context for small fishing villages. Particular attention should be paid to understanding the needs and sensitivities of artisanal fishing communities, some of which are more accepting of ideas from outside than others. Given the speed at which the tourist industry is growing in Latin America and the Caribbean, research is needed on how to safeguard the industry and how to establish best-practice examples for the region on protecting

The analysis of climate-induced migration has shown that it is possible to quantify the amount of internal and international migration attributable to climate change. Yet to get an overall sense of future climate induced migration, similar types of analyses should be repeated for other countries in the LAC region and beyond. Great variations in climatic conditions, levels of vulnerability, and projected climate change among different countries and subregions will require that future research focus on the specific dynamics of the local context. The study reported in this book did not consider migration due to changes in extreme events because the impacts of extreme events at the municipal level are hard to quantify. Yet research inclusive of this level of detail would be valuable in designing better policies.

Climate change and variability may undermine human security for certain groups, but whether they will lead to violent conflict will depend on other key socioeconomic and political conditions—and most importantly on how they are perceived and communicated by key political actors. Most studies of climate-related factors have focused on physical consequences such as soil degradation, deforestation, and water scarcity. Inasmuch as these physical consequences seem inevitable, it would be beneficial to expand the focus to encompass the political economy conditions that might perpetuate conflict. Also, instead of stressing the environmental scarcity aspect, a fruitful social research perspective would place more emphasis on opportunities posed by environmental change as well as on the sociopolitical channels that translate environmental consequences into different outcomes across various groups.

Perhaps the greatest challenge in capturing the social implications of climate change is to analyze the comprehensive effects of the interacting social dimensions affected by it. For example, research initiatives on rural livelihoods are hindered by the lack of appropriate frameworks to account for the complex dynamics of changes in precipitation and the effect on food security, and the resulting implications for future migration patterns. Whereas this book has looked in depth at various social dimensions of climate change, the challenge remains to address deeper systemic and structural dynamics of human well-being in a changing climate context for future generations.

Note

1. For a deeper look at the impact of climate change on indigenous people and on the use of traditional knowledge systems and institutions in adaptation planning, see J. Kronik and D. Verner, *Indigenous Peoples and Climate Change in Latin America and the Caribbean* (Washington, DC: World Bank, 2010).

And we're accelerating the transition to a clean energy economy by significantly raising the fuel-efficiency standards of cars and trucks, and by doubling our use of renewable energies like wind and solar power --

Navy. And she said, I take pride in our flag and the history that forged this great nation and the history we write day by day.

These women, and men and women across this country like them, remind us that immigrants have always helped to build and defend this country -- and that being an American is not a matter of blood or birth. It's a matter of faith. It's a matter of fidelity to the shared values that we all hold so dear. That's what makes us unique. That's what makes us strong. Anybody can help us write the next great chapter in our history.

Now, we can't forget that this process of immigration and eventual inclusion has often been painful. Each new wave of immigrants has generated fear and resentments towards newcomers, particularly in times of economic upheaval. Our founding was rooted in the notion that America was unique as a place of refuge and freedom for, in Thomas Jefferson's words, oppressed humanity. But the ink on our Constitution was barely dry when, amidst conflict, Congress passed the Alien and Sedition Acts, which placed harsh restrictions on those suspected of having foreign allegiances. A century ago, immigrants from Ireland, Italy, Poland, other European countries were routinely subjected to rank discrimination and ugly stereotypes. Chinese immigrants were held in detention and deported from Angel Island in the San Francisco Bay. They didn't even get to come in.

So the politics of who is and who is not allowed to enter this country, and on what terms, has always been contentious. And that remains true today.

lawyers may exclude worthy applicants. And while we provide students from around the world visas to get engineering and computer science degrees at our top universities, our laws discourage them from using those skills to start a business or power a new industry right here in the United States. Instead of training entrepreneurs to create jobs on our shores, we train our competition.

In sum, the system is broken. And everybody knows it. Unfortunately, reform has been held hostage to political posturing and special-interest wrangling --

I recognize the sense of compassion that drives this argument, but I believe such an indiscriminate approach would be both unwise and unfair. It would suggest to those thinking

resources are devoted to not only stopping gangs and potential terrorists, but also the hundreds of thousands who attempt to cross each year simply to find work.

That's why businesses must be held accountable if they break the law by deliberately hiring and exploiting undocumented workers. We've already begun to step up enforcement against the worst workplace offenders. And we're implementing and improving a system to give employers a reliable way to verify that their employees are here legally. But we need to do more. We cannot continue just to look the other way as a significant portion of our economy operates outside the law. It breeds abuse and bad practices. It punishes employers who act responsibly and undercuts American workers. And ultimately, if the demand for undocumented workers falls, the incentive for people to come here illegally will decline as well.

Finally, we have to demand responsibility from people living here illegally. They must be required to admit that they broke the law. They should be required to register, pay their taxes, pay a fine, and learn English. They must get right with the law before they can get in line and earn their citizenship -- not just because it is fair, not just because it will make clear to those who might wish to come to America they must do so inside the bounds of the law, but because this is how we demonstrate that being -- what being an American means. Being a citizen of this country comes not only with rights but also with certain fundamental responsibilities. We can create a pathway for legal status that is fair, reflective of our values, and works.

Now, stopping illegal immigration must go hand in hand with reforming our creaky system of legal immigration. We've begun to do that, by eliminating a backlog in background checks that at one point stretched back almost a year. That's just for the background check. People can now track the status of their immigration applications by email or text message. We've improved accountability and safety in the detention system. And we've stemmed the increases in naturalization fees. But here, too, we need to do more. We should make it easier for the best and the brightest to come to start businesses and develop products and create jobs.

Our laws should respect families following the rules -- instead of splitting them apart. We need to provide farms a legal way to hire the workers they rely on, and a path for those workers to earn legal status. And we should stop punishing innocent young people for the actions of their parents by denying them the chance to stay here and earn an education and contribute their talents to build the country where they've grown up. The DREAM Act would do this, and that's why I supported this bill as a state legislator and as a U.S. senator -- and why I continue to support it as president.

So these are the essential elements of comprehensive immigration reform. The question now is whether we will have the courage and the political will to pass a bill through Congress, to finally get it done. Last summer, I held a meeting with leaders of both parties, including many of the Republicans who had supported reform in the past -- and some who hadn't. I was pleased to see a bipartisan framework proposed in the Senate by Senators Lindsey Graham and Chuck Schumer, with whom I met to discuss this issue. I've spoken with the Congressional Hispanic Caucus to plot the way forward and meet -- and then I met with them earlier this week.

And I've spoken with representatives from a growing coalition of labor unions and business

Trade and Finance

Felipe Ortiz de Zevallos
The Financial Times
September 22, 2010

Two decades ago, the global economy was booming while Peru was merely trying to survive, fighting back against hyperinflation and Shining Path terrorism. Now, instead, most analysts

candidates in the entire country are running for regional and local office. Some optimists talk of an ebullient civic awakening. Others may be afraid of a potential balkanization. Even in San

commission said it was especially strong

Mauricio Cárdenas
The Brookings Institution
May 2010

Time Magazine recently named Luiz Inácio Lula da Silva as one of the world's 100 most influential people for helping Brazil become the first Latin American power to matter in world affairs. The fact that Brazil will become the world's fourth largest economy in 2050, together with Lula's personal charm and self-confidence, has brought Brazil an unprecedented level of diplomatic influence. Other countries in the region have also gained status and credibility based on sound economic policies. But, whether this reflects a fundamental transformation for Latin America is still an open question. Can other Latin American leaders, including Brazil's presidential candidates, shape global policies while at the same time succeed in changing economic and social conditions?

Latin America has undergone radical political, economic and social changes during the last two decades. The region is no longer the stereotype of populism and economic mismanagement, to which Alan Greenspan devoted an entire chapter in his memoirs. As the world's center of gravity moves east and south, and as emerging economies and their multinationals take the lead, global corporations cannot overlook Latin America. But it would also be a mistake to argue that the region has entered a smooth path toward development. Many problems remain, including social tensions, imperfect political systems and structural constraints on economic growth.

In addition, Latin America is perhaps the only region of the world where an ideological race is alive. Alternative development models are still competing in a way that is somewhat reminiscent of the Cold War, including its corollary of an arms race. While some countries are committed to market orthodoxy and responsible social policies, others proclaim a new form of socialism. In this latter group, anti-market policies and populism have become effective political strategies, especially when combined with swelling revenues from commodity exports.

But the region shares more than just a common culture. A combination of factors, of which culture is probably the least important, resulted in Latin America's development problem, which is essentially the combination of low economic growth and high inequality.

Economic historians, including the late Angus Maddison, agree that around 1700 incomes were relatively similar in the U.S. and Latin America, but the 19th century was disastrous for Latin America. During most of the 20th century output per capita in Latin America remained at 30 percent of the U.S. level. But during the 1980s and 1990s the income gap widened, bringing relative incomes in Latin America to 20 percent of the U.S. level by the end of the century. The comparison with the Asian tigers is even more appalling. This group was well behind Latin America for most of the 20th century, but a rapid expansion beginning in the 1960s led income per capita in Asia to exceed that of Latin

However, low growth is not the only problem. Of the 15 most unequal countries in the world, 10 belong to Latin America.¹ Compared to Latin America, the average income Gini is 8 points lower in Asia, 18 in Eastern Europe and Central Asia and 20 in the developed countries. More relevant, the level of inequality in Latin America is higher than predicted by its GDP per capita: the Gini coefficient is around 10 points higher in Latin America than in the rest of the world, after controlling for per capita GDP.

There is wide debate on when the region became so unequal. Some authors, such as Jeffrey Williamson of Harvard University, believe that inequality in Latin America was not higher than in other parts of the world from the post-conquest decades following 1492 to the mid-19th century. Here again the 19th century appears to be culprit, especially the first decades after independence. This fact is often ignored in the bicentennial celebrations currently taking place throughout the continent. Two centuries of entrenched inequality suggest that change will be slow and not necessarily easy.

Another feature that is particularly relevant and not independent from the previous discussion is Latin America's high dependence on commodities. As stated in a forthcoming World Bank

(1989); Colombia (1991); Paraguay (1992); Peru (1993); Argentina, Guatemala and Nicaragua (1994); Venezuela (1999); Ecuador (2008); and Bolivia (2009). Although the effects of these reforms on institutional performance have been varied, social policies and social expenditures have gained preponderance across the region. There have been successes, such as increased enrollment rates in primary and secondary schools, but many problems remain such as low educational quality and low enrollment rates in pre-primary and tertiary education, especially for the poor. On the positive note, a large number of Latin American countries have implemented social interventions through programs based on conditional cash transfers (CCTs), which have become a model for the rest of the world. The existing evaluations suggest that these programs, however small, are effective ways of redistributing income to low-income households, while at the same time providing the incentives for investing in human capital.

But it is important to go beyond these commonalities, which do not provide much insight for a nuanced assessment of the region. As mentioned, the ideological divisions have resulted in differences in the way governments define their role both internally and externally. With some oversimplification, two camps can be distinguished:

1. Countries with market-driven economies, strong political and economic ties with the U.S., and where democratic governance prevails. This group has full access to international financial markets and includes, among others, Chile, Colombia, Mexico and Peru.
2. Countries with increased state presence and control over their economies, where the anti-American rhetoric resonates loud, and where tolerance to criticism from the media and civil society is increasingly low. The core members of this group are the ALBA countries (Venezuela, Bolivia, Ecuador, Nicaragua and Cuba), but with some qualifications the group can be extended to include Argentina and Paraguay. No leader in this group uses incendiary rhetoric and anti-imperialist demagoguery more effectively than Hugo Chavez, who has greater degrees of freedom than his followers.

Brazil is a separate category in itself. The Cardoso (1994-2002) and Lula (2003-2010) administrations have brought politics to a sensible center and have made Brazil more self-conscious of its status as a global power. Foreign policy is not fully aligned with the U.S., favoring alliances with other emerging powers. While Brazil shares the same approach on economic management as the first group, it often sides with the expanded ALBA countries on political matters. This has been exemplified in Brazil's approach to issues like the crisis in

domestic resource available in order to increase public expenditures, which occurred in Argentina with the privately held pension assets.

Industrial policies are another area of interesting differences. They range from the very timid in market-friendly economies fearful of past mistakes and excesses to outright nationalization of key sectors and industries in the extended ALBA countries. However, a new paradigm has emerged in Brazil, where industrial policies have been effective in promoting the development of new sectors and leveraging the global outreach of some key Brazilian corporations. The more interesting result is the emergence of the Brazilian multinational or *multilatina* that typically has more business abroad than in Brazil, such as Gerdau and JBS. The advent of these corporations

Mexico is an interesting case because it has experienced subpar economic growth --even before 2008- 2009 global financial crisis—despite its pro-market economic strategy. Although a full discussion of this deserves more space, the conventional wisdom is that the state monopoly in the energy sector is turning out to be a very costly strategy. Mexico needs to increase its oil production and it is clear that PEMEX cannot do the job alone. In addition, many in Mexico complain about the lack of competition in key sectors, such as telecoms, public utilities and other

Media

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Shubham Srivastava

Proceedings and E-Journal of the 7th AMSAR Conference on Roles of Media during Political
Crisis

Bangkok, Thailand

May 20, 2009

through the creation, modification and implementation of policies. Further on, the findings¹ of several authors, like Livingston (1997), Livingston and Eachus (1995), Jacobsen (1996 and 2000), Gowing (1994) and Mermin (1997) will be reviewed in order to set grounding for the perceived conclusions about the impact of the news media on the foreign policy decision-making process.

MEDIA-FOREIGN POLICY DECISION MAKING RELATIONSHIP

In order to illustrate how the news media have revolutionized the foreign policy making process, the image of the Soviet missile crisis in Bay of Pigs, during John F. Kennedy's government is often mentioned (Hoge, 1994; Livingston, 1997). During the first six days of the crisis, Kennedy and his advisers had the chance to deliberate in secrecy about which course of action they were to take. The capability of keeping the situation in secret kept foreign policy makers from dealing with "public hysteria" (Livingston, 1997) or media pressures.

Nonetheless, the context has changed considerably since 1962. Firstly, due to technological developments, real time news coverage allows information to be broadcasted 24 hours a day from anywhere in the world, with no regards for diplomatic secrecy. Secondly, since the end of the Cold War, the world is no longer bipolar, leading towards a lack of definition of American national interests, for they are no longer constructed around the idea of stopping the spread of communism. The latter leads towards the third point: there is policy uncertainty about foreign affairs. These contextual changes have re-defined; it is argued, the relationship between the news media and the foreign policy decision-making process in the West, though there is great debate about its reaches and limitations.

On the one hand is the so-called "CNN effect", which is understood in a variety of ways. It comes from being understood as the capability of the news media (television in particular) to "shape the policy agenda" (Gowing, 1994); the "power" of news journalism "to move governments" (Cohen, 1994); "the idea that real-time communications technology could provoke major responses from domestic audiences and political elites to global events" (Robinson, 1999); the argument that "the media drives Western conflict management by forcing Western governments to intervene militarily in humanitarian crises against their will" (Jacobsen, 2000); "elite decision makers' loss of policy control to news media" (Livingston and Eachus, 1995); to the argument that the term "CNN effect" has been used imprecisely, for there are several types of media effects, deriving from different types of policies (Livingston, 1997).

On the other hand, the manufacturing consent theory "argues that the media does not create policy, but rather that news media is mobilized (manipulated even) into supporting government policy" (Robinson, 1999). There are two ways in which manufacturing consent may take place: the executive version, in which there is framing that conforms to the official agenda; and the elite version, in which news coverage is critical of executive policy as a consequence of elite dissensus.

MEDIA, FOREIGN POLICY AND EVENTS

¹ Because of space constraints, emphasis will be given to their conclusions rather than their overall research.

However, in my opinion, the first question to be asked regarding the impact of the media on foreign policy making decisions concerns how each of these actors, the media and policy makers, relate to foreign events.

This paper tries to overcome the obstacle of excluding the mass media from the foreign policy process and suggests an analytical framework which focuses on the role of the media in this process. This framework perceives the mass communication networks as parts of the environments in which the international actor (mainly nation-states) exists and acts. The media have a twofold role in such environments. First, they provide input into the process as an independent variable added to environments described in the former models of Snyder et al., Brecher and Papadakis and Starr. Here the leaders react to the perceived reality as constructed by the press and take it into consideration (i.e., the CNN effect). Second, it is part of the environment which foreign policy makers try to affect or influence by making their decisions. This means that leaders who perform in an environment which includes the media take political decisions to solve problems, but at the same time try to make such decisions that will improve their image or develop a campaign that will affect the media dealing with the relevant international events and interactions. This is the output environment component of the environment. This incorporates the media into the framework as an environment which encircles the decision-making process while serving as an input for decisions as well as a sounding board for the output – the policy.²

legal impediments (e.g. visa requirements), risk to journalists, relevance to national interest, and news attention cycles" (Jacobsen, 2000: 133).

Thus, foreign news may be concluded, are subject to coverage in relation to its level of violence

In short, the coverage of a foreign conflict is determined by a variety of factors sometimes tangential to the event itself. However, the quality of the coverage, and by this we mean the way reports are fashioned, is also subject of external determinants. News reports about humanitarian crises are claimed to move governments towards action as the CNN effect presumes, or to frame contents in conformity to executive or elitist interests, as suggested by the manufacturing consent theory.

FOREIGN POLICY DECISION MAKING PROCESS

Foreign policy in Western democracies, as is the case of the United States, is drawn upon the idea of a predetermined national interest. With the end of the Cold-War the main concern of USA's national interest, stopping the spread of communism, was over, yet the challenge is now that of a new definition of national interests. As Hoge (1993: 2) describes, "there is not yet an articulated official framework for U.S. foreign policy on new

media on Western conflict management is negligible because coverage is limited to a small number of conflicts in the violence phase". The consequent shifting of funds from "cost effective, long-term measures to short-term relief efforts leading to a high ineffective allocation of resources" is the "invisible and indirect" impact that the media actually have on Western conflict management. This impact, he argues, "exceeds the direct impact generated by the CNN effect by far since the latter only affects a very small number of conflicts" (Jacobsen, 2000).

On the other hand, Livingston (1997)⁴ suggests a three-way typology of likely CNN effects. These are conditional on the kind of intervention that is being conducted, of which he recognizes eight types. The three CNN effects are described as follows:

First effect is media as accelerants, in this modality, media are presumed to shorten the time of decision-making response. Yet, the media can also become a "force multiplier", a "method of sending signals" to the opponent (1997: 2-4). This effect is most plausible to appear in conventional warfare, strategic deterrence, and tactical deterrence.

Second effect is media as impediment; this takes two forms, as an emotional inhibitor, and as a threat to operational security. One likely manifestation of the emotional inhibitor effect is the "Vietnam syndrome" (Livingston, 1997: 4), in which, it is presumed, public support is undermined by the media coverage of casualties. As a threat to operational security, the media are said to compromise the success of an operation by broadcasting it and, thus, revealing strategic information to the enemy, frustrating the success of the operation. This kind of effect, Livingston notes, is likely to appear during conventional warfare, tactical deterrence, SOLIC, peace making and peace keeping operations.

The **Third effect** of the media on foreign policy making that Livingston (1997) mentions is that of the media as an agenda setting agent. It is presumed that the coverage of humanitarian crises puts the issue in the foreign policy agenda and drives intervention.

Livingston's typology of likely CNN effects is supported by the findings of other authors, however, the true existence of such effects still remains undetermined, though Livingston (1997) scepticism is more focused towards questioning the ability of the media to set the agenda.

Hoge (1994: 137) describes the quality of media as accelerants as a pressure for politicians to "respond promptly to news accounts". However, Hoge foresees a negative effect of media as accelerants, due to the fact that news accounts "by their very immediacy are incomplete, without context and sometimes wrong".⁵

The "Vietnam Syndrome", denominated "body bag effect" by Freedman (2000) is an important consideration for intervention, even without the media; as Jacobsen (1996) describes, one of the requirements for intervention is a low risk of casualties. Therefore, it can be concluded that is the

⁴ See Livingston (1997) "Clarifying the CNN effect: An Examination of Media effects According to Type of Military Intervention

⁵ This refers to Mermin's (1997: 399) findings regarding the 21 /November/1992 news reports.

fact of the casualties,

hypodermic needle theory taken to the sphere of policy making. On the other hand, the manufacturing consent theory implies some obscurity, even conspiracy behind the relationship between policy makers and the media. Not only does this imply that both media and audiences are passive entities, easy to manipulate, but also ignorant of the "reality" behind the framing and indexing of the coverage, since critical coverage is conceived only in cases of elite dissensus. Both these theories are in clear confrontation, and they invalidate each other. But as Robinson (2001) notes, the debate about effect vs. non-effect is unconstructive. Rather, new approaches towards understanding more clearly the relationship between media and foreign policy making are to be achieved.

Just as news media coverage is not limited to foreign events, foreign policy making is not limited to the foreign events covered by the media. Thus, it is not likely that the media could drive overall foreign policy for the mere fact that coverage is limited to a selected subset of events. However, it is likely that the media have the potential to lead towards the modification of the policies being conducted regarding the events covered. One way to explain this likely effect of the media on foreign policy is understanding it as a cycle of dialectic influence in which media reacts to policies and policy makers react to coverage in a continuum. In the long run, however, there is the possibility that dramatic changes would occur; yet the empirical evidence so far is that the policy makers' reaction to coverage of humanitarian crises is usually that of emergency relief. The perceived impact of the media is inextricably related to policy certainty, the greater the certainty the lesser the impact of the media. This points out other indirect effects of the media, such as those detailed by Jacobsen (2000) and Nye (1999).

The main conclusion of this paper is that news media and foreign policy making process influence one another, sometimes directly, others indirectly. The degrees of their mutual influence are proportional to other circumstances, such as newsworthiness from the media point of view, and policy uncertainty, from the foreign policy making perspective. However, the research reviewed is made from a Western point of view, and it is focused on cases of humanitarian intervention, hence it is insufficient to draw general conclusions about the impact of the media on foreign policy making as a whole. Furthermore, the conclusions achieved may not be accurate in the context of non-Western and/or non First World countries. As hinted before, new research is needed that would consider cases different to humanitarian intervention, and contexts outside Western countries in order to draw more accurate conclusions about the impact the news media and foreign policy making have (or may not have) in one another.

This complex process is described in the following framework: When an external international event occurs, leaders learn about it from the media (the input process, CNN effect, etc.), information is processed via the various image components, and the policy or decision formulating process is set in motion. Media advisors and PR professionals participate in the process, and officials consult with them and consider their advice. When a decision is made, or a policy is formulated (the output phase), leaders take into consideration the media environment (national and international) in the decision itself, and mainly in the publication (MM) process. Moreover, it should be noted that in the background national and international public opinions influence the processes, and are involved in them, but their roles will not be analyzed at this stage.

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partisan selective exposure, the selection of media sharing one's political predispositions. As people's media options increase and they find outlets offering more congenial perspectives, the potential for selective exposure arguably increases; Mutz and Martin (2001) note that "As the number of potential news sources multiplies, consumers must choose among them, and that exercise of choice may lead to less diversity of political exposure" (p. 111). The mere opportunity to engage in selective exposure in the modern media environment, however, does not mean that people necessarily will seek out congenial media. On the contrary, prior research on selective exposure has produced inconsistent results. In returning to the topic, this article aims to clarify prior research on selective exposure and to investigate the phenomenon with contemporary data.

Selective Exposure

Admittedly, selective exposure is a debated topic. Early researchers were divided in their impressions of the evidence (Donohew and Palmgreen 1971; Klapper 1960; McGuire 1968) and contemporary researchers seem no less at odds regarding whether they should embrace or dismiss selective exposure (Jonas et al. 2005; Kinder 2003; Zaller 1992). While Klapper (1960) noted that "The tendency of people to expose themselves to mass communications in accord with their existing opinions and interests and to avoid unsympathetic material, has been widely demonstrated" (pp. 19–20), McGuire (1968) charged that "The survival of the human race for a period that even the most conservative estimates place at a minimum of 6,000 years suggests that people seek information on some basis less primitive than seeking support of what they already know and avoiding any surprises" (p. 800). The debate on selective exposure persists today. Kinder (2003) argues that "despite all of the early confidence, the evidence for selective exposure turns out to be thin. We now know that people do not, for the most part, seek out mass communications that reinforce their political predispositions" (p. 369). Along similar lines, Zaller (1992) claims that selective exposure is not prevalent; he notes that "Most people...are simply not so rigid in their information-seeking behavior that they will expose themselves only to ideas that they find congenial. To the extent selective exposure occurs at all, it appears to do so under special conditions that do not typically arise in situations of mass persuasion" (p. 139). On the contrary, Jonas et al. (2005) contend that "When searching for new information, people are often biased in favor of previously held beliefs, expectations, or desired conclusions" (p. 978). These different conclusions about selective exposure warrant attempts to clarify the concept.

The democratic implications of partisan selective exposure also justify further research. If partisan selective exposure is widespread, the public may develop more polarized, or extreme, attitudes in the direction of their political predispositions (Mutz 2006; Sunstein 2001). And, as the Iraq-weapons-Al Qaeda example suggests, people may develop different beliefs about the world. Further, people's impressions of which issues should be prioritized by the government may diverge due to partisan selective exposure. Without shared priorities, allocation of limited resources, such as time and money, becomes more difficult. Partisan selective exposure,

exposure to the outlet, one would be at an impasse. Some beliefs, therefore, must be more likely to guide exposure decisions compared to other beliefs.

One possibility is that personally relevant beliefs, those beliefs related to a person's interests or self-identity, are more likely to influence exposure decisions (Donsbach 1991). If one cared little about politics, for example, s/he would have little motivation to seek out congenial media. From a cognitive perspective, personally relevant beliefs are more readily activated from memory and hence, are more likely to guide our thoughts – and, as advanced here, our media selections. As Price and Tewksbury (1997) explain, certain constructs are chronically accessible—irrespective of the situation, they are more likely to be used as a basis for processing information. They note that Chronic accessibility may come from a variety of sources....One example would be the degree to which a given construct is linked with a person's self-concept (p. 190). Political partisanship represents one such construct (Green et al. 2002; Lau 1989). In contrast to other

Many of these studies, however, rely on cross-sectional data without the presence of controls, and so they fall short of documenting causal relationships between people's beliefs and their media consumption (Freedman and Sears 1965; Sears and Freedman 1967). Furthermore, most studies have examined selective exposure for a single media type (e.g. cable news station or talk radio program) at a single point in time, instead of more comprehensively considering people's media consumption patterns.

This study aims to measure changes in people's more habitual media exposure patterns. During

exposure. It is possible that because cable news networks are widely available (in contrast to diverse newspapers) and identify as objective outlets (in contrast to some talk radio programs and Internet websites), people are more likely to select a cable news network based on their political beliefs. Third, this finding may be a measurement artifact. Recall that cable news exposure was the only partisan media variable that did not require the construction of a classification system for many different outlets. The use of classification systems and coding schemes to identify outlets as liberal and conservative, as was done when evaluating the partisanship of websites and radio programs, undoubtedly leads to some measurement error. Further, newspaper endorsements may not be a perfect indicator of the political leanings of the newspaper (Dalton et al. 1998). As a measurement less prone to error, cable news viewing may exhibit stronger relationships.

In imagining what critics of selective exposure might say about this study, several comments are warranted. With respect to the critique of de facto selectivity levied by Freedman and Sears (1965), it would be difficult to argue that these results do not demonstrate motivated selective exposure. In the contemporary media environment, de facto selectivity is less plausible because media outlets are widely available. Therefore, availability is unlikely to account for the relationships found here. Further, in the case of newspapers, the cross-sectional analysis controlling for the partisan make-up of the respondent's district did not change the results. In this study, an extensive battery of controls, including education—the variable discussed most extensively by Sears and Freedman (1967)—are used in an attempt to counter claims of spuriousness. Even in the presence of these controls, the relationships persist. The panel analyses also provide stronger evidence about the causal direction of the relationship, thus furthering claims that people's media use is motivated by their political beliefs. In part, the analysis here agrees with Zaller (1992) and Kinder (2003)—partisan selective exposure is not so pervasive that people have completely surrounded themselves with likeminded media outlets. The analysis

relationship. Third, the measures of media exposure im some limitations. The Internet question, for example, did not ask respondents who ventured to candidate websites whether they visited only one or multiple candidate sites. This may lead to an underestimation of the extent of partisan selective exposure. Further, the cable news question asked respondents about their most watched station, not about all stations that they watched. Given that the media measures have

Drug Trafficking, Organized Crime and Security

ey Reduce Domestic Consumption or

David T. Johnson

Statement before the House Oversight and Government Reform Subcommittee on Domestic Policy

Washington, DC.

July 21, 2010

Chairman Kucinich, Ranking Member Jordan, and Members of the Subcommittee, thank you for the invitation to testify about the State Department's role in counternarcotics and criminal justice sector reform efforts around the globe. It is my pleasure to be here today on behalf of Secretary of State Hillary Clinton. As the Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (INL), I oversee the Department's foreign assistance programs that help our international partners strengthen their own criminal justice sectors and their capacity to provide their own citizens with security under the rule of law. Many of our programs are relevant to the topic of this hearing, as our assistance efforts help foreign governments to curtail illicit crime such as narcotics production and trafficking, and develop the capacity to govern justly.

The State Department's foreign assistance programs are crafted to address unique conditions on the ground in each of our partner countries where there is a demonstrated need and desire for security and justice sector reform, and where political will exists to counter illicit crime and bring criminals to justice. Through our assistance programs, the State Department contributes a vital set of tools to protect United States national security, including programs to advance our national policy goals identified by the White House and its Executive Offices, including the Office of National Drug Control Policy.

The Role of the State Department

The initiatives that I have the privilege to steward on behalf of the State Department represent our nation's assistance to bilateral or multilateral partners that enhance those partners' governance capacity. Many of these programs involve efforts to isolate, minimize, and neutralize transnational drug enterprises by enhancing security on the ground. In the context of our diplomatic engagements, INL assistance programs have helped our partners to develop, train, and empower civilian law enforcement to fight crime, including illicit narcotics networks, in a number of countries in Latin America and the Middle East; design and launch public education campaigns about the danger of narcotics in South Central Asia; extend the host government's rule of law and governance into regions where they did not before exist in Colombia and Peru; foster safe, secure, and humane correc004465 BDC BT2t514 24929 (c)46(F)(4) -16254(s) -130(249(a)4lat

impact and improve foreign government capacity, and provide the platform for follow-on assistance from our interagency and multilateral partners.

Diplomacy through teamwork

To accomplish our goal of empowering partner nations to combat criminal enterprises, the State Department partners with experts from within our own Federal, State and local governments to bring expertise to bear. The DEA, ICE, and the FBI regularly provide high level skill training and mentoring in INL program countries, U.S. State and local law enforcement officers mentor and train their counterparts on investigations, community policing, and corrections systems, and Non Governmental Organizations (NGOs) are often enlisted to develop educational curriculum and anti-drug campaigns unique to specific cultures and communities.

State Department and USAID programs also enhance international cooperation and coordination among states providing alternative development, economic, and education programs where they can be most useful. We work with groups such as the United Nations, the Organization of American States, the G-8, the European Union, and the Financial Action Task Force and its regional sub-groups, and with foreign governments to set international counterdrug and anti-crime standards, deny safe-havens to criminal groups, pool skills and resources, and improve cross-border cooperation.

Two of our new international legal tools to combat organized crime are the UN Convention against Transnational Organized Crime (UNTOC) and its protocols against human trafficking and smuggling, and the UN Convention against Corruption (UNCAC). These international instruments, along with the three UN counter-drug conventions, create broad standards as well as a legal framework for mutual legal assistance, extradition, and law enforcement cooperation. They also contain unique provisions, such as those on asset recovery found in the UNCAC, providing new tools for U.S. law enforcement. The Justice Department, for example, has used the relatively new Convention Against Transnational Organized Crime on more than 35 occasions as the basis to augment existing extradition authorities and to make mutual legal assistance requests, including for illegal arms dealing, money laundering and fraud prosecutions.

Country Programs and Results

Colombia - Ten years ago, the United States and Colombia forged a close partnership under the rubric of Plan Colombia. Our goals were ambitious, but important to restoring stability in Colombia, disrupting the drug trade and protecting the citizens of the United States from illegal narcotics. Under the leadership of Presidents Pastrana and Uribe and with the help of U.S. training, equipment and political support, Colombia is now a stronger democracy and able to share the expertise it has developed with countries such as Afghanistan, Mexico, Haiti and other Latin American nations. As a result of progress under Plan Colombia and its follow-on programs, more than 50,000 paramilitary members and guerilla combatants have demobilized, coca cultivation and cocaine production potential have been significantly reduced, a new oral accusatory system of justice is improving transparency and efficiency, and local capacity has grown to a level where we are now able to transfer responsibility for management and funding of

that before alternative development and justice programs can make a difference, security must also be established. Once a permanent government security presence is in place, a comprehensive assistance program that includes counternarcotics, rule of law and economic development, has proven successful in making these achievements more durable.

Peru - Elsewhere in the Andean Region, we still look to Peru as a key U.S. partner. We continue to maintain close coordination with senior Peruvian government officials on strategies for countering the international drug trade. The Garcia Administration's counternarcotics plan coincides with U.S. goals and clearly links interdiction and eradication with alternative development and prevention. On a recent visit to Lima, I spoke with Peruvian counterparts about expanding the basis of our cooperation beyond what has been perceived in the past as an almost exclusive focus on eradication. By moving more U.S. assistance into areas such as expanding the

both of which are critical to Mexico's developing narcotics search and seizure operations along our shared border. Each of INL's assistance programs in Mexico responds to specific

West Africa. However, the drug trade poses a threat to Coalition efforts to stabilize the region and Afghanistan itself. Funding from the drug trade supports the Taliban other insurgent groups trying to overthrow the Afghan government. It also fuels the extensive corruption that undermines the ability of the Government of Afghanistan to provide security, expand development, and strengthen the rule of law.

To ensure a comprehensive and coordinated approach to the drug problem in Afghanistan, we are currently working with our interagency and international partners to target narcotics traffickers and drug lords – especially those with ties to the insurgency – and enhance the government's focus on agriculture, interdiction, demand reduction, public information, and rule of law. All of our efforts aim to connect the Afghan people to effective government institutions, build the capacity of central and provincial authorities, provide legal alternatives to poppy, and target – and dismantle – the very intersection where corruption, insurgency, and narcotics threaten the progress of Afghanistan, its neighbors, and the United States.

Central Asia - Most of the

Kevin Casas-Zamora
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Politics has long been a magnet for drug money in Latin America. In the 1970s, Costa Rican politicians were accused of accepting contributions from the late Robert Vesco, a U.S. financier who settled in Costa Rica after fleeing prosecution at home. Vesco, some of whose money purportedly came from heroin smuggling, was a major backer of the winning party's 1974 election campaign, according to former Costa Rican President José Figueres.¹

At the time, campaign finance activities were not regulated by Costa Rican law. Even in Vesco's wake, they would remain unregulated for a long time—which, unsurprisingly, led to a new scandal a decade later, when the main parties in Costa Rica were found to have accepted contributions from a number of donors linked to the drug trade.² One important donor was General Manuel A. Noriega, then neighboring Panama's leader, whose involvement in drug trafficking would lead to his ouster from power by a U.S. military intervention in 1989.

humans require oxygen. While not unique to Latin America, these challenges manifest themselves in the region with uncommon intensity.

Notwithstanding vast efforts to eradicate illicit crops and interdict drugs, Latin America continues to be the world's largest cocaine producer and plays a growing role in the production of synthetic drugs and opiates. Whether as producers of illicit crops, as transshipment countries, as entry points to key markets, as money laundering locales, or as large consumption markets, practically all countries in the region take part in a drug trade that mobilizes tens of billions of dollars every year. This money flow and the sophistication of the criminal networks that sustain it feed many other illicit acts.

election was \$2.5 billion, according to Brazilian expert Bruno Speck.¹¹ Sums spent in small countries are often higher, proportionally speaking. The current president of Panama, Ricardo

been investigated for ties to paramilitary groups. Penetration of violent criminal gangs is even more pervasive at the local level.

Weak System Parties

The weakness of parties and party systems throughout the region also has troubling financial implications. The dearth of fee-paying party members and the modest amounts available to candidates from most systems of public election funding in Latin America leave parties and their candidates heavily dependent on the

goal of achieving impunity from any of their crimes and thus undercuts the rule of law. This is a crucial difference between organized crime and any other interest group. Legitimate interests that contribute to campaigns seek to shape the law in their favor. Organized crime seeks to prevent the law from being enforced altogether—and this strikes at the heart of the viability of the state.

Campaign contributions from organized crime enhance the power and influence of actors who, in many cases, actively dispute the state's sovereign control over a territory, as Colombians and Mexicans know well. They nurture a power that exists not through the law, but outside it. In the worst cases of political penetration by organized crime, the distinction between institutions and crime—between inside and outside the law—dissolves as the state and its authorities become effective abettors of criminal activities, and may even depend on such activities to function.¹⁷

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guarantee of transparency and insurance against excessive verbal aggression by his Venezuelan counterpart, in the event served to infect this new regional security institution with the familiar and unproductive rhetoric of megaphone diplomacy. Leaders took turns striking poses for their respective electorates rather than talking to each other and solving issues, in the process presenting distorted vignettes of strategic reality. The summit showed the difficulties in building an effective regional security institution from the top down and revealed the need for Unasur to develop a stronger institutional base. The Defence Council of Unasur, which convenes defence ministers for a more focused agenda, offers the promise of being just the right vehicle, if heads of government are willing to empower it with the means of carrying out a pragmatic agenda of consultations. A measured programme of regular meetings on agreed subjects could in time serve to cultivate a more common strategic culture among South American states and develop settled norms to govern conflict resolution. Summits of heads of government might still be characterised

Venezuelan regional foreign policy as a whole, is currently Latin America's most serious challenge to regional security.

A purely ideological reading of the security situation would, however, be incomplete. Although Venezuela leads the populist left in Latin America, the region demonstrates no simple link between ideology and unstable international relations. Instead, the region suffers most from slow democratic decay and the impact of this on regional security. In many countries, democracy is not marching forward, but creeping back, and the flashpoint of the continent as a whole is undoubtedly the Andean region, where ideological tensions are strongest, but the quality of governance is also weakest.

On the one hand, the Colombian political system has thus far been unable wholly to outgrow its entrenched association with paramilitarism and political violence. Despite multiple initiatives of the civilian government, some sectors of the security forces, particularly the army, continue to violate human rights, and the legislative coalition supporting President Uribe has been dogged for the last three year

Democracy is also being visibly eroded through a combination of excessive presidentialism and the desire and ability of several current leaders to remain in power for significant periods of time. In Honduras, President Manuel Zelaya was ejected from office by the armed forces in a coup inspired by his intention to hold a referendum to gauge support for the formation of a Constituent Assembly to draft a new constitution. The extended stalemate between the ousted Zelaya and the de facto regime was resolved late in October 2009 and the potential consequences for regional security were thus successfully contained. In Colombia, Uribe's contemplation of a third term in office, which, despite substantial approval from a majority of his electorate, would require a second amendment to the constitution, reflects this disposition to extend mandates beyond accepted constitutional limits. On the left, the leaders of Venezuela, Ecuador, Bolivia and Nicaragua are all interested in holding on to power for the foreseeable future, either through manipulated re-election or wholesale constitutional reform. These trends have clear consequences for regional stability. Where the leaders of highly presidentialist regimes exercise unmediated control over foreign and defence policy, the potential for abrupt and hostile policy changes is clearly greater. While changes of government would allow new leaders to begin new

motivated citizenship programmes not only to give refuge to FARC insurgents but also to bolster his own electoral support base.¹²

In the Andean region in general, the absence of any kind of systemic approach to the handling of transnational security threats is striking, despite past attempts to develop one within the institutional framework provided by the Andean Community. The Colombian conflict continues to show how difficult it is for the region to develop any kind of shared response to terrorist

and Peru in 1995 that effectively ended a long-

delivering the necessary volumes of gas after it had issued the nationalization decree, but the tension at the time was significant. The obvious influence of Venezuelan President Chávez and

Obama, consumed with greater foreign-policy priorities and economic distress at home, can devote only limited attention to Latin America and does not see playing arbiter between competing foreign-policy or security visions in the region as a desirable ambition where its strategic interests are not threatened. It is inclined to be, in foreign-policy terms, a ‘third-way’ actor in Latin America: respectful of desires for Latin American emancipation from a heavily burdened past with America, but willing to strike strong bilateral relationships where these are sought. In terms of security, its most important relationships continue to be with Colombia and Mexico. With Colombia, it is locked in an extended counter-narcotics and counter-insurgency war and sees its relationship with the country, straddling both oceans and the gateway to South America, as of obvious geopolitical significance. In Mexico, the United States sees narcotics-related violence along its southern border escalating to an alarming level not seen since the heyday of Colombian narco-terrorism two decades previously. Discussion of the country as a partially failed state has begun, presenting the United States with both a harsh security problem and a considerable immigration challenge – to which Washington has responded with a package of counter-narcotics assistance similar in some respects to that given to Colombia. Within this framework, Obama has made some modest changes, but the perceived importance of these relationships has not diminished. Strategically, Brazil is becoming the most important regional partner and the United States, building on already strong ties, clearly wishes to establish a relationship with the South American giant that recognizes Brazil’s growing role, not least in global forums such as the G20. Politically, with Obama anxious to mark a break with the past, the United States’ relationship with Cuba is a key priority for improvement. In itself of limited strategic importance, such a development has the potential to unlock significant political capital both among US constituencies and across Latin America. In practice, however, despite positive signals and the lifting of some minor restrictions, a wholesale policy change remains legally tied to democratic reform and human-rights compliance, and so the trade embargo continues.

The only exception to this panorama of constructive involvement or relaxed indifference is Venezuela, despite Obama’s disposition to publicly signal re-engagement.¹⁵ While the United States is at pains not to be unnecessarily embroiled in Latin American political disputes, in the Venezuelan case an enduring strategic concern persists owing to the importance of that country’s hydrocarbon resources and Chávez’s highly vocal hostility to the United States. Particularly troubling are his authoritarian tendencies at home, his continued dalliance with FARC insurgents in Colombia, his aspirations to ideological leadership and petro-hegemony in Latin America, and his enthusiastic development internationally of economic, military and intelligence cooperation with Russia, China and Iran. All of this presents a limited but real challenge to US interests in Latin America. On the other hand, Chávez’s apparent fears of US-sponsored destabilisation of his regime are not currently realistic

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In this context, the return of Russia and especially the new interests in Latin America of Asian states inevitably create a new foreign-policy dynamic for Latin American states previously animated largely by the form and substance of US engagement.

Russia has recently re-engaged with the region after almost 20 years of post Soviet absence. In late 2008, Russian President Dmitry Medvedev visited Peru, Brazil, Venezuela and Cuba and Foreign Minister Sergei La

The same broad principles on greater engagement hold true for China. Like Russia, it has so far focused heavily on Latin American natural resources, principally as part of its international campaign to secure maximum access to energy it needs to fuel its growth. Despite relatively low levels of direct investment – Chinese President Hu Jintao’s 2004 prediction of US\$100 billion of investment in Latin America in the following ten years does not look likely to be met – this focus has been principally manifested since 1999 in rapidly expanding trade ties, without ideological differentiation and across all Latin America. China has also cooperated with Brazil on satellite technology. These economic relationships are not without their challenges – China’s focus on primary resources is capable of retarding the diversification of some Latin American economies, and the nature of its support for state industries in some countries could arguably deprive those countries of serious privatization options – but in general they are viewed in extremely positive terms by Latin American governments and private sectors. Like Russia, however, China has also developed relationships of more strategic import with the ALBA nations, in particular Venezuela, and has direct military-to-military relations with them. Nevertheless, there is little evidence that China’s military diplomacy is yet strategically problematic or that serious attempts are being made, at least by the Chinese themselves, to transfer arms to illegal buyers. Moreover, the reduction in tension between China and Taiwan has resulted in both announcing a diplomatic freeze by which each would avoid engaging in further competition for diplomatic recognition internationally, a decision that has helpful implications for Latin America given that it was in the past such an important theatre for the political competition between Beijing and Taipei.

India, too, is more active in Latin America. In the Caribbean, it takes advantage of ethnic links to build political relationships. In South America, it is also fiercely interested in energy and natural-resources exploitation. On balance, a greater amount of Indian investment is led by private companies rather than the state alone. Jindal’s \$2.1bn investment in the Bolivian ironore industry is the biggest from the private sector in India, while India’s Reliance has been involved in oil concessions in both Peru and Colombia while importing crude from Mexico, Venezuela, Brazil and Ecuador. India’s BRIC

controversially, Venezuela's relationships with countries such as Russia, Iran and China are not just a way of ruffling the feathers of the US hawk but, as for some of Venezuela's allies, are an increasingly important source of investment and military resources. Since 2005 Chávez has spent \$6.6bn of funds or credit on Russian weapons, mostly for offensive conventional warfare, procuring 92 T-72 tanks, the S-300 air-defence system, 53 MI-28 helicopters and 24 SU-30MKV fighter aircraft.

These trends inevitably mean that the involvement of foreign powers could also provoke conflict, because foreign-policy projects compete for prominence and wider acceptance, particular relationships are loaded with ideological and historical significance, and the friendships that some states enjoy with foreign powers are perceived by other states in the region as potentially altering the strategic and particularly military balance. Extraregional relationships do no more than potentially augment existing tensions, but are significant conflict multipliers nonetheless.

In thinking about regional security arrangements in Latin America, it will be important to find ways for those frameworks to acknowledge the growing role of outside powers in the region and legitimise unthreatening extra-regional arrangements arrived at by Latin American states exercising their sovereign will. No summit was called when Venezuela conducted naval exercises with Russia; one was thought necessary when Colombia offered facilities to the United States. The rub will be in defining 'unthreatening', but that can only come once Latin American powers agree properly to consult about the full range of security issues through a regional security structure in a disciplined and organised manner.

international relations from beneath, but multilateral institutions must work to do so from above. South America suffers from a volatile mix of domestic instability and democratic lacunae, transnational security problems that from their very nature disrespect national borders and generate conflict wherever they fail to elicit cooperation, conflicts of interest between governments over territory and resources, and the lucrative but potentially problematic geopolitical influence of a range of extra-regional powers. Unasur should seek to mitigate all of these.

Experiences elsewhere suggest some key targets for the institution to meet. Where containment of conflict has been effective, it has been because efforts in regional political reconciliation have been successful, there is an acceptable level of transparency on military and strategic goals of the key countries, outside powers have played a constructive role with sufficient regional consent, the larger regional powers adopt greater regional responsibility for the enforcement of agreed norms, and institutions exist that can provide legitimacy to conflict-resolution measures taken either individually or collectively. Progress along each of these fronts is necessary for South America to achieve a higher level of security confidence. In achieving this progress, the region will wish to note the increasing interest of a variety of outside powers in South American affairs, and its own need to engage more fully with the outside world, while acknowledging that the only impetus for improving the regional security outlook can come from initiatives taken by key powers within the region.

External models need to be carefully chosen and adapted, and are not those usually suggested. NATO is an irrelevant model, principally because there is no external threat to Latin America remotely similar to the threat posed to North America and Western Europe by the Soviet Union

ASEAN is perhaps the most successful regional organisation after the EU. However, even after 40 years, its members find it difficult to cooperate on defence. The key problem remains the lack of a deep political accommodation between the members. There are still suspicions and even enmities deriving from historical, ethnic and religious factors, not to mention extraordinarily diverse political systems and a paucity of shared va

challenges and the norms that should govern their management. Only in this way will the region move towards a common strategic culture and Unasur's ambitious construction of South America as a 'zone of peace'. If such a process were successful, it could later be extended to Central American states and Mexico. For the immediate future the South American Defence Council needs directly to address domestic, transnational, regional and international concerns with a specific agenda.

To avoid the hijacking of Unasur for esoteric diplomatic purposes and its manipulation for short-term ends, the Defence Council should develop a rich and ritualised agenda of activity to foster transparency, build a common strategic culture and elaborate principles for the management of disputes. Emphasis on external security will from time to time be necessary, but should not take permanent precedence over developing better cooperation on continental security dilemmas. In an era when military expenditure is increasing, in some cases simply because improved economic fortunes permit modernisation, in others because the adoption of peacekeeping missions requires adjustments in force structures, and in a few because expansionist policies are perhaps contemplated, the overall impact of a renewed Defence Council agenda must be to shine a clear light on strategic activity. Given the tensions and suspicions that exist, the following agenda would serve that end.

Firstly, the Defence Council should encourage the more regular publication and updating of Defence White Papers. Chile was the first Latin American country to publish a Defence White Paper (in 1996), and the importance of this exercise, since followed by a number of other countries, was underscored when the OAS in 2002 drafted guidelines on developing national-defence policy and doctrine papers. In the current context, Defence White Papers should explain national strategies fully, including the rationale for links of various kinds with outside powers. The South American Defence Council could seek to establish a schedule by which all 12 of its members were to produce Defence White Papers, pressing those who have done so to update them and those who had not yet done so to produce them for the first time. These papers should then be open for discussion at expert-level meetings of the council, where concerns could be addressed. Creating more transparency in the discussion of strategic issues should become a primary activity of the council.

Secondly, the Defence Council should consider placing energy-security and natural-resources questions on its standing formal agenda for all meetings. The aim would be to have defence ministers consult on the risks of interruption of supplies or the use of energy as a diplomatic weapon in inter-state relations. Energy security should be formally introduced into regional security discussions, not left to energy ministers alone to address. This may be controversial, but insofar as energy competition and security are such important realities in the southern hemisphere, and create poisonous political disputes, it is the responsibility of those charged with national security to address these questions head on.

Thirdly, the Defence Council should consider developing norms for how cross-border activities to deal with transnational threats are to be conducted. The Santiago Declaration insisted on territorial sovereignty and the inviolability of frontiers. But, as non-state actors refuse to accept these norms, states have to come to understandings on how to deal with transnational tensions.

The council should openly discuss the manner in which sovereign territory is used by non-state actors to threaten other states, and the potential need for 'hot pursuit' of terrorists across state frontiers. International cooperation in poorly governed areas partly occupied by terrorist groups is beginning to take place across the Afghanistan–Pakistan border. It would be right for defence ministers in South America to consider formally under what circumstances such cooperation could take place in their own region.

Fourthly, and relatedly, the South American Defence Coun

future Unasur summit will make a less interesting televised spectacle, but record more obvious success in building the elements of a more common future strategic culture that permits economic development and growth, within a less charged political environment. Once better established in South America, these processes might be usefully extended to Mexico and the

drug trade has on levels of violence and corruption in transit countries, particularly in Latin America, the Caribbean and West Africa.

This executive summary does not parallel the report, however. For the purpose of clarity, a global overview of changes in the world drug markets is presented first. This is followed by an integrated discussion of the world drug markets, including both the market analysis and the trend data. In closing, the discussion on the impact of drug trafficking on transit countries is summarized.

Global developments in illicit drug production, trafficking and consumption

Production

There have been a number of encouraging developments in global cocaine and heroin markets recently:

- The global area under opium poppy cultivation declined to 181,400 hectares (ha) in 2009 (15%) or by 23% since 2007.
- In line with declines in the area under cultivation, global opium production fell from 8,890 metric tons (mt) in 2007 to 7,754 mt in 2009 (-13%), and potential heroin production declined from 757 mt in 2007 to 657 mt in 2009.
- The global area under coca cultivation declined to 158,800 ha in 2009 (5%), by 13% since 2007 or by 28% since 2000.
- The estimated global cocaine production fell from 1,024 mt in 2007 to 865 mt in 2008 (-16%). Global fresh coca leaf production fell by 4% in 2009 (by 14% between 2007 and 2009).

The recent successes, however, must be considered in the context of the long-term challenge. Since 1998, the year of the last UN General Assembly Special Session (UNGASS) devoted to the drug problem, global potential opium production has increased by 78%, from 4,346 mt to 7,754 mt in 2009. Fortunately, these production increases do not correspond to consumption increases, as it appears that large amounts of opium have been stockpiled in recent years. This means, however, that even if production were completely eliminated today, existing stocks could supply users for at least two years.

The increase in global potential cocaine production over the 1998-2008 period seems to have been more moderate (5%), from 825 mt to 865 mt, although there remain uncertainties around coca yields and production efficiency. Nonetheless, available data are sufficiently robust to state that global cocaine production has declined significantly in recent years (2004-2009).

In contrast to heroin and cocaine, only very broad production estimates can be given for cannabis and amphetamine-type stimulants (ATS). Due to the decentralization of production, it is difficult to track global trends in either of these markets. Between 13,000 and 66,100 mt of herbal

cannabis were produced in 2008, as were 2,200 to 9,900

between 12% and 30% of problem drug users had received treatment in the past year, which

societies and good candidates for a global solution within a reasonable time frame. Since they are

users). These two regions, with 70% of the demand and 85% of the total value, play the main role in shaping the evolution of the global cocaine market. Another 2.7 million users are found in South America, Central America and the Caribbean.

The largest cocaine market: North America

North America is the largest regional cocaine market, with close to 40% of the global cocaine-using population. In 2008, it appears that 196 mt of pure cocaine were required to satisfy North American demand. To get this amount to the consumer (accounting for seizures, consumption in transit countries and purity), about 309 mt must have left the Andean region toward the north in 2008. This would represent about half the cocaine that leaves this region, a smaller share than in the recent past. Based on forensic testing of cocaine seized in the United States, most of the cocaine consumed in North America was produced in Colombia.

The North American cocaine market appears to be in decline. Household surveys, school surveys, forensic testing and law enforcement observation all confirm that fewer people in North America as a whole are consuming cocaine than in the past. Cocaine use in the United States has been declining for some time. The decline has been particularly pronounced since 2006, likely due to pressure on supply related to law enforcement interventions in Colombia and Mexico.

If there was a supply shortage for the United States market, this would be expected to generate an increase in cocaine prices. Street prices have not risen much, but purity has dropped greatly. When purity is taken into consideration, the cost of a gram of pure cocaine on the US market has indeed increased dramatically. Dealers in the United States apparently prefer to cut quality rather than increase price, and the result appears to have helped reduce demand.

As a whole, the retail value of the United States cocaine market declined by about two thirds in the 1990s, and by about another quarter in the last decade. About 70% of the profits made off the cocaine trade in the United States accrue between mid-level dealers and the consumer. Farmers and traffickers in Colombia keep less than 3% of the retail sales value of the cocaine they produce.

The second largest cocaine market: Europe

The world's second largest flow of cocaine is directed towards Europe, and this flow has been growing rapidly. The largest national cocaine market within Europe is the United Kingdom, followed by Spain, Italy, Germany and France. Cocaine use prevalence levels are higher in the United Kingdom and Spain than in the United States.

Recent data suggest that the rapid growth of the European cocaine market is beginning to level off in some of the biggest national markets such as Italy, Spain and Germany. Consumption is still growing in the United Kingdom and in some of the smaller European markets, however. In 2008, an estimated 124 mt of cocaine were consumed in Europe. To supply this demand, an estimated 212 mt departed South America toward Europe, about one quarter of total production. A greater share of this quantity comes from Peru and the Plurinational State of Bolivia than in the case of the United States.

The primary countries of entry to the European market are Spain and the Netherlands. Most of

Both opium and heroin seizures continued to increase in 2008. Morphine seizures, however, continued the declining trend started in 2007. Although heroin seizures have followed a generally increasing trend since 2002, they have been outpaced by the growth in global opium seizures, possibly reflecting difficulties faced by Afghan laboratory operators to obtain sufficient precursor chemicals to transform the large quantities of harvested opium into heroin. Most of the opium seizures continue to be made in the Islamic Republic of Iran, neighbouring Afghanistan. The global rise in opium seizures thus largely reflected the growing opium seizures made by the authorities in the Islamic Republic of Iran.

The world's two largest markets for Afghan opiates are the Russian Federation and West Europe, which together consume almost half the heroin produced in the world. About 340 mt of heroin is estimated to have been consumed globally in 2008. To meet this demand, accounting for seizures, some 430 mt would have had to be produced. UNODC estimates suggest that about 380 mt were produced out of Afghan opium that year, supplying the bulk of global demand.

The largest heroin market: West Europe

The world's largest heroin market is West Europe, and about half of this market is contained in just three countries: the United Kingdom, Italy and France. Heroin use appears to be decreasing in most West European countries, although the harms associated with heroin use seem to be increasing, as reflected in heroin-induced deaths.

Most of the heroin dispatched from Afghanistan to West Europe proceeds overland along the so-called 'Balkan route', transiting the Islamic Republic of Iran (or Pakistan to the Islamic Republic of Iran), Turkey and the countries of South-East Europe. It is estimated that 37% of all Afghan heroin, or 140 mt, departs Afghanistan along this route, to meet demand of around 85 mt. Most of the heroin interdicted in the world is seized along this route: between them, the Islamic Republic of Iran and Turkey were responsible for more than half of all heroin seized globally in 2008.

The total quantity of heroin seized in Europe, as reported by some 43 countries, was around 7.6 mt in 2008, which is only a fifth of the amount seized in Turkey and the Islamic Republic of Iran in 2008. In all, three countries – the United Kingdom (18%), Italy (14%) and Bulgaria (13%) – accounted for almost half of the total amount seized in the EU and EFTA countries in 2008. Across Europe, many countries directly straddling the main heroin trafficking routes reported rather low levels of heroin seizures in 2008, such as Montenegro (18 kg), Bosnia and Herzegovina (24 kg), the Former Yugoslav Republic of Macedonia (26 kg), Hungary (28 kg), Albania (75 kg), Austria (104 kg), Slovenia (136 kg), Croatia (153 kg) and Serbia (207 kg).

Wholesale prices of heroin (not adjusted for purity) increase along the trafficking route from South-West Asia to Europe. In 2008, wholesale prices ranged from less than US\$3,000 per kg in Afghanistan to US\$10,300- US\$11,800 per kg in Turkey and an average of US\$44,300 per kg in West and Central Europe.

The second largest heroin market: the Russian Federation

Some 25% of all Afghan heroin (95 mt) is trafficked each year from Afghanistan into Central Asia to meet a demand of some 70 mt in the Russian Federation, along the Northern Route'. The number of opiate users in the Russian Federation is estimated at between 1.6 and 1.8 million people, equivalent to a prevalence rate of 1.6% of the population aged 15-64. There is a very high prevalence of HIV among drug users (some 37%).

To exit Afghanistan on the way to the Russian Federation traffickers can choose between three countries: Tajikistan, Uzbekistan and Turkmenistan. Most of the flow appears to proceed through Tajikistan to Osh in Kyrgyzstan, before transiting Kazakhstan to the Russian Federation. Trafficking is conducted mostly in private and commercial vehicles, often in relatively small amounts. Of 45 heroin seizures above 500 grams (a commercial quantity) made in Tajikistan between 2005 and 2007, 80% amounted to 10 kg or less, and of these, the average size was 2.6 kg. This is a rather small amount per seizure when compared to other regions, suggesting that small-scale trafficking operations are the rule rather than the exception.

While total seizures remained essentially stable in Tajikistan in 2008 (1.6 mt), seizures in Uzbekistan and Kazakhstan reached the highest levels on record, at 1.5 mt and 1.6 mt, respectively. In the Russian Federation, seizures have followed an upward trend, from 2.5 mt in 2006, to 2.9 mt in 2007 and to 3.4 mt in 2008.

Trafficking through Pakistan

Some 150 mt (40%) of Afghan heroin/morphine are trafficked to Pakistan, particularly to Balochistan province and the Federally Administered Tribal Areas, which both share alochistacn

Australia, China,⁴ Slovakia, New Zealand, the Netherlands, Canada and Mexico. However, the number of laboratories is not representative of their output, as many countries with lower total counts report only laboratories with large-scale outputs.

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Prices of cannabis herb vary noticeably across different countries and regions, even when adjusted for purchasing power parity. Some regions revealed intra-regional consistency, although comparisons across countries should be considered with caution since prices may relate to different product types. Very high retail prices were reported by Japan, Singapore and two territories in Eastern Asia (Hong Kong and Macao, China). The high price in Japan may be due to the fact that cannabis herb is mainly imported, which is contrary to the prevalent pattern in most other countries. Cannabis herb prices in Europe were also relatively high. The lower end of the scale was occupied mainly by countries in Africa, South America and East, South-East and South Asia.

Cannabis remains the most widely used illicit substance in the world. Globally, the number of people who had used cannabis at least once in 2008 is estimated between 129 and 191 million, or 2.9% to 4.3% of the world population aged 15 to 64. Cannabis use appears to be in long-term decline in some of its highest value markets, including North America and parts of West Europe. Increasing use has been reported in South America, although annual prevalence rates remain far lower than in North America. Although there is a lack of scientifically valid data on cannabis use for both Africa and Asia, national experts in both continents perceive an increasing trend.

Drug trafficking and instability in transit countries

There are two ways that drug trafficking can pose a threat to political stability. The first involves

supply to the United States, but more importantly, it has uprooted widespread corruption and

"Toward a Public Health Approach to Drug Policy"

Alex Kreit

American Constitution Society for Law and Policy

September 16, 2009

Introduction

Nearly 40 years after President Richard Nixon signed the Controlled Substances Act into law and subsequently declared a war on drugs, it is difficult to describe our drug policy as anything other than a failure. Despite an annual federal budget of over \$13 billion – a number that does not include the costs of housing inmates who have been convicted of a drug offense – our drug control strategy appears to have had little impact on drug use rates or drug availability. Nearly half of high school seniors have used an illegal drug by the time they graduate,¹ more kids say it is easier for them to buy marijuana than alcohol,² and a 2008 World Health Organization (WHO) study of 17 countries found that the United States had the highest rates of illegal drug use.³ Indeed, the WHO study presents a particularly vexing challenge to the efficacy of the United States' approach to drug policy. Among the report's findings was that the percentage of people who have used marijuana in America is more than double that in the Netherlands – 42.4% to 19.8%.

Meanwhile, our punitive approach to drug policy has been a leading cause of the explosion in our prison population. In the last 20 years alone, the national prison population has nearly tripled, giving the United States the world's highest reported incarceration rate.⁴ And, of the 2.3 million Americans in prison, approximately one quarter are there because

perception that supporting any change in our punitive drug policies is politically risky persists today. As Senator Jim Webb, who recently called for a national commission to reassess criminal justice policy, put it, few candidates or elected officials these days even dare to mention the mind-boggling inconsistencies and the long-term problems that are inherent in [our criminal

on the harm it inflicts on society by, for example, shifting resources from enforcement of marijuana laws to other areas.⁸

By contrast, public health policies, such as drug treatment and prevention measures, have played a secondary role in our drug strategy. This has led, for example, to a dramatic gap in drug treatment with the Substance Abuse and Mental Health Services Administration estimating that in 2007 only 17.8% of pers

findings revealed countries with more stringent policies toward illegal drug use did not have lower levels of such use than countries with more liberal policies.¹¹

The drug war has similarly failed to reduce drug supply. A 2008 Brookings report on U.S.-Latin American Relations described the results under a blunt heading: the Failed War on Drugs. According to the report, the street prices of cocaine and heroin fell steadily and dramatically between 1980 and 2007 despite a significant increase in United States spending on overseas supply control over the same time period. Similarly, although we have recently seen record-breaking figures for drug eradication and drug seizures at the border, cocaine production in the Andean region is currently at historic highs.¹² The Brookings report concluded that demand reduction is the only long-term solution to the problem of drug abuse and recommended, among other things, that the United States government undertake a comprehensive reevaluation of its drug policies. Among recent studies of United States drug policy, however, the Latin-American Commission on Drugs and Democracy's February 2009 report is perhaps the most striking. The Commission was comprised of a blue-ribbon panel of experts from throughout Latin America and headed by three politically conservative former Latin American Presidents: Fernando Henrique Cardoso of Brazil, César Gaviria of Colombia, and Ernesto Zedillo of Mexico. It concluded that the war on drugs was a failed war that has led to an increase in organized crime and drug-related violence without reducing drug use or availability.¹³ The Commission called for a paradigm shift in drug policy to an approach that focuses on demand reduction and [c]hanges the status of addicts from drug buyers in the illegal market to that of patients cared for in the public health system.¹⁴

All told, indicators from drug availability to drug-related violence to drug use rates reveal that our current drug strategy is fundamentally flawed. Over the past 40 years, we have spent billions of dollars and imprisoned millions of fellow citizens without any discernible benefit to show for it. The scope of this problem suggests that only significant change to our overall strategy will be able to address the drug war's failures. Assessing the various options for a shift of that magnitude is not feasible to do here. There are, however, a number of specific reforms that are likely to produce improved results while decreasing human and economic costs, and that can be implemented without altering the overall structure of federal drug laws. At the same time, these proposals can help lay the foundation for more fundamental change in the future by beginning to re-orient our drug strategy away from a war posture and toward a more effective and humane public health model. I examine these proposals in two sections. First, I will discuss ideas for reallocating funds in the National Drug Control Strategy from measures that have proven costly and ineffective to more successful programs. Second, I will explore some of the excesses of the drug war – laws that are not only ineffective but counter-productive and should be repealed or dramatically reformed.

Reallocating Federal Spending

One of the most direct ways for the new Drug Czar to address some of the shortcomings of our current strategy would be to seek spending reallocations in President Obama's National Drug Control Policy budget request that would decrease funding for ineffective strategies and put the

¹¹ See *id.* at 1057 tbl.2, 1059.

¹² THE BROOKINGS INST., RETHINKING U.S.-LATIN AMERICAN RELATIONS: A HEMISPHERIC PARTNERSHIP FOR A TURBULENT WORLD, REPORT OF THE PARTNERSHIP FOR THE AMERICAS COMMISSION 25-26 (2008).

¹³ THE LATIN AM. COMM'N ON DRUGS AND DEMOCRACY, DRUGS AND DEMOCRACY: TOWARD A PARADIGM SHIFT 1 (2009), available at http://www.drugsanddemocracy.org/files/2009/02/declaracao_ingles_site.pdf (noting that after a decades-long war [w]e are farther than ever from the announced goal of eradicating drugs).

¹⁴ *Id.* at 4.

money toward successful treatment and prevention measures. Studies have consistently shown drug treatment and prevention programs to be more cost effective than interdiction, incarceration, and eradication programs. For example, a detailed study conducted by the RAND Corporation at the request of the ONDCP compared treatment with other strategies in the context of cocaine. The study found that each cocaine-control dollar used for treatment generates societal cost savings of \$7.48, compared to savings of only 15 cents for every dollar used for source-country control, 32 cents for every dollar used for interdiction, and 52 cents for every dollar used for domestic law enforcement.¹⁵

substantially reduced costs. As the 2009 National Drug Control Strategy explained, a decade of drug court research shows that [drug] courts work better than jail or prison[.]²⁰

cultivation in Colombia had actually *increased* by 15% since 2000.²⁴ During the same period, the United States provided over \$6 billion in support to Plan Colombia, though some of these funds were put toward uses other than crop eradication. Expenditures on foreign aerial fumigation programs should be dramatically reduced, if not eliminated.

In terms of domestic programs, the ONDCP, in coordination with the Department of Justice and the Drug Enforcement Administration (DEA), should work to significantly reduce the number of federal drug prosecutions. Despite overwhelming evidence that mass incarceration of drug offenders has done little to reduce drug use or availability, drug offenses remain among the most frequently prosecuted offense category and comprised approximately 35% of all federal felony and Class A misdemeanor cases in 2007.²⁵ Although there is no current data regarding how many drug prosecutions overall are of low- and mid-level players – such as couriers, street dealers, or look-outs –

A. Legislative Reforms

While a good deal of progress in setting our drug policy on the course toward a more effective and sensible public health model can be achieved by changing budget priorities, real change will also require the repeal or amendment of a number of federal laws and policies. In the long term, reversing the failures of the war on drugs will almost certainly require significant and far-reaching legislative action. There are, however, a number of discrete federal laws and policies that the Obama Administration should work to repeal or reform in the short term. These policies represent the fringe excesses of the drug war: laws that are not only ineffective but actually do more harm than good. In addition, these are areas in which there is broad agreement on the need for change among voters and policy analysts from across the political spectrum. This list is by no means exhaustive, but aims to identify some of the policies where change is especially needed and most likely to be achievable.

As discussed above, low- and mid-level drug offenders comprise a substantial percentage of federal drug prosecutions. Just as problematic is the fact that these offenders are very often subjected to long mandatory minimum sentences that should be reserved only for drug kingpins and other top lieutenants. Drug sentencing has received a great deal of attention in the context of the 100 to 1 disparity between sentencing for crack and powder cocaine offenses, meaning that it takes 100 times the quantity of powder cocaine to trigger the same mandatory minimum penalty as for crack cocaine. The issue is an important one, and the Obama Administration has already formally announced its support for eliminating the disparity.²⁹ However, eliminating the disparity in crack and powder sentencing only scratches the surface of the real problem: a sentencing scheme in which sentences are based almost entirely on drug quantity.

The Anti-Drug Abuse Act of 1986 established the current framework for weight-based mandatory minimum drug sentences and the United States Sentencing Commission generally followed this weight-based approach in formulating federal sentencing guidelines. Under this scheme, a day laborer who unloads a truck full of cocaine for \$100, or a mule who drives it across the border for \$1,000, is exposed to the same mandatory minimum sentence and base level guidelines sentencing range as the drug ringleader who actually owns the cocaine and reaps all the profit.³⁰ The result is a system in which federal drug sentences are often minimally related to culpability³¹ and federal tax dollars are being spent to warehouse small-time drug participants for years with no discernable benefit.

Solving this problem will require detailed changes to the federal sentencing guidelines in order to strike a more appropriate balance between drug quantity and an offender's role in a drug organization. And there is a strong case for eliminating mandatory minimum provisions

entirely³². At a minimum, however, the Obama Administration should work with Congress to amend the mandatory minimum drug sentencing provisions in Title 21 of the United States Code to exclude low- and mid-level offenders from their reach. Specifically, mandatory minimum sentences based on drug quantity should not apply to offenders whose role is limited to that of a drug courier, street-level dealer, or peripheral player (such as those whose role is limited to providing the location for a drug transaction, loading and unloading drugs, or driving someone to a drug transaction.)³³ Removing these classes of offenders from mandatory minimum sentencing provisions will give judges the ability to apply the relatively more flexible sentencing guidelines to help eliminate some of the most egregious examples of unfair federal drug sentences.

B. Reform Federal Medical Marijuana Law

One of the most striking examples of the ideological excesses of the war on drugs, where scientific evidence and compassionate policies are rejected entirely on the basis that they are incompatible with the drug war's zero tolerance regime, has been the federal government's approach to medical marijuana. There is a broad scientific consensus that marijuana can help to control the symptoms of serious and chronic illnesses such as pain and spasticity, nausea, and loss of appetite. Most recently, for example, the American College of Physicians called for the federal government to review reclassifying marijuana from its status as a Schedule I controlled substance, a category defined as drugs that have no currently accepted medical use and a high potential for abuse, in light of the scientific evidence of its efficacy and safety. Similarly, nearly every government commission to investigate the issue has concluded that marijuana has proven value as a medicine, including a 1999 review by the Institute of Medicine of the

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children from dangerous psychoactive drugs.³⁶ Under the Bush Administration, federal anti-medical marijuana efforts reached a new height, with the DEA routinely conducting armed raids of medical marijuana hospices in California.

Attorney General Eric Holder recently announced that the new administration would end the medical marijuana raids in accordance with statements President Obama made during his campaign.³⁷ Ending the DEA's raids is an important and necessary step that will allow states to implement their medical marijuana laws without undue federal interference. It is, however, only a temporary solution to the underlying dissonance between federal law on the one hand and the scientific evidence and public opinion on the other. In addition to stopping the raids, the Obama Administration should work to support legislative proposals that would formalize federal respect for state medical marijuana laws. Prominent bills in this category that have been introduced in recent years have included the Patients' and Providers' Truth in Trials Act, which would have allowed defendants to raise medical necessity as a defense to federal marijuana prosecutions and the Hinchey-Rohrabacher Amendment, which would have prevented the Justice Department from using federal funds for interfering with the implementation of state medical marijuana laws. The Administration should also assist patients in states that have not yet adopted their own medical marijuana laws by re-opening the Reagan-era Compassionate IND program. Finally, the new Drug Enforcement Administrator should recognize the overwhelming scientific evidence that marijuana has a currently accepted medical use and grant the rescheduling petition, filed by the Coalition to Reschedule Cannabis in 2002 and still under review, to remove marijuana from the list of Schedule I controlled substances.

C. Lift the 1988 Ban on Federal Funding for Needle Exchange Programs

Needle exchange programs are a prominent example of the harm reduction approach to addressing problems related to drug abuse. The programs allow individuals to trade used syringes for clean syringes in order to help reduce the transmission of HIV/AIDS and Hepatitis C among intravenous drug users. Eight federally-funded reports and a 2005 international scientific review have concluded that the programs are effective at reducing the spread of disease without increasing incidents of illegal drug use. In 1997, for example, the National Institutes of Health Consensus Panel on HIV Prevention found that needle exchange programs led to a 30% or greater reduction in HIV transmissions. With approximately 25% of new HIV cases attributed to intravenous drug use, these programs could result in a substantial reduction in new transmissions. Yet, since 1988, there has been a ban on federal funding for needle exchange programs under an amendment to the Public Health and Welfare Act.

Despite the federal funding ban, and laws in a number of states that criminalize the unauthorized possession and distribution of syringes, there are over 200 needle exchange programs operating in 38 states, the District of Columbia, and Puerto Rico. These programs, however, have a significant need for federal funding. The Obama Administration has already expressed its support for lifting the federal funding ban on needle exchange programs³⁸ and should act on this position at the earliest opportunity by supporting the Community AIDS and Hepatitis Prevention (CAHP) Act of 2009 introduced by Representative Jose Serrano. Once the ban has been removed, ONDCP should allocate funding to establish a needle exchange grant program, with a

particular emphasis on programs that provide other services such as substance abuse treatment. Federal needle exchange funding would be a cost-effective method for reducing the spread of HIV/AIDS and, by coupling the funding with support for substance abuse treatment services, could also help to reduce addiction rates. Indeed, early studies have indicated that needle exchange programs that have integrated treatment services may decrease intravenous drug use.

re-orienting our federal drug strategy. None of these proposals is groundbreaking – indeed, most have been the subject of debate for some time – but together they can point the way toward a new and more effective approach to dealing with the problem of drug abuse.

Finally, while the proposals discussed in this paper will result in dramatic improvements, in the long term more substantial change will be required. The recent explosion in drug cartel violence at the Mexican border, which is reminiscent of the days of Al Capone during alcohol prohibition, serves as a stark reminder of the depths of the problems that remain after our 40-year war on drugs. Thus, perhaps more than any specific policy reform, the most important action President Obama can take would be to follow the Brookings Institute's recommendation and form a commission to conduct a comprehensive reevaluation of our drug policies in light of the evidence from our own experiences, as well of the experiences in other countries over the past four decades.

Democracy

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Michael Penfold

discretionary access to the public purse for large-scale vote-buying, the power to weaken the judiciary and legislatures to keep potential competitors out, and the use of information technology and coercion to threaten voters and activists. He adds that country income levels, the presence of valuable natural resources, and complex ethnicity politics tend to exacerbate the potential for abuse.

Daniel Posner and Daniel Young further explain that, although since the nineties elected African presidents have seemed more amenable to accepting limits, those who seek a third term or even indefinite re-election remain common.⁴ In such cases—and there are many—only incumbents faced with divisions in the ruling party and citizen action have lost, such as Frederick Chiluba in Zambia, Bakili Muluzi in Malawi, and Olusegun Obasanjo in Nigeria. Several others were successful, however, including Idriss Déby in Chad, Omar Bongo in Gabon, Lansana Conté in Guinea, Samuel Nujoma in Namibia, Gnassingbé Eyadéma in Togo, and Yoweri Museveni in Uganda—all thanks to ironclad control of legislatures, high approval ratings and the ability to buy votes on a national scale.

While the data about the issue in Latin America are scarce, indicators point in the same direction. Adam Przeworski and Carolina Curvale's study of first and additional re-elections based on a historical series starting in the mid-19th century found that only two incumbents ever lost an election: Hipólito Mejía (Dominican Republic, 2004) and Daniel Ortega (Nicaragua, 1990).⁵ Javier Corrales sees incumbent re-election as part of the impact of former and outsider presidents who set out to radically change the prevailing system.⁶ Such presidents have successfully changed constitutions by manipulating institutions, weakening democratic rule and buying votes on a national scale, often helped along by a comatose party system and an inherited economic chaos that has the population feeling hopeless.

The empirical evidence is simply overwhelming. While incumbent re-election should in theory not hinder democracy (it might even improve accountability), in actuality it erodes the balance of power and fuels a personalistic approach to politics, to the detriment of political rights and power sharing. The evidence also shows a disquieting result: in developing countries, including Latin America, power sharing is best protected by limiting re-election, not by competitive elections. In other words, changes of government result from constitutional restrictions on the exercise of power, not from electoral processes. This truly substantial point should lead us to ponder the limitations of elections, the importance of constitutions, and the possible rationale for first and additional re elections. The evidence further shows that electoral democracy and democratic rule are separate concepts that ideally should coexist, but in practice this is not always the case.

That power sharing should flow from limiting re-election rather than from electoral mechanisms is in itself revealing. An election may well be the best mechanism for choosing a candidate, but it does not ensure that others can compete or replace sitting chief executives who are also running. As such, elections must be designed to guarantee voters the ability to choose the best candidate (through distribution of information, policy debates, identification of core issues), and to ensure legitimacy (first vs. second ballots) and fair competition (election funding, obstacles to candidate registration). As power sharing appears to be a direct consequence of limiting re-election, a

⁴ Posner Daniel and Daniel Youn

properly functioning rule-of-law democracy (i.e., separation of powers, limitations on public funds use, full exercise of political and civil liberties) is central to preventing incumbents from unilaterally changing the rules. In short, the evidence shows that the rule of law is more effective than elections at upholding power sharing.

II. The New Presidential Style

There is broad consensus that weak party systems and low citizen participation help account for

This may well become a textbook case of introduction of incumbent re-election without

electoral support from the population, this process has also served to enlarge presidential prerogatives to the point of eroding the balance of power. The combination of a highly popular president and the absence of checks and balances—nearly all National Assembly seats are held by progovernment legislators and the Supreme Court is packed with loyal judges—paved the way for the executive to dismantle existing constitutional arrangements, increase its prerogatives, and introduce incumbent reelection. Chávez's first attempt at introducing incumbent re-election

and the possibility of making such changes while still upholding power sharing and democratic rule. While most reform promoters will argue that continuity is required to guarantee change, the risk of incumbent re-election is that it may instead encourage authoritarianism within electoral democracies. In essence, the debate is about short- vs. long-term consequences— about the choice between radical or gradual reform. While radical reforms may require a short-term dose of presidential strength, the long-term consequences may be highly negative unless the need to place limits on such strength by restoring the balance of power is accepted. Gradual reform, while inherently slower because of the need for negotiation and compromise, may find many hurdles on the way to effective implementation but will guarantee a better balance of power— even as it runs the risk of never being adopted. If the Andean region is to ensure the coexistence of electoral democracy, democratic rule, and power sharing, it will inevitably have to learn how to balance these risks.

judiciary. Here too, however, constitutional order is threatened by the growing concentration of executive power. Notwithstanding this threat, the decision by the courts to deny Uribe the chance to run for a third term in office is a major victory for the constitutional separation of powers. Peru is in a period of constitutional re-equilibration, while the separation of powers is fully functional in Chile.

actions of these offices because their incumbents can be removed at will by a pliant legislature.
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third term, this would have further increase presidential powers. However, in a landmark decision in February 2010, Colombia's constitutional court voted 7-2 against a referendum to allow Uribe to run for a third term, largely on the grounds that another term would weaken checks and balances in Colombia's democracy.

The biggest difference between Colombia and most of its Andean neighbors is that it has a remarkably independent and energetic judiciary. Uribe has tried to rein it in, and he has also tried to turn public opinion against the judiciary, but so far has failed. Had he been allowed to run for re-election, he would have been able to continue to extend his influence over the court system. The Constitution of 1991 strengthened the powers of the judiciary, and created new judicial bodies (including a constitutional court), reorganized its functions and competencies, and created new instruments to protect fundamental rights and freedoms. It provided the judiciary with a legal figure known as "*acciones de tutela*," (injunctions) which are sweeping powers to protect rights. Injunctions are initiated by citizens to demand justice from the courts. Judges can issue

initiated), recall, citizen legislative initiatives, community councils, and participatory budgeting.⁷
Participation in

from civil society. It is, therefore, necessary to inquire into the reasons for the adoption of participatory mechanisms, especially in light of the aforementioned crisis of representation.

In some cases, participatory mechanisms appear to have been designed to exploit the weakness of representative institutions -parties and legislatures- and enhance executive power. President Chávez appears to see the potential for rivals to emerge from the regions, so he has put roadblocks in the way of ambitious governors and mayors. Part of the motivation behind the creation and funding of Communal Councils is to weaken local and regional governments. By creating non-elected parallel powers, bypassing representative institutions, the power of the central government is reinforced at the local level. The central government has obstructed the

process is truly deliberative, plural, and legitimate in terms of basic legal and constitutional principles. A brief comparison of the constituent assemblies in Venezuela, Ecuador and Bolivia exposes major differences that may well, in turn, influence the legitimacy of the emerging constitutional order. Whereas the opposition has played little or no role in the construction of a new constitutional order in Venezuela, it played a significant role in Bolivia. Ecuador represents an intermediate case.

Chávez's allies overwhelmingly controlled the Venezuelan Constituent Assembly of 1999. The sitting congress was closed, its powers usurped. Although the new constitution was radically different from the 1961 Constitution, the process of constitutional change was used to concentrate executive power and to bring the judiciary and other government agencies under the control of the executive. Although the constitution was initially rejected by much of the opposition, factions of which attempted to remove Chávez by non-constitutional means in April 2002, it has been tacitly accepted by all parties since then. It is far from clear whether this is due

assembly was convened under the auspices of the government, and a majority, 80 of 130 seats,

between the presidential style of Chávez and Uribe, and yet Uribe operates in a context of greater constitutional constraints. There are notable similarities in the ways that leaders in Venezuela, Ecuador and Bolivia have responded to failures of representation by promoting more participation, and yet both the process and outcome of constitutional reforms have also diverged.

One implication of our studies is that it is overly-simplistic to suggest that there are two clusters of democracy in the Andes: the precarious democracies where radical populists have come to power and are acting at the margins of the constitutional order, such as Venezuela, Bolivia and Ecuador, and the more robust and stable democracies in which responsible governments are pursuing market-friendly policies within the framework of constitutional institutions (Chile, Colombia, and Peru).¹³ Taken as a set, the studies here provide the foundations for a much more nuanced (if difficult to quantify) characterization. Chile's democracy shows real strengths in terms of constitutional order and the rule of law, but it is sorely deficient in terms of participation. The leaders of Venezuela and Colombia share little in terms of ideology, and they are pursuing radically different economic development strategies and international alignments, yet in important respects their autocratic leadership styles are remarkably similar. Venezuela, Bolivia, and Ecuador have all pursued constitution reform, but the deliberative quality of the processes by which reform has been sought has varied. Whereas most Andean countries are promoting grassroots participation in the response to the failure of representative institutions, Peru has neglected the mechanisms that it has available in an efficacious way - with tragic consequences in the case of the massacre at Bagua. The larger point is clear: one-dimensional understandings of democracy are potentially misleading, and that there are manifold tensions between different components of the democratic regime emerging in the Andes.

A key question for the immediate future concerns whether participation must undermine representative institutions. Are we witnessing yet another example of the tendency toward delegative rule in Latin America, the inevitable consequence of which will be to erode representative democracy and the constitutional separation of powers? Such a view has some foundation, but it is important to recognize differences in the emerging models of participation. For example, a major difference between Bolivia and Venezuela is the relative power of social movements in the former prior to the election of Evo Morales, on the one hand, and the greater need of the Morales government to negotiate with the opposition once in power, on the other hand. As a result, the constitutional order emerging in Bolivia, and reinforced by the re-election of Morales in December 2009, represents a synthesis between existing forms of representation and new mechanisms of direct participation. The assessment of democracy in the Andean region suggests a lesson that transcends the current conjuncture in this particular piece of geography: there is no single type of democratic regime. An ecological metaphor is useful. Democracies are complex, interdependent ecosystems, and they constantly evolve and adapt to changing conditions.¹⁴ Rather than ranking countries on scales that suggest progress from lower to higher levels, we should think of democracies as dynamic systems that must balance electoral processes, constitutional order, and participatory action.

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¹³ See Maxwell A. Cameron and Eric Hershberg, eds. (forthcoming).

¹⁴ I am grateful to Mark Warren for suggesting this metaphor.

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Alejandro Toledo, Former President of Peru
The Brookings Institution
June 24, 2010

The election of Barack Obama has raised enormous expectations around the world, including in Latin America and the Caribbean (LAC). While President Obama's attention has understandably been focused predominantly on formidable challenges at home, in the Middle East, and in Asia during his first year in office, there are three reasons why intra-hemispheric relations are increasingly of crucial importance:

1. The social discontent in LAC, the region with the world's greatest disparity in the distribution of wealth and incomes, threatens many of our citizens' faith in democracy. Anger and dissatisfaction with the status quo are empowering politicians who are recycling dangerous populist formulas that place leaders above institutions. In the streets of LAC, one can hear the sound of 200 million poor and excluded women and men who were unable to taste the economic fruits of prosperity prior to the global financial meltdown. They are demanding a job with a decent salary, access to potable water and sanitation, quality healthcare and education, clean energy, an uncontaminated environment, and equal access to justice. The youth are eager to attain access to the digital world.
2. While the US is absorbed with other issues, emerging powers are crossing the oceans to approach LAC, where they are making considerable progress towards their own agendas. China's motor is being fueled by the region's natural resources; Iran is seeking raw materials for its nuclear weapons program, and also an alliance of convenience with the authoritarian populist governments of our hemisphere.
3. Ties between North America and LAC will continue to grow stronger in the foreseeable future. There are 45 million Latinos in the US today (17% of the population); projections suggest that, by the year 2050, this population will nearly double.

If economic growth in our region is not accompanied by deliberate social policies that deliver

Latin American and Caribbean States, launched in Playa del Carmen, Mexico, just at the end of February, is the latest attempt to redraft the region's international relations.

hed, multi-lateral political body, the Organization of American States (OAS) (which includes the United States and Canada), must work harder to avoid becoming redundant. The Inter-American Democratic Charter, adopted in Lima, Peru, during the 2001 General Assembly of the OAS, is binding on the 35 member states. The Charter warns that illiteracy and low levels of human development are factors that have negative repercussions on not only our economies, but also on the consolidation of democracy. Thus, the signatory governments recognized that the elimination of extreme poverty is key to the preservation of democratic order; this crucial task is the common and shared responsibility of the American States. Our leaders and multilateral institutions must take action and deliver results to prevent this democratic Charter from becoming little more than a collection of dead words.

The OAS, *which belongs to all of the citizens of the Americas*, has the enormous challenge of contributing in a significant, clear, and measurable manner to the strengthening of democratic institutions, to ensure that they be independent, participatory, transparent, resistant to manipulation, and that they provide a space of downward accountability – from elected officials toward thos

This set of social-policy recommendations constitutes a modest contribution – but one of solid content – for promoting more inclusive economic growth and a greater solidification of representative democracy within the Ibero-American system. These recommendations span across 16 fields, all of which are interrelated:

- Democracy and Poverty in LAC;
- Quality and Fairness in Education and Poverty;
- Conditional Direct Cash Transfers and Poverty;
- Food Security and Poverty;
- Healthcare and Nutrition in the Fight Against Poverty;
- Decent Work and Poverty;
- Fiscal Policy and the Poor;
- Potable Water and Sanitation for the Poor;
- Access to Energy and Poverty;
- Access to Microfinance and Poverty;
- Climate Change and the Poor;
- Indigenous Peoples in LAC and the Deepening of Democracy;
- Women in LAC and the Deepening of Democracy;
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to file complaints and petitions through mobile-phone text messaging to a free government hotline.

Deliberative Democracy. Communications technology can be used to structure a discussion on policy choices among a representative sample of citizens, at the local, regional, or national levels. First, a random sample of citizens is drawn. Then they are brought together in one place to hear and debate alternative policy options (or spending priorities). As a product of this more informed deliberation, the society may be able to arrive at a broader and more sustainable agreement on difficult policy and spending choices.

Strengthen Accountability. Democratically elected governments must do more, and must be perceived to be doing more, to control, expose, and punish corruption. In addition to the above measures, they should learn from successful instances of corruption control, such as Hong Kong's Independent Commission against Corruption (<http://www.icac.org.hk/en/home/index.html>), to modernize and strengthen ethical codes and means of monitoring and enforcement. This objective requires not only more substantial staffing and legal authority, but also vigorous campaigns of public education and innovative means for citizens to report tips and complaints about corruption.

The implementation of these measures will not only strengthen democracy and increase social inclusion, but they will also indirectly stimulate the knowledge economy that our region needs to ensure for long-term economic growth and independence.

In a short time, various LAC countries will be celebrating their 200 years of political autonomy. The leaders of LAC now have in our hands the imperative challenge to initiate and accelerate our second great independence: to free our vulnerable economies from being fettered to fluctuations in the prices of raw materials (gold, silver

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