

Democratic Governance and the New Left in Latin America

On November 6, 2006, the Latin American Program held the initial workshop of a three-year project on “The ‘New Left’ and Democratic Governance in Latin America,” a comparative project focusing on Argentina, Bolivia, Brazil, Chile, Ecuador, Nicaragua, Uruguay, and Venezuela. A group of distinguished scholars and practitioners from the United States, Latin America, and Europe discussed core definitions of what constitutes “the left” in Latin America and how it differs from earlier periods. Workshop participants also considered whether or not the left has a distinct approach to social and economic policy as well as to issues of human rights, political participation, institutional design and development, and foreign policy.

Historian *Leslie Bethell* of Oxford University noted that what it has meant to be a leftist has differed during various periods of the region’s history. The history of the left in Latin America, he said, is predominantly that of communist parties, at various times persecuted, repressed, and ultimately marginalized. In the 1930s and 1940s populist parties and movements in Latin America



From left: Eric Hershberg, Juan Pablo Luna, Roberto Russell, Leslie Bethell, Cynthia McClintock

occupied the political space taken over by social democratic parties in Europe; the revolutionary left, emphasizing the taking of state power through armed struggle, succeeded only in Cuba and later, for a time, in Nicaragua. Bethell highlighted the cases of Fujimori’s Peru and Collor de Melo’s Brazil to argue that populism, especially in its current manifestations, is not part of the left; indeed, the two have been quite antagonistic throughout the region’s history. Meanwhile the left reinvented itself in such countries as Chile,

Democratic Governance and the New Left in Latin America	1-3	Understanding Cuba	17-18
Brazil’s Foreign Relations: the United States and South America	3-5	Brazil’s Presidential Elections	18-21
Brazilian Perspectives on the United States	4	The International Relations of Latin America	20
The Politics of Energy in Latin America	5-7	The 2006 Nicaraguan Elections	21-23
Whither Mexican Democracy? An Analysis of the 2006 Elections and the Way Forward	7-8	Petropolitics in Latin America	23-24
Governance and Security in Haiti	8-10	Basic Education in Brazil	24
The Brazilian Economy	11-12	Problems of Peace Building in El Salvador	25-26
Comparing Mexican and U.S. Public Opinion on Foreign Policy	12-14	Anti-Americanism in Latin America	26-27
Enter the Dragon? China’s Presence in Latin America	14-17	Judicial Reform in Chihuahua and the Case of Ciudad Juárez	27
China: NAFTA’s Fourth Partner	16	Staff Notes	28
		Recent Publications	29-30

Uruguay, and Brazil, addressing social and distributional concerns while accepting the macroeconomic restructuring policies of the 1990s.

Kenneth Roberts, professor of political science at Cornell University, highlighted the importance of moving beyond the simplistic dichotomy of a social democratic left versus a populist left. Common attributes of today's left in Latin America, he said, include 1) a willingness to use state power to stimulate economic growth, correct for market failures, and reduce social inequalities; and 2) a commitment to the deepening of democracy through various forms of popular mobilization and participation. The different manifestations of left governments represent different things for democracy, he argued. Chile, Uruguay, and Brazil represent the maturation of democracy and the moderation of the left, while Bolivia and Venezuela reflect the failure of democracy and of representative institutions to articulate social needs and demands, and thus, the emergence of new leadership and new movements.

Woodrow Wilson Center fellow *René Mayorga* of the Centro Boliviano de Estudios Multidisciplinarios argued that the rise of populism in the Andean region is the outcome of state failure in dealing with multiple crises. The collapse of the party system, together with state weakness, have created vacuums of political power filled by charismatic leaders and mass movements organized in either top-down or bottom-up fashion. Mayorga argued that contemporary populism is defined not, as in the past, by its economic policies (particularly import substitution industrialization), but by its political core. The emergence of contemporary populism is due to the deepening of social and economic cleavages—exacerbated by neo-liberal economic policies—and to low-intensity citizenship.

According to *Robert Kaufman*, professor of political science at Rutgers University, the social science literature is inconclusive and even contradictory as to whether progressive forms of social spending increase when left parties in Latin America control the government or legislature. Kaufman's own work, for example, shows that while spending on social security increased in many countries, spending on health and education actually went down. Equally paradoxical is that in a number of countries, the left has implemented some of the most ambitious programs of orthodox economic reform in the region.

Kaufman identified three policy areas critical to understanding the social policies of left governments: 1) targeted anti-poverty programs, such as Brazil's *Bolsa Familia*, which began under the Cardoso government; 2) taxation policies to generate the public resources to finance social programs; and 3) job creation and growth. While there is broad agreement on the need for macroeconomic stability and budget balances, there is little clarity on what else is needed for growth, or whether left governments have a distinct approach to achieving it.

Ariel Armony of Colby College said that it was an open question as to whether new left governments are promoting more effective citizen participation or more democratic forms of state-civil society relations. The accepted theory of civil society as independent of the state and involved in not-for-profit activity is being challenged by new forms of participation, in the market and in the provision of social services. Armony identified three key areas for further inquiry: the relationship between civil society and political society, particularly in countries where anti-politics is a model; the effectiveness of civil society and social movements in producing concrete policy outputs; and whether innovative forms of participation were enhancing representation and expanding access to policymaking. Armony also suggested examining the ways that government actions affect the organization of civil society itself.

According to *Felipe Agüero* of the University of Miami, questions of the institutional design of the state have not figured prominently among concerns of the left. Since the transitions to democracy in South America, the left has been largely reactive, focusing on undoing the structures put in place by military governments, but not on the kind of institutional design needed to carry out a transformative platform. New or modified constitutions in several Latin American countries offer opportunities for addressing these kinds of questions. The most important case is that of Brazil, which drafted a new constitution in 1988, just as democracy, the Worker's Party, and social movements were emerging or reemerging. Agüero faulted the left for failing to tackle the question of public order: even though Latin America has some of the highest crime rates in the world, developing an effective police force to function in a democratic context has not been a high priority.

Eric Hershberg, formerly of the Social Science Research Council and currently at Simon Fraser University, Canada, noted that the democratic transitions literature treated the military and issues of private property as untouchable. Nonetheless, due to the actions of judges and actors in civil society, left governments have not been successful in keeping issues of human rights and impunity for past abuses off the agenda. The push to reopen human rights cases, pursue prosecutions, and discuss symbolic as well as economic reparations may be a product of political democracy's maturation in the Southern Cone, or may simply reflect who is in office at any given time. In Chile, Argentina, and Uruguay, left presidents have gone beyond their predecessors in pursuing accountability for human rights crimes. Hershberg suggested that whether or not left governments had a distinctive view of the role of the armed forces in society deserved further exploration. He noted that policies regarding how to approach the past intersected with current policies to address crime and violence.

Roberto Russell of the Universidad Torcuato di Tella, Argentina, argued that ideology and "left-right" distinctions are not helpful in identifying the most salient features of Latin American foreign policies. The division between a "northern" Latin America and a "southern" Latin America (a concept that first emerged in the 1970s) has never been more profound than it is today. "Northern" Latin America is defined by its geographical proximity to and the greater density of its ties with the United States, while "southern" Latin America, despite its many divisions, retains more space and flexibility to engage in autonomous foreign policies. According to Russell, Hugo Chávez's quest for regional power represents a factor of division and fragmentation in the hemisphere, in that Chávez's ambitions are predicated on confrontation with the United States. Historical experience demonstrates that when such figures emerge in Latin America, they generate serious divisions between and among countries, in the same way that complete alignment with the United States does.

Other participants in the Latin American Program's project on the New Left and Democratic Governance in Latin America convened by Program director *Cynthia J. Arnson*, are *Javier Corrales*, Amherst College; *Eugenio*

Lahera, Chile XXI; *Juan Pablo Luna* (Uruguay), Universidad Católica, Chile; *Cynthia McClintock*, George Washington University; *Ana María Sanjuán*, Universidad Central de Venezuela; *Maria Herminia Tavares de Almeida*, Universidade de São Paulo; *Carlos Fernando Chamorro*, *Confidencial*, Nicaragua; and *Adrián Bonilla*, FLACSO-Ecuador.

A newsletter summarizing the presentations at the workshop will be published by the Latin American Program in the Spring of 2007.

Brazil's Foreign Relations: the United States and South America

Brazil's economic growth and its insertion into the international arena have allowed the country to develop several important roles, from leading the military component of the United Nations stabilization mission in Haiti to its leadership position of developing world countries in the World Trade Organization and steadfast resistance to United States pressures in the Free Trade Area of the Americas (FTAA) talks. However, Brazil's regional position is being challenged on many fronts by competing political and economic frameworks. Notwithstanding the emphasis of President Lula's first administration on South-South cooperation, South American integration, reform of the United Nations (U.N.) Security Council, and the still inconclusive negotiations of the Doha Round of the World Trade Organization, the United States-Brazil relationship has remained positive and productive.

To examine some of these issues, the Brazil Institute held two conferences on Brazil's foreign relations with the hemisphere. On October 24, 2006, the Institute focused on the debate over Brazil's relations with South America and its role in future hemispheric integration—such as the Initiative for Integration of South American Regional Infrastructure and the South American Community of Nations. On January 24,



Monica Herz

2007, the Institute held a conference with outgoing Brazilian Ambassador to the United States *Roberto Abdenur* in order to review the past three years of the bilateral dialogue and explore the prospects for deepening the relationship.

On the eve of Brazil's second round of presidential elections, director of the Brazil Institute *Paulo Sotero* noted that Foreign Minister Celso Amorim was actively involved in Lula's reelection campaign, a significant phenomenon in a country where foreign policy has never garnered much attention and foreign ministry career professionals have avoided partisan politics.

Monica Herz, Instituto de Relações Internacionais at the Pontifícia Universidade Católica of Rio de Janeiro, argued that Lula has continued to steer Brazil in the direction of further accepting international democratic norms and engaging in multilateral forums, while at the same time pursuing a more assertive foreign policy than his predecessor. She recognized a convergence between Lula's actions and those of Fernando Henrique Cardoso. Although Lula has not generated a new foreign policy agenda, Herz stressed that he has sought out new strategic alliances within the developing world. The best example is Brazil's leadership role in the G20, where the rhetoric might be

economic but the underlying agenda is political. Also political was Brazil's motivation in the G4, a group of aspiring permanent member of a reformed UN Security Council, comprised also by Germany, India and Japan.

Kenneth Maxwell, David Rockefeller Center for Latin American Studies, Harvard University, noted that Brazil would be a regional leader if only foreign policy resonated with the Brazilian public and if only the rest of the region would accept Brazilian leadership. Bolivia considers Brazil an imperial power, Mexico does not want to compete with Brazil on trade terms in a future FTAA, and Venezuela is proposing an alternative integration model for the region. In terms of Lula's foreign policy, Brazil has had mixed results. Even after appeasing Washington by sending thirteen hundred troops to Haiti, a seat on the Security Council looks unlikely. Although Brazil has developed strategies to assert its leadership over South America, it benefits little from solidarity with its neighbors. Even so, Maxwell thinks that Brazil has played an effective role in fostering cooperation among the BRICS (Brazil, Russia, India, China, and South Africa), and, unlike Mexico, has positively inserted itself into the global market.

Peter Hakim, Inter-American Dialogue, argued that two seemingly contradictory factors have driven Brazilian foreign policy. One is aspirations for international prestige, not power, and the other is a high degree of pragmatism—that foreign policy should serve Brazil's economic interests. A third element has recently been added to the mix as well:



Kenneth Maxwell

Brazilian Perspectives on the United States

Although there is a long history of U.S. academics studying Brazil ("Brazilianists"), there exists relatively little knowledge and research in Brazil about the United States. This has been changing in the last decade, as Brazil has emerged from its former isolation and entered into the international arena, increasing the need to better understand its neighbor to the north. In order to strengthen and deepen the field of U.S. studies in Brazil, on September 18, 2006, the Brazil Institute cosponsored with the Brazilian Embassy in Washington a conference highlighting work done by some of Brazil's leading "Americanist" scholars. The resulting papers from this conference generated the Brazil Institute's bilingual publication *Brazilian Perspectives on the United States: Advancing U.S. Studies in Brazil* (see publications page). Publication contributors included Brazilian Ambassador *Roberto Abdenur*, *Carlos Eduardo Lins da Silva* of *Patri Relações Governamentais e Políticas Públicas*, *Antonio Pedro Tota* from the Pontifícia Universidade Católica de São Paulo, *Jacques D'Adesky* from Universidade Cândido Mendes, *Cristina Pecequillo* from the Universidade Estadual Paulista, and *Carlos da Fonseca* from the Brazilian Embassy in Washington.



an ideology of third world solidarity that promotes the development of strategic relations with the rest of the BRICS, but at the same avoids serious entanglements with the United States.

The January 24 seminar on U.S.-Brazilian relations marked the last public appearance by Brazilian Ambassador Roberto Abdenur before his retirement from the Foreign Service. Ambassador Anthony Harrington, the former U.S. envoy to Brazil, credited Abdenur with fostering a strong and healthy bilateral relationship. Such an accomplishment is noteworthy given the two countries' divergent stances on contemporary hemispheric developments, particularly how to engage the troubling resurgence of populism. He also noted Abdenur's role in deepening the dialogue between the two governments on the issue of renewable energy.

Speaking just two weeks before the announcement of President Bush's second trip to Latin America, Ambassador Abdenur noted that Latin America is overlooked by its northern neighbor. He predicted, however, that should the United States refocus its energies on the region, it would find Brazil a natural ally. Brazil has good relations with all of its neighbors and strategically occupies a moderate space between the region's divergent interests and trajectories. To be fair, Abdenur argued that the United States is not the only actor that must take decisive steps toward a convergence of interests between the two countries: Brazil must stop fearing the United States and instead embrace it as a partner.

Significant challenges that were defused or neutralized during Abdenur's tenure included possible trade sanctions against Brazil over piracy of intellectual property, Brazil's refusal to exempt U.S. troops and officials from the jurisdiction of the International Criminal Court, mutual charges of dumping, and the U.S. threat to remove its General System of Preferences for Brazil. Despite these challenges, Abdenur argued that the bilateral relationship has reached an unprecedented level of mutual understanding and deference to the other country's positions and opinions, facilitated in no small part by President Lula's pragmatism. Lula has put aside his misgivings about some U.S. policies and has embraced the fact that it is in Brazil's best interests to foster strong relations with the United States.

The bilateral dialogue, Abdenur concluded, is increasingly a "two-way street." Although the United

States continues to set the agenda for the international arena, Brazil is a decisive player in defining the terms on which that agenda is discussed. The United States is Brazil's biggest partner in terms of trade, investment, and science and technology. However, Brazil itself is increasingly a significant partner to the United States as well—especially in terms of research on HIV/AIDS, malaria, agricultural production, and the environment. Brazil is also paving the way in transforming ethanol into an internationally tradable energy commodity. An improved bilateral relationship is not only necessary and beneficial for Brazilian interests, but U.S. interests as well.

Former U.S. Deputy Chief of Mission in Brasília James Ferrer argued that the United States has much to gain from Brazil. He reiterated the achievements of Brazil's ethanol industry—which is estimated to double its output in four years—and challenged the United States to lower distortionary tariffs that make imported Brazilian ethanol uncompetitive in the U.S. market. Such a move would help the United States wean itself of dependence on volatile hydrocarbon producers in the Middle East and elsewhere.

Luigi R. Einaudi, former Assistant Secretary-General of the Organization of American States, commented that Brazil is now a key international player. But he argued that the United States has not yet fully acknowledged this fact. He cautiously checked Abdenur's optimism by insisting that while both countries have the potential to upgrade their relationship—certainly the institutions are in place—much work still has to be done.

The Politics of Energy in Latin America

Last year was a tumultuous one for Latin America's energy sector. High oil prices, presidential elections in ten of the twenty countries (including in six of the seven Andean nations), and the heightened populist rhetoric from leading politicians caused energy analysts from around the globe to focus on predicting the consequences of politically driven decisions for the management of Latin America's rich energy resources. On October 23, 2006, the Latin American Program convened a panel of

experts to look specifically at the nationalization of hydrocarbons in Bolivia, Venezuela's use of "oil diplomacy" in the hemisphere, the development of the Camisea natural gas pipeline in Peru, and increased concern over the security of U.S. energy supplies. All of these issues have served to underscore some of the intensely political aspects of energy relations in Latin America.

According to *Jed Bailey* of Cambridge Energy Research Associates, integration between energy producers in the Andean region and consumers in the Southern Cone reached an impasse due to the Bolivian nationalization, reversing the trend of the 1990s. As a result, gas-dependent consumers in the region—Brazil and Chile are the largest importers—began shifting their attention away from joint pipeline projects with Bolivia and toward global integration and the autonomous development of liquefied natural gas (LNG). An investment freeze in Bolivia, a linchpin in the natural gas sector of the Southern Cone, stands behind many of the problems in the region. As the Bolivian government continues to face obstacles to further development of the gas sector, Bailey foresaw the process of nationalization as likely going down one of two paths: full expropriation, driven by increased pressures from President Evo Morales's political base; or a more moderate, pragmatic approach involving both greater Bolivian sovereignty over gas resources and a compromise between the government and the private sector. A third alternative could be reliance on Venezuela to jumpstart investment. Over the long term, Bolivia faces the prospect of losing its market share in the region and being replaced by new sources of supply.

Roger Tissot, PFC Energy, situated the question of energy politics within the greater debate over economic development and the Latin American response to globalization. Economic recovery in most Latin American countries has been externally driven, Tissot observed, by a combination of low interest rates, high commodity prices, and remittances, coupled with growth in only a few, capital-intensive sectors. He linked the collapse of the import-substitution model of development, and the improvised deregulation process that followed, to a change in the way countries view energy resources. Increased resource nationalism is



David Goldwyn

a product of a renewed push for industrialization, in which governments seek greater control over resources and rents in order to finance industrialization and development. He predicted that "pragmatic populists" in the region are likely to prevail, adopting technocratic solutions (microcredits, the fostering of cooperatives, etc.) to address poverty, whereas "antiglobalizers" such as Venezuela and Bolivia will be forced to redirect their policies. Tissot noted that oil companies with investments in Latin America face an especially challenging environment, given local demands not only for a greater share of oil rents but also for a role in decision-making.

Carol Wise, University of Southern California, discussed the development of natural gas in Peru. Although the proven gas reserves there are less than a third of Bolivia's, the success rate for wells that are drilled has been about 75 percent, an impressive statistic for the region. Domestic decisions over natural resource exploitation in Peru are as problematic as in other Andean countries, where massive reserves lie in fragile ecosystems and local populations demand a greater share of the benefits of resource extraction.

Now, more than twenty years after the discovery of natural gas in Peru, the pipeline project known as Camisea is finally up and running. This project represents, among many things, a private sector endeavor in one of the most pristine parts of the Amazon. Wise underscored the facilitating role played by local and transnational groups and by the Inter-American Development Bank,



which provided the resources to set up “institutional crosschecks” and consultations with non-governmental organizations and local stakeholders, including indigenous groups. Wise also cited ongoing controversies over the lack of consumer incentives in the tax regime, the maldistribution of revenues to southern departments, and environmental oversight. Not only has the visible impact of wealth generated by the pipeline been scant, the question of multilateral funding for the next phase of the project will hinge on the ability of all the relevant stakeholders to adequately address the environmental problems that have arisen thus far.

David Goldwyn, Goldwyn International Strategies, LLC, argued that the energy security outlook for the United States in the hemisphere is poor, as the United States has paid insufficient attention to the social agenda in Latin America. At first, the region’s countries viewed the model promoted by Venezuelan President Hugo Chávez as an appealing alternative to the prescriptions of the Washington Consensus. Venezuela helped countries on issues that mattered to them, providing oil assistance to the Caribbean and purchasing Argentine debt. Yet, Goldwyn argued, the Chávez model of economic nationalism has peaked; it cannot be imitated without large oil rents, and many countries are as resistant to Venezuelan involvement in their internal affairs as they are to that of the United States. Bolivia has experienced difficulties with its own nationalization process and even Venezuela has struggled with the Chávez model, due to the slow development of and investment in the natural gas sector. By contrast, countries in the region with competitive, market-based economies, such as Colombia and Peru, have fared much better. The “Brazilian miracle,” represented by its ethanol industry, constitutes another example of market-based economic success. Goldwyn concluded that the United States needs to reengage the hemisphere on its own interests. This involves bolstering trade relations and establishing a level of trust sufficient to dispel the belief that the United States will pull out of a country in response to shifting internal political winds. The United States must demonstrate that it cares about social policy and engage governments with which it disagrees.

Whither Mexican Democracy? An Analysis of the 2006 Elections and the Way Forward

It was not until September 6, 2006, two months after the July 2 elections, that Mexicans were given a definitive answer as to who their next president would be. Despite the civil resistance movement launched by the Democratic Revolutionary Party (PRD) candidate Andrés Manuel López Obrador, the Federal Electoral Tribunal declared Felipe Calderón of the governing conservative National Action Party (PAN) the winner of the 2006 presidential election with a margin of less than one percent.

On September 15, 2006, the Mexico Institute, along with the Congressional Study Group on Mexico and the Heinrich Boell Foundation, hosted a seminar to analyze the election and the extremely polarized political environment surrounding Calderón’s entrance into office, in which supporters of López Obrador had refused to acknowledge the legitimacy of the incoming administration.

During this forum, *Denise Dresser*, Autonomous Technological Institute of Mexico (ITAM), referred to the current political situation as a house divided into two camps. People have become fanatic in their support or opposition: there are those who saw the elections as immaculate and those who thought them fraudulent; those who see themselves as politically “committed” analysts versus those who “sold out”; those who say Mexico’s institutions are perfect and those who think they should be torn down; and those who hate López Obrador and those who would be willing to die for him. This political discord has produced an environment that will make it exceedingly difficult for the incoming administration to govern. Dresser commented that neither López Obrador nor Calderón would be able to impose his vision in the current circumstances, where 30 percent of the electorate believes in the possibility that electoral fraud took place. Dresser asserted that while the PRD’s success in the July elections was due largely to López Obrador’s campaign, by creating a parallel social and political movement he has put members of his party who

are now a part of the government in a precarious position; some may want to distance themselves in order to maintain political legitimacy.

Despite her criticism of López Obrador's postelection response, Dresser pointed out that political actors must not forget the legitimate causes that laid the groundwork for his movement, which include major problems such as high levels of poverty, inequality, and social exclusion. She warned that in their battle to marginalize and disavow López Obrador, Mexican ruling elites are ignoring the social conditions that produced him. In order to modernize Mexico and deal with the postelectoral crisis, Dresser deemed necessary a true reform of the state with a new set of electoral reforms that takes on the vested interests of monopolies as well as pursuing innovative and aggressive social policies.

Looking at the environment for policymaking and democratic consolidation, *Peter Ward*, University of Texas at Austin, argued that the future scenario for the Calderón administration is actually much more optimistic than some analysts hold. First, there might well be considerable consensus among the political parties. Unlike President Vicente Fox, Calderón enjoys great party support within the PAN, even if the level of willingness to negotiate of PRD legislators has yet to be determined. He predicted that as López Obrador becomes increasingly a spent force, Calderón could more easily negotiate with other parties in government. Second, Calderón could acquire legitimacy insofar as his actions in the government produce results. He has the advantage of having learned from many of Fox's mistakes. He must, however, address structural issues such as inequality in order to maintain any type of legitimacy. Third, there is a significant degree of stability within the government. However, if instances of social disorder, violence, and crime continue to be high, democracy would be difficult to consolidate. Also essential is the prospect of economic growth, another element still up in the air but likely to be favorable. Ward stated that even though Mexico is expected to experience modest economic growth, policies and reforms undertaken by the new administration would be crucial in determining its economic future.

On September 26, 2006, the Mexico Institute held another forum on Mexico's elections in Dallas, Texas, in conjunction with the World Affairs Council of Dallas/Ft. Worth. In this forum, *Andrés Rozental* of the Mexican Council on Foreign Relations, *Jim Jones* of Manatt Jones Global Strategies, *Roberto Newell* of the Mexican Institute for Competitiveness, and *John Authers* of the *Financial Times* assessed the way forward for Mexico's democratic process. Newell predicted that prospects for a successful Calderón administration would lie in its ability to achieve key reforms for growth. Authers suggested that addressing monopoly control of the economy would be fundamental. Meanwhile, Rozental and Jones highlighted the strengths of Calderón's political team, although Jones cautioned that a Calderón administration would need to be sensitive to the kinds of social concerns that produced massive support for López Obrador's candidacy.

Governance and Security in Haiti

On January 9, 2007, the Latin American Program convened a group of regional leaders and practitioners from multilateral organizations to discuss the role of the international community in addressing Haiti's governance, security, and development challenges. The conference "Governance and



Assistant Secretary-General Albert Ramdin

Security in Haiti: Can the International Community Make a Difference?" built on the earlier work of the project "Creating Community in the Americas" and highlighted the achievements and lessons of international involvement in Haiti. Pointing to the country's unique status as "a failed state in recovery mode," moderator *Johanna Mendelson Forman*, Center for Strategic and International Studies, urged the international community to commit in the long term to finding island-wide and sustainable solutions to the problems that Haiti faces.

Emphasizing the need for a positive outlook, *Assistant Secretary-General Albert Ramdin* of the Organization of American States (OAS) noted that Haiti has succeeded in establishing a representative government, with all parties included in parliament and the cabinet. He stressed, however, that expectations regarding what can be achieved should be lowered so as to ensure steady progress, particularly given Haiti's weak institutional capacity and fragmented civil society. He argued that the Haitian government should focus on demonstrating short-term results in order to establish confidence in its political process.

Although security is a key concern, Ramdin emphasized that more attention should be paid to the problem of poverty: not only are security and poverty closely linked, but as a practical matter, it will also take time to build up security forces. In 2006, the OAS expanded its mandate to include the promotion of economic and social development, in addition to the strengthening of democratic governance. Better coordination within the international community, particularly at the technical and political levels, is needed, he said, as is greater cooperation among donor organizations working within Haiti. Specific OAS initiatives focus on electoral and judicial reform, institution and capacity building, tourism development, trade and investment, and combating human trafficking.

Placing the Haitian situation in historical perspective, *Haitian Ambassador Raymond Joseph* argued that many of Haiti's problems are deeply rooted in the past. After the United States, Haiti was the second country in the Western Hemisphere to achieve independence. Given the reluctance of the



Gerardo Le Chevallier and Caroline Anstey

international community, and the United States in particular, to recognize a state governed by former slaves, Haiti was not only not welcomed into the international community, it was embargoed by both the United States and France. Furthermore, given the timing of its independence, Haiti did not benefit from the rivalry between the United States and the Soviet Union during the Cold War, when those countries were competing for allies and offering assistance to newly independent states. The Cold War did, however, serve to keep brutal dictator François Duvalier in power, because he was viewed as a stalwart against communism.

Joseph stated that assistance from the international community is important as well as effective; international observers made possible the first democratic elections in 1990. He stressed, however, that international involvement should include a high degree of collaboration with Haitian institutions as well as a commitment to promoting long-term development. He added that it is not always necessary to reinvent the wheel; rather, one should build on what is already present. He pointed to the dissolution of the Haitian armed forces after the reestablishment of democracy as an example of the devastating consequences of starting over from zero.

Highlighting the implications for the Dominican Republic of the situation in Haiti and the actions of the international community, *Ambassador Roberto Álvarez*, Mission of the Dominican Republic to the OAS, pointed to three principal areas of Dominican concern: narcotics and arms trafficking, HIV/AIDS, and migration. Citing the latest State Department International Narcotics

Control Strategy Report, Álvarez noted that both Haiti and the Dominican Republic are considered key conduits for drug trafficking, and the decision to dismantle the Haitian armed forces has meant that the burden of interdiction has fallen solely on the Dominican Republic.

Regarding health issues, Álvarez noted that the Caribbean has the second highest rate of HIV/AIDS infection after sub-Saharan Africa, with 77.5 percent of regional cases found in Hispaniola. Furthermore, the United States' strict immigration policy and the increased vigilance of the U.S. Coast Guard has re-

sulted in more migration across the Haitian-Dominican border since the 1990s, placing an even greater strain on the Dominican Republic. He stressed that given the burden of trying to meet its own development goals, including reducing the prevalence of HIV/AIDS, the Dominican government should not be expected to be able to meet the needs of Haitians living within the Dominican border.

Gerardo Le Chevallier of the United Nations Stabilization Mission in Haiti (MINUSTAH) argued that three simultaneous transitions are occurring—the transition to peace, the transition to democracy, and the transition to

a modern state—all of which must be encouraged by the international community. Strengthening democracy will involve building political parties and reducing the financial burden of having frequent elections. Regarding economic development, Le Chevallier noted that due to limited revenues, the Haitian government is partly able to cover government salaries, but not investments. The international community is needed to help staff the government in order to be able to put to use the resources that have been pledged.

Le Chevallier added that MINUSTAH, as a peacekeeping operation, does not focus on development but on promoting a secure and stable environment, the rule of law, democratic governance, and human rights. He argued that while the international community should extend MINUSTAH's mandate for at least another year,

it is important for the mission to set concrete benchmarks of success and begin to plan an exit strategy. He cautioned, however, that leaving the country prematurely, as other missions have done in the past, could lead to later crises and the need for further international intervention.

Drawing on lessons from his work in the Brazilian Embassy in Port-au-Prince, *Achilles Zaluar*, Embassy of Brazil, argued that donor organizations should promote the national ownership of initiatives in order to ensure their relevance and to make national governments responsible and accountable for their own development. This also means that development plans should be initiated in the recipient country, not in donor agency offices abroad.

He added that development cooperation must bring concrete benefits to the recipient country, such as infrastructure, social services, and agricultural improvements, through initiatives drawn on a national scale. Moreover, development interventions should focus on becoming more effective, not more efficient, which will involve greater coordination among donor organizations under the leadership of the national government.

Agreeing with Ramdin's positive assessment of the situation in Haiti, *Caroline Anstey* of The World Bank noted that the country has made tremendous progress in recent years on the democratic and economic fronts. In addition to having successful elections at the national and local levels, Haiti has qualified for debt relief, prepared an interim poverty reduction strategy, reformed the budget process, reduced inflation, and has begun to show signs of economic growth.

Anstey argued that despite these positive developments, there is room for improvement, especially in terms of donor cooperation. She lauded the commitment of donor organizations, made during an April 2004 workshop in Port-au-Prince, to better coordinate projects and to defer to the leadership of the Haitian government. Despite promises, however, donor agencies still do not channel money directly to the Haitian government to the degree required, directing funds instead to numerous NGOs operating in the country. Anstey warned that the institutional capacity of the Haitian government will not improve unless donor funds are channeled through Haitian institutions.



Ambassador Raymond Joseph



The Brazilian Economy

Brazil's economy has come a long way since its near collapse in 2002 as a result of capital flight and investors' fear of Lula's leftist background. Keeping with his promise to adhere to orthodox economic policies, Brazil's leader has since steered the country toward stable (albeit moderate) growth through prudent fiscal policy, a cautious monetary stance, and external adjustment. Having also benefited from an exceptionally positive global economic environment, South America's largest economy now has a high fiscal surplus, low levels of inflation, and a declining interest rate. High commodity prices and exchange rate appreciation have allowed for the restructuring of public debt, while a surplus of international reserves allowed Brazil to pay off its debts early to the IMF.

Although the economy has become less vulnerable to external shocks, distortions and inefficiencies remain as impediments to faster growth. The business environment has improved only marginally. Fiscal vulnerabilities persist, as gross public debt-to-GDP ratios remain high, and an unnecessarily complex and burdensome tax code begs for reform. In addition, severe infrastructure deficiencies serve as reminders of the pressing need for increased public and private investment. On November 1, 2006, the Brazil Institute sought to address the strengths and weaknesses of Brazil's economy and to discuss the prospects for reforms to increase competitiveness, achieve an investment grade rating, and propel Brazil to higher levels of growth during Lula's second administration.

Otaviano Canuto, The World Bank, argued that Brazil's economy is characterized not only by significantly improved fundamentals, but also by the overriding challenge of stimulating economic growth. Brazil's economy is in better shape than in any other moment in the last thirty years thanks to the sustained implementation of sound policies. The country's primary fiscal surplus has increased to 4.25 percent of GDP and the net public sector debt-to-DGP ratio has decreased sharply since 2003. Surging exports over the past four years have created a positive trade balance and a current account surplus, significantly reducing Brazil's external vulnerability and boosting its international reserves. Additionally, the profile of these exports is

well balanced, with manufactured goods accounting for over 55 percent in 2005.

Brazilians are also better off. Job creation has surged in the past two years, in part because of some beneficial tax reforms. The stabilization is appreciated because more people are being employed in the formal sector, and because of a rise in purchasing power of the minimum wage. Poverty rates have declined, the average number of schooling years continues to rise, and the country's GINI coefficient is witnessing a steady decline—a probable consequence not of growth but of income transfer programs such as *Bolsa Família*. However, it is unclear if this rosy picture is sustainable, given the slow growth rate.

The main question confronting Brazil's economy, according to *Paulo Leme*, Goldman Sachs, is whether or not it can follow its emerging market peers in terms of high levels of sustained economic growth. For Brazil to grow at a faster rate than the average 2.6 percent it has grown under Lula, the president must lead the country through much-needed but politically difficult fiscal and macroeconomic reforms. Furthermore, Brazil's savings and investment ratios should increase on the order of 50 percent. On the fiscal side, Leme argued that current expenditures are increasing too quickly. Spending on social security and cash transfer programs is compressing private consumption by necessitating high tax rates and reducing the possibility for further investment. Spending on education and health, although crucial to economic growth, is inefficient and must be reassessed.

The Brazil Institute held a second conference following President Luiz Inácio Lula da Silva's launch of the Growth Acceleration Program (PAC) to "unlock" the country's economy and boost its growth rate to 5 percent. The PAC is an initiative to accelerate economic activity through increased public sector investment, particularly in infrastructure and social programs. On February 13, 2007, the Institute convened three leading economists to analyze what President Lula considers his administration's defining objective of sustainable long-term economic growth.

Director of the Brazil Institute *Paulo Sotero* noted that President Lula's PAC initiative was met with considerable skepticism among analysts and the business community, despite generally positive economic trends during the first Lula administration. *Paulo Levy*, Instituto de Pesquisa Econômica

Aplicada (IPEA), stressed four overarching economic measures that must improve to enable the Brazilian economy to grow beyond current levels: limiting the growth of government spending, reducing the onerous tax burden, expanding public and private investment, and managing social security. Of equal importance is the need to enhance education quality, make rules and regulations more transparent, decrease protective tariff and nontariff barriers, make the labor market more flexible, and reform the judicial system.



Otaviano Canuto

Levy largely attributes Brazil's failure to receive investment-grade status to the painfully high public debt-to-spending ratio. While most emerging markets maintain a ratio of under 30 percent, Brazil's hovers around 50 percent. The social security system consumes an excessive portion of government expenditure. Despite its relatively young population, Brazil spends nearly as much on pensions per capita as countries with aging demographics. He suggested increasing the minimum retirement age, equalizing the retirement age gap between men and women, and indexing pension benefits.

Paulo Viera da Cunha, Banco Central do Brasil, underscored the importance of maintaining inflation at low and consistent levels. He noted several positive indicators of Brazil's future economic growth. The country has a US\$ 42 billion trade surplus and may potentially develop a structural trade surplus, given its place as the world's second leading agricultural exporter. In addition, its investment risk has decreased as foreign exchange flows have increased. Brazil's US \$92 billion of foreign exchange assets, nearly 2.4 times its external debt, is a sign that the economy is far less vulnerable. Even more impressive is the increase in Brazilian investment abroad, indicating that Brazil's industries are diversifying and successfully competing internationally.

According to *John Williamson*, Institute for International Economics, the simple fact that the international community is assessing Brazil's future growth rate exemplifies its economic progress. Previously, speculation centered on the timing of

the next crisis. Williamson agreed that the country's fiscal deficit, current account balance, external debt-to-GDP ratio, and foreign exchange index have all improved. Yet the public debt-to-GDP ratio remains the definitive problem. Even though Brazil has learned to contain the threat, this high ratio underscores continued economic vulnerability. Williamson also stressed the critical need for deregulation and decreasing tax evasion. One World Bank statistic ranks Brazil worst in amount of time required to start a firm (152 days; the world average is 40), while another notes that the average Brazilian firm spends over 2,000 hours a year filing taxes (the average was around 150).

Comparing Mexican and U.S. Public Opinion on Foreign Policy

On November 15, 2006, the Mexico Institute hosted representatives of the Mexican Council on Foreign Relations and the Centro de Investigación y Docencia Económica (CIDE) to present the findings of their second report prepared in cooperation with the Chicago Council on Foreign Affairs. "Mexico and the World 2006" measures Mexican public opinion on key bilateral policy issues including security, migration, trade, and energy, and compares Mexico's views on foreign policy to that of the United States and countries in Asia.

Guadalupe González, CIDE, noted that Mexican public opinion on foreign policy is much less polarized than anticipated. However, there were large gaps between regions and between the general population and Mexican leaders. The study, which identified leaders as a selection of 2,000 people in power positions in government, politics, business, media, academia, and NGOs, demonstrated that Mexican leaders are generally more interested in world affairs than the Mexican public as a whole. This difference was seen in a variety of issues regarding foreign policy, especially in reference to national identity. González pointed out that while Mexicans have a strong sense of nationality, their leaders have an even stronger sense of national identity. Moreover, in the southern region of the country local identity is stronger than national identity among the general population. She also



noted a distinction between the public and leaders on the issue of culture. National symbols and culture matter a great deal to Mexicans, and 40 percent of them are not open to the idea of other cultures entering Mexico; however, 75 percent of leaders believe it to be a good idea. A further demonstration that Mexicans are not open culturally is that 81 percent of the public believes that foreigners nationalized in Mexico should not be permitted to run for office. Countering the theory of a common North American identity, González observed that only 7 percent of Mexicans view themselves as North American, while 62 percent view themselves as Latin American.

González pointed out that despite their nationalism, Mexicans are very pragmatic. According to the study, a majority of Mexicans would be willing to give up some national sovereignty in exchange for a better standard of living. This pragmatism is also reflected in public opinion on foreign policy issues, where the incongruity between the views of leaders and of the general public continues to be apparent: while only 56 percent of Mexicans believe that Mexico should play an active role in world affairs, 96 percent of leaders do. Furthermore, 52 percent of Mexicans believe Mexico should only participate when the issue at hand directly affects the country. Foreign policy objectives are more pragmatic than ideological, with the promotion of Mexican exports considered most important, followed by the protection of interests of Mexicans living abroad, combating international drug trafficking, protecting land and sea borders, attracting foreign investment to Mexico, combating international terrorism, preventing the spread of nuclear weapons, and controlling the entrance of foreigners into Mexico. Leaders are even more focused on practical economic gains: 59 percent of Mexicans view international trade as positive, while 90 percent of leaders do. This discrepancy is also noted on the issue of the liberalization of specific sectors of the Mexican economy: 68 percent of the public opposes opening the electric industry, while 78 percent of leaders support it; and 76 percent of Mexicans oppose foreign investment in oil while 62 percent of leaders support it.

Looking to the north, the study shows that 53 percent of Mexicans are distrustful of the United States. However, most of them are also optimistic

about economic integration and think that being a neighbor of the United States is an advantage; 85 percent of leaders share that view. However, there are some clear regional differences on this issue: while 72 percent of the population in the northern part of the country agrees with this, in the south only 40 percent do.

Luis Herrera-Lasso, Grupo Coppan, summarized the findings of the comparative study between Mexico, the United States, and various countries in Asia. He emphasized that when it comes to having an interest in what is going on around the world, public opinion in all of the countries was parallel. He pointed out that both Mexican and U.S. citizens share the idea that the United States should play an active role in world affairs, while Mexicans view globalization less positively than the public in the United States and the countries surveyed in Asia. Of all the countries, Chinese public opinion shows the greatest approval of international trade.

Robert Pastor, American University, argued that as the survey data show, Mexico and the United States do not have fixed and immutable views of each other. The results are conflicting; views are both practical and pragmatic with bold thinking continentally, but also with many double standards, especially with regards to immigration. Pastor questioned whether Mexicans' distrust of energy investment reflects distrust of foreign investment or of the government itself. He emphasized that after a decade of stagnation it is time for cooperation, not a zero-sum choice of negotiating about immigration, funding to combat drugs, and energy investment.

Andrés Rozental, Mexican Council on Foreign Relations, echoed Pastor's sentiment that the relationship between the United States and Mexico is contradictory. He commented that the survey helps us to understand how that relationship can evolve, and noted that it is important to recognize that the study represents only a snapshot. It is necessary to account for the context in which the study took place: at the time of the survey (the second half of July 2006), there was much political uncertainty in Mexico and the issue of immigration was hotly contested in the United States. This atmosphere directly affected the negative responses regarding the relationship. He acknowledged that the conclusions fit in with the foreign policy agenda of the new administration in Mexico, and pointed out that there

is a clear differentiation between what Mexicans would like and what they understand to be reality. On issues of integration they are resigned to the fact that it will occur, but they would not wish for it. He further asserted that Mexican public opinion has not been sufficiently educated on the issue of energy. The current nationalistic attitude does not take into account that it is possible to maintain sovereignty over a resource while outsiders develop it. In order to achieve acceptance of this idea it is necessary to reverse decades of populist rhetoric.

Enter the Dragon? China's Presence in Latin America

On February 21, 2007, the Latin American Program and the Asia Program, along with The Johns Hopkins University School for Advanced International Studies (SAIS), hosted an event to examine the rapid expansion of trade and political relations between China and Latin America over the last decade. Latin American Program director *Cynthia Arnson* cited research indicating that trade between China and Latin America has grown at an annual rate of 24 percent since the early 1990s, almost three times the rate of growth for all trade in the region. Most of this increase is due to China's impressive growth rates of close to 10 percent per year, and the resulting demand for raw materials and agricultural imports. Arnson questioned, however, whether the importance of China's involvement in Latin America has been exaggerated, as well as whether Chinese and Latin American economic interests were complementary, particularly with respect to the manufacturing sector. *Riordan Roett*, director of the Latin American Studies Program at SAIS and editor of a forthcoming book on China and Latin America, described China's involvement in the hemisphere as diplomatically mismanaged in some cases. In other regions, particularly Africa, China had engaged in "brilliant outreach" which was nonetheless subsequently criticized. China's future in Latin America is a matter of great speculation, he said, but constitutes one of the most interesting questions in the hemisphere in the 21st century.

Robert Devlin of the United Nations Economic Commission for Latin America and the Caribbean noted China's enormous success over the last

twenty-five years in lifting its people out of poverty. This is due mainly to the effective and pragmatic implementation of structural reforms. China applies a "long-term strategic vision" to its productivity goals by investing approximately 1.2 percent of the country's GDP in research and development, a number that continues to grow. According to Devlin, China's advance in Latin America should serve as a "wake-up call." Latin America is quickly being overtaken by other developing countries; it must diversify its exports and organize regionally in order to compete globally. The region can garner valuable insights from the East Asian successes when considering how to strengthen partnerships between the state and the private sector, which mainly function as completely separate entities. Devlin supported creating Public-Private Alliances (PPAs) in Latin America as a vehicle for developing exports, building public sector capacity, and implementing structural reforms pragmatically and gradually, as the Chinese did.

Rodrigo Maciel of the Brazil-China Business Council confirmed that China's role in Latin America is based on trade and not military influence (as asserted by some in the United States). The strong trade relationship between Brazil and China is such that Brazil now holds a trade deficit with China; as of January 2007, China has become Brazil's second largest supplier. According to Maciel, the percentage of value added exports from Brazil to China continues to decrease, creating a need for Brazil to diversify its exports (the majority of which are oil or oil-related products, iron ore, and soybeans). China is also replacing Brazil as a supplier to other countries in the region. Maciel noted that Chinese President Hu Jintao's promise in 2004 of massive investment in Brazil had not been realized. Most Chinese investment up to this point has been in the Brazilian infrastructure that supports the commodity exports China desires, something that does not necessarily match Brazil's own economic interests.

Sergio Cesarin, Universidad Torcuato di Tella, Argentina, explained that geopolitically, many Latin Americans view China as an alternative to their reliance on the United States. Countries such as Cuba and Venezuela view China as a new ally, as they distance themselves from traditional partners such as Europe and the United States, and carry



Clockwise from top left: Rodrigo Maciel, Xiang Lanxin, Sergio Cesarin, and Shixue Jiang

out a new, multipolar, foreign policy. The rhetoric of Chinese leaders, which promotes “development” instead of “free trade,” has strengthened the possibility of a political dialogue between the “new left” leaders in Latin America and Hu Jintao’s “progressive” Communist Party in China. Despite these positive interactions, a few shadows still cloud the future of the relationship. China views Latin America as a strategic battlefield in its fight against Taiwan; this could cause tension for those countries that have chosen to recognize the legitimacy of Taipei. On the bilateral level, positive relations between China and Argentina are due in part to the forty thousand Chinese immigrants living in Argentina. China also holds an enormous market share in the manufacturing sector—a major concern for national industrial organizations in Argentina. They have called on the government to impose antidumping duties and adopt other measures to curb Chinese imports.

Shixue Jiang of the Institute of Latin American Studies, Chinese Academy of Social Sciences, stated that China’s presence in Latin America is part of China’s global strategy; one objective is to help build a new, harmonious world order and to “fight

against U.S. hegemonism.” Another objective is economic—for China to avail itself of Latin America’s resources—and a third is to battle against Taiwan’s diplomatic presence. Jiang refuted critics of China’s relationship with Latin America, asserting that China is not exploiting Latin America economically. Latin American economies are growing, and China, he claimed, contributes to this growth. He also wanted to clear up the misimpression that when Chinese President Hu Jintao visited Latin America in 2004, he promised 100 billion dollars of Chinese investment by 2010. Jiang claimed the media misinterpreted the remarks, and that in fact, President Hu had predicted that bilateral trade with the region would rise to 100 billion dollars by 2010.

Lanxin Xiang of the Graduate Institute of International Studies in Geneva pointed to a serious knowledge deficit between Latin America and China. He contrasted this with China’s knowledge of Africa, indicating that China became heavily involved there starting in the 1950s and ‘60s. For a time, China paid particular attention to Latin America as it searched for political models that were successful in sustaining growth, especially studying Chile under General Pinochet. All this

was during the petrodollar boom, but when it went bust, the Chinese elite lost interest in the hemisphere. Xiang called for a three-way dialogue between China, Latin America, and the United States. China should stop hiding behind the notion that its presence in Latin America has nothing to do with the United States; it should instead avail itself of Europe's knowledge. According to Xiang, Spain is keen to be a bridge between Latin America and China.

He Li of Merrimack College, Boston, focused on the China-Taiwan rivalry in Latin America. Of 193 member countries in the United Nations, only twenty-four have full diplomatic relations with Taiwan, and half of them are in Latin America and the Caribbean. Losing that recognition, Li asserted, would cause serious damage to Taiwan's confidence as a state. Li noted that in the 1970s, Taiwan had much more influence in Latin America than China, but that situation is rapidly changing. In 1977, Taiwan's trade with Latin America totaled \$477 million, while China's trade was less than half that. By 2004, although Taiwan's trade had increased to \$7 billion, China's trade stood at \$40 billion. In South America, only Paraguay has relations with Taiwan, but all countries in Central America recognize it. To strengthen relations there, Taiwan has recently concluded free trade agreements with

Panama, Guatemala, and Nicaragua. Li also noted that Taiwan considers it essential to maintain diplomatic relations wherever it can in Latin America. For China, however, Latin America is important but still has lower priority than Asia, the United States, Europe, or even Africa.

Cynthia Watson, National War College, spoke to U.S. concerns over China's presence in Latin America. She said that Latin America remains the "forgotten region" for the United States, adding that the reason China's presence is rapidly increasing in the region is that the United States is focused on those parts of the world where it perceives a terrorist threat. She noted that China is acting in a calibrated and cautious way. The United States is the most important country enabling China to maintain its economic growth, which is the key domestic priority for the Chinese Communist Party. As a consequence, she argued, China would back off in Latin America if any of its actions might hurt U.S.-China relations. Watson asserted that China is using soft power in Latin America in a way that the United States is not; this is a new phenomenon, as Washington is not accustomed to other states utilizing such soft power in its backyard. Watson asserted that Washington is consumed by Iraq and terrorism, and "all else is below the radar." If the United States is concerned about the

China: NAFTA's Fourth Partner

China's quest for markets and commodities has forced NAFTA member states to reevaluate their trade strategies. On October 23, 2006, the Canada Institute and the Mexico Institute welcomed *Carol Wise*, School of International Relations, University of Southern California, and former Wilson Center Public Policy Scholar, who convened a panel on the impact of Chinese activity in the North American market. Panelists included *William Martin*, Development Research Group at The World Bank; *Enrique Dussel Peters*, Universidad Nacional Autónoma de México; *Paul Evans*, Asia-Pacific Foundation of Canada; and *Kent Hughes*, Wilson Center's Program on Science, Technology, America, and the Global Economy. Wise presented data showing that the hopes for higher growth rates in Canada, Mexico, and the United States have largely been fulfilled. China's entry into the North American market, however, has challenged NAFTA members and highlighted some of the weaknesses in each country. Dussel Peters asserted that Mexico is the least prepared to deal with China. He suggested that more accurate statistics and models could help Mexico navigate its trading relationship with China more effectively. Clashing trade structures mean that Mexico competes with China in an ever-increasing number of sectors, and in the future more segments, than the other NAFTA countries; China could even become the main exporter to Mexico by 2008, pulling ahead of the United States. China is an uneasy partner for Mexico, and both the Mexican public and private sectors need to become more informed to adequately assess China's impact on the Mexican economy and on the NAFTA trading relationship.

growing Chinese presence in Latin America, asserted Watson, it should pay greater attention.

Understanding Cuba

The Cuban government's announcement in July 2006 that Fidel Castro had temporarily ceded power to his brother Raúl took many observers by surprise. The Cuban leadership has not released details about Fidel's condition, but his prolonged and serious illness has prompted widespread speculation about the country's direction. Questions regarding the future leadership of the country, the possibility for reform, and the expectations of the Cuban people are all of critical importance, as are the attitudes of the Cuban American community and the policies and reactions of the U.S. government. On Thursday, December 14, 2006, the Latin American Program hosted the seminar "Understanding Cuba" as part of its project on "Creating Community in the Hemisphere," to explore these questions and discuss the implications of internal and external dynamics for Cuba's future direction.

William LeoGrande of American University argued that Fidel Castro's extended illness has given him the opportunity to "test drive" the succession machinery that he has been building for the last decade and has given Raúl Castro a chance to practice being president. LeoGrande predicted that once Fidel is gone, decision-making by the new leadership team will be much more collective since no one, including Raúl, has the same degree of authority. This new leadership style may lead to the reemergence of disagreement about core policies such as economic and political reforms. Although popular attitudes are difficult to gauge, LeoGrande argued that the challenge for the new leadership will be to address Cubans' pent up expectation of change while reassuring the public that peace will be maintained. LeoGrande emphasized that the succession challenge in Cuba is not just about the succession of the presidency, but is more about the succession of the founding generation to the next generation of leaders. This aspect of the succession has been underway for the better part of two decades, as Fidel and his team have promoted young people into leadership positions, to give them

the experience in running the country when the founding generation is gone.

Discussing the position of the armed forces as a result of the succession and Raúl's expanded leadership role, *Hal Klepak* of the Royal Military College of Canada argued that the armed forces occupy a strategic position for a number of reasons. First, the power transition has not been marked by any open conflict or turmoil. Second, Raúl, who is considered a hero within the armed forces, now has the opportunity to show his mettle more widely and place people with whom he has great confidence in positions of considerable influence. Third, while they have yielded to political forces for many years, the armed forces now are being called upon to fulfill their historic mission to defend and carry on the revolution. Although Fidel and Raúl have insisted on the Communist Party's continuing role, Klepak asserted that the military is unquestionably the most important institution in the transition; while the military need not play a central or direct role, it is a powerful asset for any power group. With regard to opinion within the officer corps, Klepak remarked



William LeoGrande and Hal Klepak

that there is a fear that a "happy transition" scenario will give excessive confidence to the conservatives within the party and slow the process of reform. There is also a concern that Raúl may be required to show strength before reform, which would further disappoint widespread demands for change.

Focusing on the future direction of the economy under new leadership, *Ted Henken* of Baruch College, City University of New York, remarked

that despite extremely low wages and a rationing system that fails to satisfy their basic needs, Cubans have been able to maintain a certain standard of living due to state subsidies in such areas as housing and health, and, more importantly, Cubans' entrepreneurship and involvement in the informal economy. The central question, Henken said, is how Raúl will differ from Fidel regarding the economy. Although many analysts view Raúl as an economic pragmatist who has not had the opportunity to put his ideas into practice, Henken noted that Raúl has also taken hardline positions, denouncing illegal self employment and pushing for greater state control of the economy. Henken thus cautioned that Raúl's position on economic policy is more unpredictable than many analysts assume. The success of several sectors such as tourism and mining, along with foreign direct investment and aid from Venezuela, have given Raúl more policy leeway, Henken argued. Major economic reforms from 1990–93, after the fall of the Soviet Union, were undertaken out of necessity and were either frozen or stalled in 1996. Echoing LeoGrande, however, Henken argued that Raúl and the successor team will have to address pressure for change arising from the Cuban people. He predicted that change would be slow, as Raúl and others in the leadership team are not likely to depart from past economic policies while Fidel is alive.

Regarding the attitudes of the Cuban American community, *Lisandro Pérez* of Florida International University argued that it is important to discuss the Cuban American community in the context of its strong influence on U.S. policy toward Cuba over the last 20 years. Pérez maintained that since the news of the succession first surfaced, there has been more movement for change in Miami than in Washington, D.C. or Havana. Recognition of the institutionally-based aspects of the power of the Castro government has set into motion a reconsideration among some Cuban Americans of the viability of the U.S. strategy that assumes a rapid transition following Castro's demise.

The U.S. transition strategy centers on an exile-based vision of change that is predicated on the belief that once Castro is gone, the rest of the Cuban government will "fall like a house of cards." Pérez said that the fact that Cuba has remained stable after the incapacitation of Fidel has

been an unexpected and sobering event for many Cuban Americans. The U.S. government lacks a blueprint for dealing with the process of gradual change that is unfolding on the island, he said, due to its reliance on the traditional Cuban American community's view of the Cuban transition—the "rupture scenario"—a pattern played out at other moments in Cuba's history. Politically-connected exiles in Miami and Washington, D.C., Pérez observed, may have overplayed their hand in arguing for tightened U.S. restrictions, including on travel, which have disproportionately affected more recent, poorer immigrants.

Panelists addressed the possibility that their prediction of a peaceful and gradual transition could be wrong, and that a collapse scenario could unfold in a manner similar to that of Eastern Europe. While LeoGrande acknowledged this possibility, he pointed to differences between Cuba and Eastern Europe that make it unlikely that Cuba will follow the same path. Among the reasons he cited were that Cuba had had an authentic revolution after which the regime initially enjoyed overwhelming support; that at least an important minority of the population still accords the regime residual legitimacy; and that strong anti-U.S. nationalism also bolsters the regime. Finally, the critical dynamic of many democratic transitions in Europe and Latin America was the building of a political coalition of reformers inside and outside the regime. According to LeoGrande, this dynamic is absent in Cuba. Furthermore, he asserted, U.S. policy has drawn a distinct line between those inside and outside the regime, further hindering the formation of such a political coalition.

Brazil's Presidential Elections

More than 100 million Brazilians went to the polls on October 1, 2006, to participate in the country's general elections. Contrary to expectations that incumbent President Luiz Inácio Lula da Silva would easily win reelection in the first round of voting, he failed to capture the simple majority needed to prevent a runoff, garnering only 48.6 percent of the valid ballots. Fresh allegations in a series of corruption scandals that had dominated the Brazilian political scene since mid-2005, along with Lula's



Maria Herminia Tavares de Almeida

decision to avoid a televised debate with three of his challengers in the final week of the campaign, are credited with the significant last-minute shift in the electoral picture. On October 29, however, Lula soundly defeated challenger Geraldo Alckmin, the former governor of São Paulo State. The Brazil Institute convened two seminars, on September 15 and October 6, 2006, to evaluate Lula's first term in office and the October 1 election, and to offer prospects on the coming four years.

Timothy Power, Oxford University, argued that the president's preeminence has led him to transcend his Worker's Party (PT) and his voter base. This has occurred as Lula shed his reluctance to engage in populist measures, such as Bolsa Família, a conditional cash transfer program that now reaches approximately one quarter of Brazil's population. Although many believed a ruling PT would produce a wave of leftist radicalism, according to *Maria Herminia Tavares de Almeida*, Instituto de Relações Internacionais at the Universidade de São Paulo, social policy under Lula has been characterized by the continuation of existing programs. This strategy, coupled with maintaining the economic stability policies of his predecessor, President Fernando Henrique Cardoso, produced an economic boom for lower-income Brazilians. Lula's social achievements include expanded educational attainment that lowered illiteracy rates, an increase in the minimum wage, and the largest decrease in inequality in the last thirty years.

The past four years have seen significant changes in the relationship among Lula, the PT,

and organized civil society. *Kathryn Hochstetler*, University of New Mexico, explained that while civil society groups often have joined with Lula and the PT in government and in social mobilizations, their relationship with him as president has been more complicated and has recently soured. As the electorate considered Lula's candidacy for reelection, most organized civil society groups declined to support Lula formally, although their members wound up voting for him in the end.

A second term in office will not allow Lula to overcome the limitations of his first four years, predicted *Amaury de Souza*, MCM Consultores Associados. Lula has succeeded in adhering to economic orthodoxy, increasing investor confidence, extending Cardoso's program of cash transfers, and keeping Congress and his own party at bay. The economic experience in Brazil during Lula's first term could be called the "Brasília Consensus," based on the positive experience with a high fiscal surplus, low inflation, a stable and competitive exchange rate, privatization, and openness to foreign investment, said *Thomas Trebat*, Columbia University's Brazil Institute. Overall, Brazil's economic indicators point to less vulnerability and a greater capacity for consumption.

Wendy Hunter, University of Texas at Austin, noted that Lula and the PT have undergone changes in their electoral support base. Historically, the PT's solid base lay in the large urban centers of Brazil's south and southeast. Polls accurately predicted that Lula would enjoy a groundswell of support among poorer voters in this election, especially in the northeast. Revelations of government malfeasance did not affect the outcome, which was reinforced by the expansion of forms of government patronage. *Barry Ames*, University of Pittsburgh, said the number of voters who intended to switch their vote from Lula in 2002 to Alckmin in 2006 was significantly smaller than the number of voters who said they would vote for Lula after voting for José Serra and the more moderate PSDB in the previous election (a ratio of 3 to 5). Voters who did switch from Serra to Lula do not necessarily identify with the left but are mostly from poor neighborhoods and reported that the economy did fairly well under Lula. These figures indicate that Alckmin was incapable of capturing the votes that went to Lula in 2002.

The country has done reasonably well economically under Lula, argued *Eliana Cardoso*, Fundação Getulio Vargas, São Paulo. An exchange rate appreciation prompted the restructuring of public debt while the growth rate, though modest by developing country standards, has improved. However, Brazil's fiscal vulnerabilities still persist: the ratio of public debt-to-GDP is high; the tax regime remains unnecessarily complex; and inefficient spending rigidities have become more binding. *Carlos Pio*, Universidade de Brasília, said he would expect few structural economic reforms over the course of the next four years under Lula. His administration will face strong resistance to increasing the fiscal surplus, the deepening of promarket microeconomic reforms, and perfecting the floating exchange rate regime.

In Brazil, foreign policy has a disproportionate value for politicians in office compared with its value as electoral currency, argued *Letícia Pinheiro*, Pontifícia Universidade Católica, Rio de Janeiro. In a public opinion poll in June 2006 asking respondents what issues they most wanted to see debated in the presidential race, only 1.28 percent chose foreign relations. With that apparently low degree of interest, foreign policy issues did not affect the election, even though its results would greatly affect foreign policy.

Speaking at the October 6 conference after the primary elections, *Aline Machado*, TV Câmara, discussed the implications of the first round elections results, highlighting the challenge the next administration will face in forming a governing coalition. Revelations concerning the origins of the money captured in the recent *Dossiê* corruption scandal – an attempt by PT operatives to sell defamatory information about the opposition candidate for governor of the state of São Paulo, José Serra – had the potential to harm Lula's reelection chances. On the other hand, the election of PSDB Governors Serra in São Paulo and Aécio Neves in Minas Gerais would prove problematic for Alckmin's runoff campaign since both saw an Alckmin victory as a threat to their 2010 presidential candidacy.

Lula can be characterized as a "Working-Class Robin (or Robbing) Hood," suggested *Ted Goertzel*, Rutgers University, considering the apathy of lower-income Brazilians regarding corruption. Looking at election results, he said that Alckmin's surge in support during the final three days indicated a strong shift in voter opinion, as corruption became an important issue. Even so, unwavering support from the north and northeast suggests that Bolsa Família benefits were more important for poor voters than the

The International Relations of Latin America

On January 17-18, 2007, the Latin American Program joined with *Foreign Affairs en Español*, the Instituto Tecnológico Autónomo de México (ITAM), and the Grupo Fundación Mayan to hold the second in a series of meetings on "Latin America: Integration or Fragmentation?" Held in Nuevo Vallarta, Mexico, the workshop allowed chapter authors for the forthcoming volume on *Explaining Latin American Strategies and External Alliances* to share the principal conclusions of their research as well as related policy recommendations. Participants included *Carlos Pérez Llana*, Universidades Torcuato di Tella and Siglo XXI, Argentina ("Domestic Political Models and External Alliances"); *Guadalupe González*, CIDE, Mexico, *Maria Regina Soares de Lima*, Instituto Universitário de Pesquisas do Rio de Janeiro, Brazil, and *Ana María Sanjuán*, Universidad Central de Venezuela ("Latin America as Seen by Mexico, Brazil, and Venezuela"); *Pedro da Motta Veiga*, CNI, Brazil, and *Jaime Zabudovsky*, Inteligencia Comercial en Negocios, Mexico ("The Political Economy of Integration: South America and North America"); *Luis Miguel Castilla*, Corporación Andina de Fomento, ("Latin American Competitiveness and Global Insertion"); and *Luis Maira*, Chilean Ambassador to Argentina ("Poverty and Inequality"), among others.

The project will culminate in a major conference in Mexico City on April 17-18, 2007, featuring novelist *Mario Vargas Llosa*; former Chilean President *Ricardo Lagos*; Secretary-General of the Organization of American States *José Miguel Insulza*; World Bank Vice-President for Latin America *Pamela Cox*, as well as a broad range of distinguished scholars including *Eric Hobsbawm*, University of London; and *Francis Fukuyama*, The Johns Hopkins University School of Advanced International Studies.

issue of government malfeasance. *Jeffrey Cason*, Middlebury College, agreed with Cason's assessment of regional voter preferences and argued that one of the major mistakes made by the Lula campaign was trying to "run out the clock" and "play defense" during the weeks leading up to the election. The vague assertion that "Lula needs more time to finish what he started," coupled with the near-total lack of debate regarding policy during the final weeks, showed that the PT lacked innovative ideas and furthered the perception that the PT has become "just another party" in Brazilian politics.

Alexander Kazan, Global Emerging Markets Equity Strategy Group at Bear, Stearns & Co., considered the views and possible reactions of financial markets to the elections of Lula and Alckmin. He commented that the campaign has produced very little change, due in part to structural adjustments having reduced the vulnerability of Brazil's economy. The strong balance of payments and debt restructuring has led to greater confidence in public sector solvency, and there are no traditional populist candidates shaping the debate.

The 2006 Nicaraguan Elections

On November 5, 2006, former Nicaraguan president and long-time Sandinista leader Daniel Ortega emerged triumphant in the country's presidential election, garnering 38 percent of the vote—the lowest percentage of any winning candidate in the last twenty years but enough to defeat his closest competitors.

During a public meeting sponsored by the Latin American Program on November 28, 2006, *Carlos Fernando Chamorro*, editor of the Nicaraguan news weekly *Confidencial*, praised the electoral process for being both competitive and definitive. But he cautioned that the country's electoral system was in need of serious reform. Recent changes to Nicaragua's electoral laws, pushed through by Ortega in alliance with former president Arnoldo Alemán, allow a presidential candidate to win with 35 percent of the popular vote and at least a 5 percent lead over the closest runner-up. Chamorro likened the reform to "a suit

tailored to [Ortega's] own electoral quota," attributing the win to three factors: Ortega's ability to rally his hard-core base, the split within the Liberal Party between the Partido Liberal Constitucionalista (PLC) and the Alianza Liberal Nacional (ALN), and the 35 percent rule. Although Chamorro predicted that Ortega would attempt to control and expand his political power in the state apparatus, his minority mandate will force him to collaborate with other parties in the legislature if he is to deliver on his promises of higher wages, increased employment, and zero hunger, and to confront the country's growing energy crisis. Over the long term, Ortega must work on dismantling the controversial strategic agreement between the Sandinistas and the PLC, known as *el pacto*, and transform the corrupt judiciary. Chamorro urged the international community to give Ortega the benefit of the doubt as he takes up his new term in January 2007.

Shelley McConnell of the Carter Center deemed the Nicaraguan electoral process a success, citing its multiparty, competitive nature, protections against multiple voting, the accessibility of polling places, and easily verifiable voter registries; any minor procedural flaws were attributable more to underdevelopment than to partisan interference. However, she called Nicaragua's electoral system "the most exclusionary in Latin America," with overly restrictive requirements to form a political party. The parties, which are deeply undemocratic themselves, groom members that respond to party leaders rather than to their constituents. The consequent "cartelization of the state" means that Nicaragua's electoral system depends not on a neutral administration, but rather on the degree of organization the political parties have to defend their own interests. McConnell also asserted that, if Ortega has been able to maintain his base at 35 to 40 percent of the electorate



Carlos Fernando Chamorro

throughout the nearly three decades since the revolution, it must mean that he is able to win over new supporters.

Evidence of democratization in Nicaragua can be seen in the neutral, apolitical role of the army, an end to hyperpresidentialism, a burgeoning of active parties, and free and fair elections that are viewed as “the only game in town.” Now, she maintained, Ortega must deal with second-generation problems of the democratic transition, such as corruption, poverty, inequality, and crime, all in the context of weak state institutions and a weak civil society. Ortega’s constituency expects results, she concluded, in addressing poverty and other core problems in Nicaragua.

Arturo Cruz, Jr., of INCAE and recently named Nicaragua’s ambassador to the United States, challenged the notion that left-right dichotomies help explain Nicaraguan politics; rather, he argued, the basic divide concerns modern institutions and rationality versus a traditional society and caudillo-based politics. Pointing to the extreme poverty that affects the majority of Nicaraguans, Cruz questioned whether the country has the “social corpus” to support modernity based on representative democracy and a market economy. According to World Bank figures, close to 80 percent of the population subsists on less than \$2 a day, making Nicaragua the second poorest country in the hemisphere after Haiti. Citizens live on the verge of emergency, Cruz observed; they are concerned with whether or not they will eat, not with the quality of political institutions.

Cruz described a “political gap” in Nicaragua created by a society that is heavily rooted in tradition but has aspirations of modernity. Whereas political modernization implies—in addition to the rule of law—the creation of distance between rulers and the ruled, Nicaraguan voters are deeply attached emotionally to such figures as Daniel Ortega and former President Alemán and they overwhelmingly vote for the same party. Public figures such as Ortega and Archbishop Miguel Obando y Bravo understand the need “to have the people close to them,” treating Nicaragua “as it is, not as we wish it to be.”

Cruz outlined major challenges that lie ahead in the areas of social security, public sector wages, internal debt, productivity and growth, municipal transfers, and energy. He advocated a form of responsible populism in which short-term goals can be met without abandoning long-term objectives. He described significant benefits for Nicaragua deriving from Ortega’s good relations with Venezuelan President Hugo Chávez: cheap oil, the renegotiation and purchase of portions of Nicaragua’s internal debt, basic inputs for the rural economy, and symbolic and visible projects such as a bridge or highway. The United States, he implied, offers more indirect benefits from trade agreements, remittances, and support in the World Bank and the IMF. Cruz concluded by emphasizing the need for political stability in order for modernization to proceed, and argued for “benign neglect” on the part of the United States.

Richard Feinberg, University of California, San Diego, called the election a “victory” for U.S. interests in Nicaragua and Latin America, emphasizing the United States’ purposeful and successful efforts to improve and institutionalize the democratic process itself. He said that the United States should emphasize to the opposition the importance of preserving democratic institutions rather than encouraging obstruction and disinvestment (as the Nixon administration did to defeat Allende in Chile). Feinberg called the Central American Free Trade Agreement (CAFTA) a way of locking Central American countries into market economies and democratic institutions. Feinberg said CAFTA will prove vital to Ortega in overcoming poverty: with per capita income stagnant, very limited budgetary discretion, and the danger of a recession, CAFTA can serve as a tool for regaining investor confidence. Not only did the Nicaraguan National Assembly approve CAFTA, it also passed a complementary series of reforms reflecting the cutting edge of development thinking. Those measures include higher international standards for agricultural quality and certification, new road systems, technology in schools, competition laws to protect small and

medium-sized businesses, a modernized commercial code, and credit promotion for small enterprises. With over \$1 billion in foreign aid promised, Nicaragua could be on the brink of substantial growth and consolidating democracy. Feinberg warned that Ortega does not have the luxury of engaging in a dual discourse favoring capitalist development while denouncing market mechanisms and aligning himself with nonmarket forces. Although the United States cannot prevent Nicaragua from developing a relationship with Hugo Chávez, U.S. policy should encourage the engagement of Nicaragua with Chileans and Brazilians, who can draw on their own histories of overcoming distrust among political factions and supporting market economies combined with strong social programs.

Petropolitics in Latin America

The use of energy resources as a political tool has recently become an important feature of foreign policy in the Western Hemisphere. On a global level, the term “petropolitics” is used to describe this type of positioning and its political and economic consequences. Genaro Arriagada, Woodrow Wilson Center Public Policy Scholar and former Chilean ambassador to the United States, explained the term’s application in Latin America at a February 15, 2007 seminar.

Arriagada delineated the different dynamics around energy issues in Venezuela, the Caribbean, the Andes, and the Southern Cone. Under the “petropolitics” model, Venezuela has taken advantage of its rich energy resources—its heavy crude oil reserves rank first in the world and regular crude ranks sixth—to establish its status as an energy powerhouse in the region. At the same time, according to Arriagada, reduced production, inefficient management of the state-owned oil company PDVSA, and decreased investment in PDVSA are major weaknesses for the state. Based on these factors, Arriagada concluded that Venezuela’s influence in the international arena is not based on its proven reserves, but on the amount of crude available for export. Low oil prices, an increase in internal demand, and the smuggling of oil to Colombia all pose serious challenges to the

Venezuelan model. In particular, such developments may affect Venezuela’s ability to sustain its hefty commitments abroad, a paradox according to Arriagada, given that Venezuela’s economy is the same size as Colombia’s yet still serves as the primary donor for some of Latin America’s poorest countries. In the end, Venezuela’s expanded influence in the hemisphere will not be a problem for countries like Brazil, the United States, or Argentina, but for the people of Venezuela, as their “oil bonanza turns into a curse.”

Apart from Trinidad and Tobago, the Caribbean has a dearth of oil for internal consumption. There are two major alliances seeking to fill this need. One is an accord between nine southern states of Mexico and the countries of Central America known as *Plan Puebla Panamá*, an agreement that was originally created to promote integration and development of the area but has evolved into an energy integration program. Venezuela and Cuba form the other alliance: the strong political and economic partnership between the two nations is based on the exchange of oil for services. In addition, Venezuela provides other Caribbean nations with oil through PetroCaribe. According to Arriagada, PetroCaribe is one of Chávez’s most sustainable and successful political initiatives. This is in large part due to the potential political influence of Caribbean nations in the inter-American systems (CARICOM countries hold 14 out of 34 votes in the General Assembly of the Organization of American States).

That the Andean region possesses abundant energy resources of its own should make it resistant to the use of oil and gas as a political tool by others. However, most of the Andean countries are in crisis due to regional, ethnic, or political cleavages, and are thus vulnerable to the influence of external actors. Arriagada used the case studies of Ecuador and Colombia to show how the two Andean countries have chosen different paths in creating energy policy within a weak state environment. Over the last ten years both of these countries have seen a decrease in oil production. In response, Colombia has chosen to



Genaro Arriagada

Basic Education in Brazil

Although Brazil has successfully achieved universal access to basic education, the quality of education remains stubbornly low. On January 29, 2007, the Brazil Institute held an event that addressed Brazil's education policy and suggested reforms to improve overall quality and increase retention rates. *Norman Gall*, Instituto Fernand Braudel de Economia Mundial, offered best practices and relevant lessons based on his experience researching the New York City public school system and highlighted the challenges to educational reform in Brazil. These challenges include insufficient commitment of resources, an ineffective bureaucracy, lack of an institute of federal education, and the absence of political leadership needed to tackle reform. *Patricia Guedes*, from the same institute, argued that successful change can and should come from the local level as well by empowering students to become agents of change. According to *Ricardo Paes de Barros*, Instituto de Pesquisa Econômica Aplicada, Brazil has substantially increased educational performance over the past two decades, but improvement is leveling off at unacceptably low levels. Furthermore, too many students spend excess time in primary education (either as grade repeaters or dropouts returning to school), which creates inefficiencies and overburdens capacity at the lower levels. This imbalance is righting itself with time; however, excess capacity remains in grades one to four while there are insufficient spaces for students in grades five to eight. *Jeffrey Puryear*, Inter-American Dialogue's Partnership for Educational Revitalization in the Americas, argued that by overinvesting in higher education at the expense of basic education, the Brazilian state is unfairly subsidizing the education of the rich and perpetuating income inequality. Although free college tuition was guaranteed in the 1988 Constitution, only the children of wealthy families are competitive enough to gain entrance to universities (thanks to private secondary education). Policy reform does not occur, he continued, because there is no effective demand for change: those with the money and power to influence policy have no incentive to reform an education system that they do not use.



Norman Gall and Patricia Guedes

follow the path of Brazil's Petrobras while Ecuador has turned toward the Venezuelan PDVSA model.

The Southern Cone presents a contrasting set of energy policy experiences. Brazil has been the region's success story in terms of transforming itself from a net importer of oil to an almost self-sufficient producer. The Brazilian state-owned oil company Petrobras is also the global leader in deep water oil exploration, which is reflective of the company's overall success. Arriagada praised Brazil's decision in the 1990s to strip Petrobras of its regulatory role—a role then assigned to a national hydrocarbons agency. This paved the way for Petrobras to develop in a competitive, efficient, and accountable fashion,

attracting private investment along the way. By contrast, the Argentine approach to energy policy has resulted not only in failure, but in an energy crisis for the country. Arriagada cited two reasons for this: the early implementation of aggressive privatization without state regulation and Argentina's fixed gas prices following the monetary crisis of 2002. The decrease in investment caused by the latter policy has resulted in a new focus on nuclear energy to resolve the country's energy shortages. According to Arriagada, the reintroduction of nuclear energy in Latin America by Argentina could trigger imitation by other countries (Brazil, Chile, or Mexico in particular) looking to diversify their energy sources.

Bolivia, one of the poorest countries in South America, is surrounded by three countries (Argentina, Brazil, and Chile) that have a high demand for its natural gas. Over the past year, the government of President Evo Morales has been negotiating the price of natural gas with Argentina and Brazil, claiming that those countries were unfairly paying well under market price and thus selling short the Bolivian economy. As a result, both countries have agreed upon a higher price for gas (though in the case of Brazil, with very specific conditions). Arriagada warned that in the case of Argentina, the higher gas prices combined with the risks of being dependent on a sole Bolivian pipeline for gas—some of which is then sold to Chile—may push both Argentina and Chile to focus their attention on less politically vulnerable liquefied natural gas (LNG) plants.

Ramón Espinasa, former Chief Economist for PDVSA and consultant for the Inter-American Development bank and the Andean Development Corporation, observed that the energy situation in Venezuela is deteriorating quickly. There has been a 25 percent drop in the price of oil since July 2006, a decrease in both PDVSA's own production and that of private companies, and an increase in domestic demand. Espinasa predicted that these factors, combined with the smuggling of up to 100,000 barrels a day to Colombia, will lead to as much as a 50 percent decrease in government revenue from oil in 2007 as compared to 2006. Espinasa also cited Venezuela's non-revenue producing exchange with Cuba as another factor in Venezuelan economic decline. Other countries in the region are also facing this decline in the energy sector. Mexico's state-owned oil company PEMEX, for example, has struggled to discover new oil reserves due to its own technology deficiencies and lack of capital. If productivity continues to decrease and investment slows, Mexico will play a key role in widening the North American energy gap. Despite plentiful reserves, Ecuador has also experienced a drop in production by the state-owned company PetroEcuador. Over the past fifteen years, private oil companies have been able to compensate for these decreases; however, newly-elected President Rafael Correa has called for private companies to reduce their production. Espinasa agreed with Arriagada that Brazil and Colombia have found

success through implementing a Norwegian-inspired model for their energy sectors.

Problems of Peace Building in El Salvador

Fifteen years after the peace agreement that ended a twelve-year civil war between the Salvadoran government and the FMLN guerilla movement, El Salvador continues to be faced with a number of challenges: strengthening representative democracy, promoting economic growth, and addressing social problems such as crime, poverty, and inequality. On November 1, 2006, Rubén I. Zamora, president of the CAPAZ Foundation, presidential candidate in El Salvador in 1994 and 1999, and a former Woodrow Wilson Public Policy Scholar, joined the Latin American Program to discuss "Fifteen Years After the Peace Agreement: Problems of Peace Building in El Salvador." He focused on recent major achievements, the main obstacles to peace building, and prospects for the future.

Zamora identified several fundamental achievements in building representative democracy over the past fifteen years: violence is no longer the principal instrument of politics, political life has been demilitarized, human rights have been promoted, and the judicial system has been improved.

Despite this progress, Zamora highlighted a number of obstacles to democratic consolidation. First, the economic model embraced by the conservative government of the ARENA party was by definition exclusionary and tended toward concentrating income, at the same time that the peace accords strove to expand participation at the political level. Thus, the dual objectives of economic reform and democracy are clashing and no strategy has been developed for tackling social and economic exclusion. A second obstacle involves social disintegration, reflected in both the unprecedented rates of crime and the breakdown of the family structure. The transformation of the youth gangs known as *maras* into organized



Rubén Zamora

crime structures and the U.S. policy of deporting criminals back to El Salvador have worsened the problem of public security. Migration to the United States has divided families and contributed to the disintegration of family structures. Another challenge lies ahead in the deinstitutionalization of political life. Political parties have failed to adjust and reform in the postwar period, resulting in the repolarization of politics. Consensus building has also been hindered by the lack of debate within society over the country's fundamental problems.

Looking to the future, Zamora argued that El Salvador is facing the "first organic crisis of the postwar period." The economy is not growing, with growth rates standing at 2 percent annually or less. New strategies for development advanced by opposition parties focus on the obstacles to democratic consolidation, which must be funded through tax reform. Representative democracies resolve crises through elections, Zamora said, but private sector groups in El Salvador consider the FMLN to be worse than the current government and will not financially support opposition candidates who might govern in alliance with the FMLN.

Asked whether a new generation of leaders is emerging in El Salvador, Zamora responded that new political leadership would not necessarily arise from local governments, citing cases of corruption and antidemocratic practices at the local level. Many young people are afraid to participate, given the country's history of political violence, and old leaders are reluctant to give up power.

copied from or inspired by the U.S. Constitution. Nonetheless, he argued, hatred towards the United States is pervasive and growing. Such sentiment is fueled by the policies and attitudes of U.S. leaders; some have also attributed it to the Iraq war and the Arab-Israeli conflict. Yet according to Aguinis, hatred of the United States existed beforehand, and centers less on the failures of U.S. leaders and policies than on U.S. society itself.

Aguinis outlined both objective and subjective reasons for Latin American views towards the United States. Objective reasons include the annexation of territories that formerly belonged to Mexico, interventions in Central American and Caribbean conflicts, support for coups and bloody military dictatorships, and economic policies that exploit natural resources, at times with the connivance of corrupt government officials. Subjective reasons involved the power of demagoguery in some Latin American countries, the power of envy, and ideologies such as dependency theory. However, Aguinis argued, these reasons alone cannot explain the phenomenon of anti-Americanism nor the virulence of its reemergence. Rather, he described the clash as a struggle between modernity and anti-modernity. He defined modernity in accordance with the principles of the Enlightenment: sovereignty of the people; constitutionally defined, democratic institutions; limited, representative government; and faith in science and reason. Questions arise in current debates over globalization and international development as to the appropriateness and applicability of Enlightenment principles to non-Western nations. In response, a new, post-modern model has emerged as an alternative to the Eurocentrism of the past. Anti-Americanism, Aguinis hypothesized, may be a symptom of this post-modernism, which is against religious tolerance, pluralism, freedom of press and of speech, etc.

Aguinis noted that there are many ways to define anti-Americanism including, as Paul Hollander did, as an irrational emotion equivalent to racism. Anti-Americanism cannot be characterized ideologically, he said because it appeals to leaders across the ideological spectrum, from Venezuela's Hugo Chávez to France's Jean-Marie Le Pen. Aguinis stated there seems to be a consensus among academics that anti-Americanism is not equivalent to a critique of U.S. policies, but that one must distinguish between legitimate critiques of U.S. policies

Anti-Americanism in Latin America

On November 20, 2006, Public Policy Scholar Marcos Aguinis presented his research on anti-Americanism in Latin America. Aguinis emphasized that the United States is the first democracy of the modern world with freedom of speech, religious tolerance, gender equality, and alternation of power, and that many constitutions in Latin America are



Marcos Aguinis



State Attorney General Patricia González Rodríguez

and hatred of the United States. In the end, feelings towards the United States are often mixed: feelings of distrust exist side by side with a desire to take advantage of the opportunities and examples provided by the United States.

Judicial Reform in Chihuahua and the Case of Ciudad Juárez

For several decades Ciudad Juárez, in Chihuahua, Mexico, has experienced a surge in violent crime against women. In October 2004, State Attorney General Patricia González Rodríguez was appointed to reform the judicial system in Chihuahua after the state government became the target of national and international criticism for its inability to investigate and prosecute the cases of the hundreds of women murdered since the early 1990s. In a closed-door meeting hosted by the Mexico Institute on October 24, 2006, Attorney General González highlighted the progress that has been made in reforming Chihuahua's justice system and the challenges that remain.

González contended that the problem is not one of organized violence against women; rather some 70 percent of female homicides result from domestic violence. She indicated that most victims have a relationship with their killers, often romantic, and many times both victims and aggressors are migrants from Mexico's southern

provinces. After a crime takes place the perpetrator often flees to his state of origin, and, due to flaws in Mexico's inter-state information sharing system, he is able to escape the law. The attorney general also pointed out that not all crimes against women in Ciudad Juárez are gender-related; many are drug-related. The degree of impunity in the state, however, has allowed gender-related crimes to multiply over time.

González acknowledged that previously Juárez did not have the capabilities necessary to address the high level of crime, but the government has since built a state-of-the-art facility for crime investigations, which has enabled authorities to better identify perpetrators. She also pointed to key judicial reforms that have led to the improved investigation and prosecution of gender-related crimes in Chihuahua, and recommended that they be replicated in other states. These reforms include a program that encourages the municipal police force to work with concerned citizens to prevent offenses and to incorporate multiple sectors of society in combating crime. Also, in an attempt to replace entrenched and corrupt police officers in Ciudad Juárez with new talent, the reforms require that investigative police hold a university degree. A third reform is the creation of the Center for Alternative Justice, which allows victims to go through a simplified judicial process in order to resolve their cases more efficiently.

The current judicial system in Mexico is not functioning well, González concluded, and increased transparency in the investigation process and more unified national policing are required. She emphasized the importance of the education and specialization of police, judges, and lawyers, and the right of all criminals to be presumed innocent until proven guilty. Moreover, victims have the right to be treated properly by the judicial system, and to receive compensation and assistance after a crime has been perpetrated. Specifically, González intends to encourage legislation for the increased attention to and protection of victims, which would include a fund to respond to their medical, psychological, and psychiatric needs. Finally, González asserted that although she has facilitated some important judicial reform, she is still in the process of overhauling the judicial system in Chihuahua.

Staff Notes

In January of 2007, the Latin American Program welcomed *José Raúl Perales* as a senior program associate. Previously, he served as trade policy advisor to the government of Puerto Rico. In that position he represented the island's interests in negotiations for the Central America - Dominican Republic Free Trade Agreement (CAFTA), Andean FTA, Panama, the Free Trade Area of the Americas, and other trade initiatives at the regional (Caribbean) and multilateral (WTO) level. Among other advisory duties, he coordinated both an inter-agency trade policy committee for the Government of Puerto Rico, and a Bilateral Trade and Investment Commission with the Dominican Republic. He was also involved in San Juan's bid to host the secretariat of the Free Trade Area of the Americas (FTAA).

His research addresses questions of trade policy formulation and domestic and international political institutions, especially in the Southern Cone and Brazil. He has published articles and contributed to volumes on regional economic integration, trade policy, and Latin American politics and development. He has been a visiting scholar at the Facultad Latinoamericana de Ciencias Sociales (FLACSO) in Santiago, Chile; the Universidad Torcuato di Tella in Buenos Aires; the Universidad de la República in Uruguay, and the Institut d'Études Politiques in Paris. He is an advanced doctoral candidate in political science at the University of Michigan, Ann Arbor, specializing in international political economy and comparative politics.

We also bid a fond farewell to Program Support Assistant *Elizabeth Bryan*. Throughout nearly five years with the Latin American Program, Elizabeth played a key role in the coordination of the Creating Community project as well as in our work on Cuba. Elizabeth has assumed a consultancy at the World Bank and will soon be completing her M.A. in International Development at The American University. We thank her for her many years of service and wish her the best in her future endeavors.

Interns

The Latin American Program has been fortunate to have had the assistance of several very capable interns during the fall of 2006. We thank the following interns for their energy, hard work, and willingness to share their talents and skills with us:

Hector Faya, Georgetown University

Aaron Melaas, Georgetown University

Peter Knight, Georgetown University

Sarah Walker, George Washington University

Public Policy Scholars

We were pleased to host *Marcos Aguinis*, former Argentine Secretary of Culture, from September – November 2006. While here at the Wilson Center as a short-term scholar he worked on a project entitled, "Global Conflicts and Anti-Americanism in Latin America."

We were also delighted to welcome *Genaro Arriagada*, former Chilean ambassador to the United States, as a Public Policy Scholar from January – February 2007. His project was entitled, "The Politics of Energy in Latin America: Integration and Disintegration."

Michael Janeway, professor of journalism and arts at Columbia University, also joined us as a Public Policy Scholar from January – May 2007. While at the Wilson Center, he continued work on his project, "Puerto Rico and the New Deal."

Recent Publications

Books

Joseph S. Tulchin and Meg Ruthenburg, eds., *Toward a Society Under Law*, Woodrow Wilson Center Press and The John Hopkins University Press, 2007.

Joseph S. Tulchin and Meg Ruthenburg, eds., *Citizenship in Latin America*, Lynne Rienner Publishers, 2006.

Conference Reports

Xóchitl Bada, Jonathan Fox, and Andrew Selee, eds., translated by Mauricio Sánchez Álvarez, *Al fin visibles: la presencia cívica de los migrantes mexicanos en los Estados Unidos*, 2006, co-published with the University of California, Santa Cruz.

Reports on Americas

Jessica Varat, ed., *Seguridad ciudadana en las Américas: Proyecto de investigación activa*. No. 18, March 2007.

Special Reports

Cynthia J. Arnson, Jaime Bermúdez, Padre Darío Echeverri, David E. Henifin, Alfredo Rangel Suárez, and León Valencia, “Los procesos de paz en Colombia: Múltiples negociaciones, múltiples actores,” January 2007.

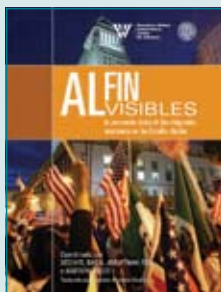
Cynthia J. Arnson, Jaime Bermúdez, Padre Darío Echeverri, David E. Henifin, Alfredo Rangel Suárez, and León Valencia, “Colombia’s Peace Processes: Multiple Negotiations, Multiple Actors,” December 2006.

Paulo Sotero and Daniel Budny, eds., *Brazilian Perspectives on the United States: Advancing U.S. Studies in Brazil*, co-published with the Brazilian Embassy in Washington, D.C., January 2007.

Paulo Sotero, ed., *Perspectivas Brasileiras sobre os Estados Unidos: Promover os Estudos dos EUA no Brasil*, co-published with the Brazilian Embassy in Washington, D.C., January 2007.

Brazil Institute Special Report No.1, “Trade and Regional Integration Initiatives in the Americas,” September 2006.

Brazil Institute Special Report No. 2, “Brazil Under Lula and Prospects for the 2006 Elections,” September 2006.



Thinking Brazil

Thinking Brazil Updates are available for download at www.wilsoncenter.org/brazil under our Publications section.

Brazil Update, No. 24, “Economic Policy and Prospects for Reform: Lula’s Second Administration,” November 2006.

Brazil Update, No. 25, “Basic Education in Brazil: What’s Wrong and How to Fix It,” March 2007.

U.S.-Mexico Policy Bulletins

David R. Ayón, *U.S.-Mexico Policy Bulletin*, No. 8, “Immigration and the 2006 Elections,” December 2006.

Annual Reports

Mexico Institute 2005–2006 Annual Report

Latin American Program

Woodrow Wilson International Center for Scholars
One Woodrow Wilson Plaza
1300 Pennsylvania Avenue, NW
Washington DC 20004-3027

Tel: (202) 691-4030

Fax: (202) 691-4076

lap@wilsoncenter.org

<http://www.wilsoncenter.org/lap>

Latin American Program Staff

Cynthia Arnson, Director

José Raúl Perales, Senior Program Associate

Kelly Albinak, Program Assistant

Elizabeth Bryan, Program Support Assistant (through February 2007)

Jessica Varat, Program Assistant

Andrew Selee, Director, Mexico Institute

Kate Brick, Program Assistant, Mexico Institute

Paulo Sotero, Director, Brazil Institute

Daniel Budny, Program Assistant, Brazil Institute

Luis Bitencourt, Senior Scholar

Joseph S. Tulchin, Senior Scholar



The Woodrow Wilson International Center for Scholars

Lee H. Hamilton, President and Director

Board of Trustees

Joseph B. Gildenhorn, Chair; David A. Metzner, Vice Chair. Public Members: James H. Billington, Librarian of Congress; John W. Carlin, Archivist of the United States; Bruce Cole, Chair, National Endowment for the Humanities; Margaret Spellings, Secretary, U.S. Department of Education; Condoleezza Rice, Secretary, U.S. Department of State; Cristian Samper, Acting Secretary, Smithsonian Institution; Tommy G. Thompson, Secretary, U.S. Department of Health and Human Services. Private Citizen Members: Joseph A. Cari, Jr., Carol Cartwright, Donald E. Garcia, Bruce S. Gelb, Daniel L. Lamaute, Tamala L. Longaberger, Thomas R. Reedy

Wilson Council

Bruce S. Gelb, President. Elias F. Aburdene, Charles S. Ackerman, B.B. Andersen, Russell Anmuth, Cyrus A. Ansary, Lawrence E. Bathgate II, Theresa Behrendt, John Beinecke, Joseph C. Bell, Steven Alan Bennett, Rudy Boschwitz, A. Oakley Brooks, Donald A. Brown, Melva Bucksbaum, Richard I. Burnham, Nicola L. Caiola, Mark Chandler, Peter B. Clark, Melvin Cohen, William T. Coleman, Jr., David M. Crawford, Jr., Michael D. DiGiacomo, Beth Dozoretz, Elizabeth Dubin, F. Samuel Eberts III, I. Steven Edelson, Mark Epstein, Melvyn J. Estrin, Sim Farar, Susan R. Farber, Roger Felberbaum, Julie Finley, Joseph H. Flom, John H. Foster, Charles Fox, Barbara Hackman Franklin, Norman Freidkin, John H. French, II, Morton Funger, Gregory M. Gallo, Chris G. Gardiner, Gordon D. Giffin, Steven J. Gilbert, Alma Gildenhorn, David F. Girard-diCarlo, Michael B. Goldberg, Roy M. Goodman, Gretchen Meister Gorog, William E. Grayson, Ronald Greenberg, Raymond A. Guenter, Cheryl F. Halpern, Edward L. Hardin, Jr., John L. Howard, Darrell E. Issa, Jerry Jasinowski, Brenda LaGrange Johnson, Shelly Kamins, James M. Kaufman, Edward W. Kelley, Jr., Anastasia D. Kelly, Christopher J. Kennan, Willem Kooyker, Steven Kotler, William H. Kremer, Raymond Leary, Dennis A. LeVett, Francine Gordon Levinson, Harold O. Levy, Frederic V. Malek, David S. Mandel, John P. Manning, Jeffrey A. Marcus, John Mason, Jay Mazur, Robert McCarthy, Linda McCausland, Stephen G. McConahey, Donald F. McLellan, Charles McVean, J. Kenneth Menges, Jr., Kathryn Mosbacher, Jeremiah L. Murphy, Martha T. Muse, John E. Osborn, Paul Hae Park, Gerald L. Parsky, Jeanne L. Phillips, Michael J. Polenske, Donald Robert Quartel, Jr., J. John L. Richardson, Margaret Milner Richardson, Larry D. Richman, Carlyn Ring, Edwin Robbins, Robert G. Rogers, Otto Ruesch, Juan A. Sabater, Alan M. Schwartz, Timothy R. Scully, J. Michael Shepherd, George P. Shultz, Raja W. Sidawi, Kenneth Siegel, Ron Silver, William A. Slaughter, James H. Small, Shawn Smeallie, Gordon V. Smith, Thomas F. Stephenson, Norman Kline Tiefel, Mark C. Treanor, Anthony G. Viscogliosi, Christine M. Warnke, Ruth Westheimer, Pete Wilson, Deborah Wince-Smith, Herbert S. Winokur, Jr., Paul Martin Wolff, Joseph Zappala, Richard S. Ziman, Nancy M. Zirkon

Honorary Wilson Council Members

Hushang Ansary, Bill Archer, James A. Baker III, Jack S. Blanton, Sr., José Cancela, Richard L. Carrión, Jean Case, Stephen M. Case, William S. Cohen, Jerry Colangelo, Norm Coleman, Philip M. Condit, Denton A. Cooley, Gray Davis, Arturo Díaz, William H. Draper III, David Efron, Dianne Feinstein, Luis Ferré, Charles Foster, Esq., Sam Ginn, Richard N. Goldman, Slade Gorton, Allan Gottlieb, Dennis J. Hastert, Roger Hertog, Roy M. Huffington, Ray L. Hunt, Bobby Inman, Dale M. Jensen, E. Floyd Kvamme, Joseph P. Lacher, Dan Lewis, Howard Lincoln, Thomas Loeffler, Robert J. Lowe, Donald B. Marron, John McCain, Michael S. McGavick, Robert A. Mosbacher, Sr., Peter Munk, Marilyn Carlson Nelson, George E. Pataki, Nelson Peltz, Alex Penelas, Richard Perry, Robert Pincus, Lee R. Raymond, William T. Solomon, James R. Thompson, Jr., R. E. (Ted) Turner III, Paul A. Volcker, Thomas W. Weisel, David H. Williams, Reba Williams

The Woodrow Wilson International Center for Scholars

Lee H. Hamilton, President and Director

The Center is the living memorial of the United States of America to the nation's twenty-eighth president, Woodrow Wilson. Congress established the Woodrow Wilson Center in 1968 as an international institute for advanced study, "symbolizing and strengthening the fruitful relationship between the world of learning and the world of public affairs." The Center opened in 1970 under its own board of trustees.

In all its activities the Woodrow Wilson Center is a nonprofit, nonpartisan organization, supported financially by annual appropriations from Congress, and by the contributions of foundations, corporations, and individuals. Conclusions or opinions expressed in Center publications and programs are those of the authors and speakers and do not necessarily reflect the views of the Center staff, fellows, trustees, advisory groups, or any individuals or organizations that provide financial support to the Center.

The Latin American Program

The Latin American Program serves as a bridge between the United States and Latin America, encouraging a free flow of information and dialogue between the two regions. The Program also provides a nonpartisan forum for discussing Latin American and Caribbean issues in Washington, D.C., and for bringing these issues to the attention of opinion leaders and policy makers throughout the Western hemisphere. The Program sponsors major initiatives on Decentralization, Citizen Security, Comparative Peace Processes, Creating Community in the Americas, U.S.-Brazilian relations and U.S.-Mexican relations.

ONE WOODROW WILSON PLAZA, 1300 PENNSYLVANIA AVENUE, NW, WASHINGTON, DC 20004-3027



**Woodrow Wilson
International
Center
for Scholars**

SMITHSONIAN INSTITUTION
OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE \$300