

## The Obama Administration and the Americas: A Promising Start

Because the new administration of President Barack Obama inherited the most demanding agenda, both at home and abroad, that any U.S. government has faced in many decades, few observers expected that it would devote much attention to U.S. relations with Latin America and the Caribbean. None of the countries of the Americas presents an imminent threat to U.S. national security. None is likely to be the source or target of significant international terrorism. With so much else to attend to, the Obama administration might well have relegated Latin America to the distant backburner.

Yet, during its first months, the Obama administration has taken an active interest in Latin American and Caribbean affairs. As president-elect, Obama met with only one foreign leader: Felipe Calderón of Mexico. His first Camp David foreign visitor was President Luiz Inácio (Lula) da Silva of Brazil. Secretary of State Hillary Rodham Clinton's first official meeting with a foreign head of state was with Prime Minister René Prevál of Haiti. Vice President Joseph Biden visited both Chile and Central America in March. Clinton, Joint Chiefs Chairman Michael Mullen, Attorney General Eric Holder, and Homeland Security Secretary Janet Napolitano all visited Mexico during the administration's first three months, ahead of a visit to Mexico by Obama

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himself. The administration announced new initiatives toward Cuba early in April, and then followed up with exploratory conversations with Cuban officials to discuss the prospects for improved relations between the two countries. And Obama participated effectively in the Fifth Summit of the Americas in mid-April, winning praise throughout Latin America and the Caribbean for his adroit role there.

Why has the new administration taken such a strong initial interest in Latin America and the Caribbean? What are the premises, principles, and priorities for the Obama administration in the Americas? What should be its next steps?

### **Why Latin America Matters**

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Apart from the scheduling coincidence that the Fifth Summit of the Americas was already on the calendar as a major presidential event, the main reason for the Obama administration's strong early engagement with Latin America is the new team's perception that, although the countries of Latin America and the Caribbean pose no urgent issues for the United States, many of them will in fact be increasingly important to this country's future.

This is not because of long-standing axioms about Western Hemisphere security, extra-hemispheric threats, and Pan-American solidarity, but rather for four much more contemporary reasons. First, such transnational issues as energy security, global warming, pollution and other environmental concerns, crime, narcotics, and public health are increasingly important. These are all issues that cannot be solved or even managed without close and sustained cooperation from many countries of the Americas.

Second, borders between the United States and some of its closest neighbors have been blurred by massive and sustained migration. This demographic interdependence has given rise to complex and pervasive issues with both international and domestic facets—so-called “intermestic” questions—ranging from education to health care, immigrants' remittances to driver's licenses, youth gangs to portable retirement pensions, and narcotics trafficking to human and arms trafficking.

Third, Latin America is economically important to the United States as a prime source of energy and other key resources, and as a priority market for U.S. goods and services. The United States obtains nearly half of its energy imports from countries of the Western Hemisphere, and more than half of that comes from Latin American and Caribbean suppliers. Furthermore, the potential for expanded energy production in the Americas is high. U.S. firms have exported goods and services to Latin America valued at \$273 billion in 2008, which is 20 percent of all U.S. exports and four times the value of U.S. exports to China.

U.S. firms still have, but need to sustain, their competitive advantage in Latin American markets, arising from proximity and familiarity plus cultural and demographic ties.

And finally, there are shared values in the Western Hemisphere, as expressed in the Inter-American Democratic Charter, especially a commitment to fundamental human rights including free political expression, effective democratic governance, and consistent application of the rule of law.<sup>1</sup> These core values are unlikely to prevail internationally if they cannot take root in the Western Hemisphere. At a time when the very difficult experiences in Afghanistan, Iraq, and elsewhere have discouraged many about the prospects of expanding the international influence of U.S. ideals, the new administration recognizes that the shared commitment throughout the Americas to the norms of democratic governance and the rule of law is important and worth reinforcing.

**In 2008, U.S. firms exported to Latin America four times the value of U.S. exports to China.**

### **The Troubled State of Inter-American Relations**

Despite Latin America's growing quotidian significance for the United States, however, U.S. policies toward the region in recent years have often been ineffective. Since the September 11, 2001 attacks, Washington has mainly viewed Latin America through the prism of international terrorism, mirroring a similar tendency during the Cold War to focus on anti-Communism in the Americas, rather than on the issues Latin Americans considered most important.

The administrations of both Bill Clinton and George W. Bush emphasized Western Hemisphere summits as a means of showing attention to Latin America, but these meetings typically produced little beyond photo opportunities and largely rhetorical commitments to cooperation. Both administrations continued to emphasize a proposed Free Trade Area of the Americas (FTAA) long after this goal had become infeasible. Instead of building better bridges toward our closest neighbors, the United States began constructing a fence at the border with Mexico in 2006. Whereas cooperation between the United States and the Western Hemisphere had been strengthening in the first post-Cold War years of the early 1990s, it waned in the first years of the new century. Perceived inattention on the part of the United States, along with some of Washington's global policies during the Bush years especially the invasion of Iraq, led to resentment in many Latin American countries. Hugo Chávez of Venezuela took advantage of this antipathy with his aggressive anti-U.S. public and checkbook

diplomacy, subsidizing petroleum sales to Central American and Caribbean nations, providing other economic assistance to receptive neighbors, and promising to support major infrastructure projects in South America.

Meanwhile many Latin American and Caribbean countries have deepened processes of sub-regional integration, in part through formal institutions, but even more through trade, investment, Latin America-based multinational corporations, professional and business networks, and pragmatic cooperation. They have also been diversifying their international relationships, building cooperation with countries of the European Union, members of the Asia Pacific Economic Cooperation (APEC) forum, and especially with China, India, Iran, and Russia. Many Latin American countries no longer look to Washington for leadership or even for close cooperation. The Organization of American States (OAS) has been a disappointment, and other hemisphere-wide institutions, including the Inter-American Development Bank, have weakened. The international self-confidence and activity of many individual Latin American nations have increased, while Western Hemisphere approaches to problem solving have waned. This was the state of inter-American relations that Obama faced on taking office.

### **Renewing Inter-American Cooperation: Key Principles**

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As the Obama administration moves to reset the international relations of the United States more broadly, it is positing that the emergence of a number of shared concerns in the Americas, strongly reinforced by the international economic crisis, will make cooperative inter-American approaches more relevant and attractive once again, and that clear signals of a strong U.S. interest in renewing cooperation to confront common challenges in the Americas would therefore yield immediate and important dividends. These premises undermine the various steps in Latin America policy that the new administration has taken or announced during its opening months. In striving to renew inter-American cooperation, the Obama administration is proceeding on the basis of three key principles:

First, the administration's initial priority is to gain the confidence of the American public, and of the international community as a whole, in its commitment and competence to slow and then reverse the deterioration of the U.S. economy, and to restore it to dynamism and growth. How well the new administration succeeds in meeting this urgent need will be highly relevant to the countries of Latin America, especially to those in the northern tier—Mexico, Central America, and the Caribbean—that are so dependent on U.S. investment, remittances, tourism and trade. By the same token, these same countries are relevant to the new administration's central economic

challenge, for they have been expanding and are important markets for the export of U.S. goods and services. Latin America's capacity to respond to the current economic downturn will thus affect the chances for a prompt and solid U.S. recovery. The administration needs, therefore, to work closely with Latin American neighbors to avoid depression, restore economic dynamism, and create jobs. Stabilizing the economies of Mexico, Central America, and the Caribbean is particularly important.

**Many Latin American countries no longer look to Washington for leadership.**

Second, instead of offering soaring rhetoric about partnership from Alaska to Tierra del Fuego, the new administration intends to work with Latin American and Caribbean nations on a few select issues that can be addressed soon, if only partially, such as bolstering financial institutions, restoring credit and investment flows, and tackling the problems of energy, the environment, and citizen security. The administration aims to rebuild U.S. credibility that has been damaged after years of unfulfilled pledges. Rather than scramble to counter Chávez and the "Bolivarian alternative" of anti-U.S. movements, the Obama administration intends to concentrate on confronting the underlying issues that have created space for Chávez's inflammatory rhetoric and populist programs, and for other radical populist movements.

Third, the new U.S. authorities will take care to disaggregate Latin America and the Caribbean. During the past twenty years, there has often been a tendency in Washington, in administrations of both parties, to emphasize convergence within the region: toward democratic governance, market-oriented economics, macroeconomic balance, and regional integration. Although some of these convergent trends have indeed been important, key differences persist among the countries of Latin America and the Caribbean, and some of these are growing. These differences lie along five dimensions.

First, Latin American countries vary in their degree of demographic and economic interdependence with the United States, which remains low in the southern part of Latin America, especially Argentina, Chile and Uruguay, while it continues to accelerate in Mexico, Central America, and the Caribbean.

Second, they differ in the degree to which they have opened their economies to international competition. Brazil, Colombia, the Dominican Republic, Mexico, Panama, and Peru, to name a few, have liberalized their economies, but none has done so as much as Chile, and some countries remain far behind.

Third, countries have advanced at different rates in achieving key aspects of effective democratic governance—such as checks and balances, accountability,

and the rule of law. These qualities have been historically strong in Costa Rica, Chile, and Uruguay; they have been increasingly but unevenly robust in Brazil, and have gained ground in Mexico with ups and downs and recent setbacks. On the other hand, they have weakened in Argentina and Venezuela and are problematic in most of the Andean nations, much of Central America, and Haiti.

Fourth, the strength of civil and political institutions beyond the state—such as nongovernmental entities, the press, religious organizations, and trade unions—vary enormously from place to place, with implications for democratic accountability. They are strongest in Chile, Costa Rica, Dominican Republic, Uruguay, and perhaps Argentina; they are growing in Brazil and Mexico; they are regaining stature but continue to be quite problematic in Colombia; they are weak in Bolivia, Ecuador, Paraguay, Peru, Venezuela, and most of Central America; and they are very weak in Haiti.

Finally, Western Hemispheric countries vary in the degree to which they incorporate many traditionally excluded populations, including more than 30 million marginalized, disadvantaged, and increasingly politically mobilized indigenous people, especially in Bolivia, Ecuador, Guatemala, the Peruvian highlands, and southern Mexico; and in their treatment of Afro-Latin Americans, who still face severe discrimination in several countries.

Officials in the new administration understand that only when all these important structural differences and their political consequences are consistently understood can the countries of Latin America and the Caribbean come into clear focus for U.S. policy. Hemisphere-wide summit conferences or very broad regional initiatives are much less likely to be effective than sub-regional efforts that bring together smaller clusters of countries with comparable or complementary issues and concerns. Recognizing this reality is the starting point for the Obama administration's reconsideration of U.S. policies in the Americas.

## **Changing Mindsets**

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The administration knew from the start that it had a brief window to show that it is not imprisoned by the damaging mindsets imposed by traditional ideology and rhetoric, and that it can therefore respond more constructively than its predecessors did to the realities of Latin America and the Caribbean. Instead of dividing the region dichotomously into friendly “democracies” and hostile “dictatorships,” the administration recognizes that many Latin American and Caribbean nations still have weak political institutions, low levels of accountability, and highly uneven application of the rule of law. Although the normative goal of democratic governance has been nearly universally embraced

in the past generation—a welcome advance—effective democratic performance remains far from reality in many countries.

The familiar mantra of promoting free markets and pushing the “Washington Consensus” has lost traction, and citing Chile as the poster child for this formula no longer persuades. The administration understands that most Latin Americans see things quite differently. For them, Chile’s success demonstrates the value of pragmatically combining market-opening reforms with strengthened state capacity, sound public policies, including controls on foreign investment, and vigorous state action. They argue, contrary to frequent U.S. recommendations, that some of Latin America’s governmental institutions need to become stronger, more competent, and more effective—not smaller or weaker—in order to deal with such issues as poverty, inequity, exclusion, crime, personal security, and competitiveness.

The key distinctions in Latin America today are less whether an economy is entirely market-driven or partly state-led. Instead, it is more about how well the government and other institutions incorporate feedback and accountability into their decisionmaking processes, as well as whether competition among parties and sectors is constructive and energizing or polarizing and destructive. After a period of excessive faith in markets and electoral democracy, the administration grasps this point as part of a more general rethinking of the role of government, both at home and abroad, and of how best to strengthen effective democratic governance and the rule of law.

### **Strategic Choices: Issues and Regions**

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In rethinking its policies in the Western Hemisphere, the Obama administration recognizes that it will need to be strategic but selective, concentrating on major issues and regions where new initiatives could be most productive.

Four changes in domestic U.S. policies would have significant positive impact in the Americas and on inter-American relations, although they are not “Latin American policy” issues strictly speaking. These four primarily domestic questions are the “intermestic” agenda shaping U.S.–Latin American relations: immigration reform, a revised trade policy, a new emphasis on energy conservation and development, and a fresh approach to the narcotics trade.

#### **Immigration**

The Obama administration has indicated its intent to work with the new Congress to achieve comprehensive and proactive immigration reform, based on the fundamental premise that labor markets and family dynamics will likely produce substantial immigration flows in the foreseeable future. A new U.S. immigration policy needs to manage and regulate these flows; enhance their

benefits to the receiving communities; mitigate, compensate for, and more fairly distribute their various costs; and also affirm core U.S. values, including fundamental respect for law.

The Obama administration understands that a feasible and sustainable U.S. immigration policy must include improved border control and management, meaningful sanctions against employers who hire unauthorized residents, temporary worker programs, and concerted efforts at various levels to integrate unauthorized immigrants who have been contributing to the United States and who want to become part of the U.S. community. It will take considerable political leadership and will to achieve a comprehensive immigration reform, but the political shifts registered in the 2008 elections and the resulting composition of the new Congress, as well as participation of Napolitano from Arizona and Secretary of Labor Hilda Solis from California in the Obama administration's cabinet, should all facilitate an immigration policy initiative. Immigration

reform would be important, not only for the United States but for many other countries of the Americas, especially its immediate neighbors.

Any viable plan will require cooperation with Mexico and with the countries of Central America and the Caribbean on economic development, job creation, labor, health, education, youth employment, law enforcement, and infrastructure. The Obama administration has begun to consult

with these governments to fashion practical and cooperative approaches to these transnational issues.

**H**emisphere-wide initiatives are much less likely to be effective than sub-regional efforts.

### **Trade**

The administration understands, especially in the context of mounting anxiety about a prolonged economic downturn, that it is not enough to stress the benefits of expanded trade for those who prosper from it while downplaying its costs and risks for others. Much more needs to be done to compensate, protect, retrain, and provide technical assistance and access to credit to those who are displaced by expanded trade and by technology, both in the United States and in the economies of its trading partners, especially in the Americas. These provisions need to become part of new trade agreements, not just the subject of side accords or of vague promises to deal with the issue later. For their part, Latin American countries will need to improve protection of labor conditions and workers' rights if trade agreements are to have any prospect for U.S. approval. The Free Trade Agreement with Peru required negotiations between



the executive and legislative branches of the U.S. government, and then negotiations of the Bush administration with the Peruvian government on labor rights and environmental issues. The resulting agreement illustrates the path toward expanded and sustainable inter-American commercial cooperation.

The new administration understands that protectionism is certainly not the answer to the economic woes of the United States, and that this country cannot expect open access for its exports while retaining pockets of protectionism for itself precisely in those sectors where developing countries, including Latin American economies, have competitive advantages. The Obama administration and Congress will not only need to win support of both the business sector and labor unions to keep the United States globally competitive, but must also open the U.S. market to greater imports from developing countries, in Latin America and elsewhere.

**F**our “intermestic” issues have a significant effect on U.S.–Latin American relations.

### **Energy**

The fluctuating price of oil, at times at unprecedentedly high levels; declining production of petroleum in Ecuador, Mexico, and Venezuela; rising demands for energy in China and India; and the growing consensus on the harmful impact of carbon emissions have together spurred an early and focused approach to energy security by the Obama administration. New policies include conservation initiatives and the development of additional supplies, particularly from renewable sources. There is great potential for significant collaboration among the states in the Western Hemisphere: involving investment in producing oil and natural gas in Brazil, Bolivia, Cuba, Mexico, and Venezuela; some expansion of nuclear power production in Argentina, Brazil, Chile, Uruguay, and Venezuela; carefully targeted support for some biofuel development, especially sugarcane-based and cellulosic ethanol in Brazil, Colombia, Cuba, and elsewhere in Central America and the Caribbean; as well as investments in wind, hydro, as well as geothermal energy, and collaborative research on alternative fuels, green technology, and options for conservation. Developing this potential is a priority for the Obama administration.

### **Narcotics**

The administration recognizes that the “war on drugs” metaphor should be dropped, because it reinforces the tendencies to look for “victory” against a defined enemy, and to favor mainly coercive methods. Even though there are undoubtedly some links between drug traffickers and guerrillas, both Washington

and Latin American governments should stop emphasizing narco-terrorists because the narcotics issue is not really primarily about terrorism or military security. It is rather a complex cultural, institutional, and societal problem that has as much to do with deep-seated failures in advanced industrial countries as with weak governance, crime, corruption, and poverty in Latin American and other nations that produce the raw materials for harmful substances. The more honestly Washington deals with the societal roots and social consequences of this destructive business, the more likely it is to develop the cooperation abroad needed to reduce this traffic and to diminish its scope and harm.

The administration and Congress should give much higher priority to prevention, treatment, rehabilitation, and youth employment programs at home. It should increase investment in well-structured alternative development and youth employment programs for regions in developing countries where growing drug crops currently seems like the only alternative to dire poverty, and where local conditions and stakeholders provide some chance for success. It should concentrate less on spraying herbicide on crops and interdicting shipments, and correspondingly more on disrupting both the money and the arms flowing from the United States that lubricate and facilitate the drug trade and undermine fragile states. And it should redouble efforts to constructively engage Latin American and Caribbean cooperation in countering all aspects of the corrosive narcotics enterprise, which increasingly damages the whole region. It must tackle broader but connected issues of organized crime, including not only narcotics but also human trafficking, kidnapping, auto theft, and contraband smuggling. The drug trade is devastating the institutions and law enforcement capabilities of several countries in Central America, the Caribbean and Mexico, as it had earlier ravaged Colombia. The Obama administration is open to new analysis and approaches, and should invite prompt and frank multilateral and bilateral discussions of what to do.

### **Closest Neighbors**

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The new administration is beginning to give special attention to the U.S. relationship with the Caribbean Basin region—Mexico, Central America, and the Caribbean nations. Together these countries, with about a third of the total population of Latin America and the Caribbean, account for nearly half of all U.S. investment in the entire region, more than 70 percent of legal U.S.–Latin American trade, some 90 percent of drug trafficking, and some 85 percent of all Latin American migration to the United States, authorized and unauthorized.

However much they differ among themselves, the countries of Central America and the Caribbean, as well as Mexico, are almost without exception becoming ever more fully integrated with the United States. Many of these countries rely on large flows of remittances sent home by their diasporas in the United States, and increasingly use the dollar as their informal, and in some cases their formal, currencies. They send most of their exports either to the United States or to each other, and rely mainly on U.S. imports, investments, technology, and tourists. They all send many migrants northward, and some accept increasing numbers of (often retired) North Americans as long-term residents as well as large numbers of U.S. citizens seeking vacation homes, inexpensive medical care, and other services. All these trends will continue; Cuba may soon also reflect them, albeit with special characteristics.

The “intermestic” issues that flow directly from the unique and intense mutual interpenetration between the United States and its closest neighbors—immigration, narcotics and arms trafficking, youth gangs, citizen security, auto theft, money laundering, responding to and mitigating the effects of hurricanes and other natural disasters, protecting the environment and public health, and law enforcement and border management—pose complex policy challenges. Transnational citizens and networks will grow in importance throughout the region based on such issues as portable international health insurance, extraterritorial applicability for Medicare benefits, and bilingual education.

In both the United States and its neighbors, the democratic political process often results in policies on such issues that push in directions that are diametrically opposed to what would be needed to secure the international cooperation required to manage thorny problems that transcend borders. Immigration policy has provided vivid examples of this catch-22 dynamic. Congressional approval of the border fence undoubtedly was a response to domestic opinion, but made it harder for Mexico and the countries of Central America to work with the United States on immigration and other issues. This dynamic has also been observed in the case of antinarcotics policy and of agricultural subsidies that are demanded by domestic lobbies and are difficult to undo.

The fact that the policy approaches most attractive at home often hinder needed international cooperation is certainly not limited to the United States. The impulses to place responsibility for tough problems on the other side of the border and to assert “sovereignty,” even when strict national control is really no longer possible in practical terms, are mutually reinforcing. Existing concepts and institutions are inadequate to manage these complex and intimate relations in an increasingly close-knit region. The Obama administration should undertake and promote official and nongovernmental consultations with counterparts in

Canada, Mexico, Central America, and the Caribbean. The aim should be to forge a shared positive vision of the future of this entire region—including Cuba and Puerto Rico—and to explore how best to achieve it.

### **Brazil**

Another early strategic policy focus is Brazil. Since 1990, Brazil has opened important parts of its economy to international competition, modernized much of its agricultural sector, and developed a number of industries with a continental and even worldwide presence. Brazil has slowly but surely strengthened its state, private sector, and nongovernmental institutions. It has secured financial and political stability, attracted very substantial foreign investment (\$34 billion in 2007, \$45 billion in 2008), participated aggressively in the world economy, and produced steady if still modest economic growth. Successful recent petroleum exploration reinforces the likelihood that Brazil's growth will further accelerate in the years to come. Together with Chile and Panama, Brazil has also begun to reduce absolute poverty and gross inequity, two of the most intractable problems

**P**olitics often push against international cooperation on thorny transnational problems.

facing Latin America and Caribbean nations. And Brazil is making notable, though still far from sufficient, progress in combating corruption, crime, violence, discrimination, and lack of accountability.

The Obama administration understands that these transformations make it desirable for the United States to work more closely with Brazil. The two countries have many shared interests: enhancing energy security, promoting regional stability, protecting the

environment and public health, liberalizing and expanding international trade in agriculture and services, and strengthening global governance. To sustain cooperation on these issues, Washington and Brasilia must also improve the way they manage conflicting international economic and commercial interests. This would involve striving to overcome short-term domestic interest group pressures in both countries to facilitate long-term trade, investment, and prosperity. That will not be easy, but if the Obama administration communicates a strategic vision toward Brazil, it might well make headway, provided that the government of Brazil is ready to do its part. The first indications arising from direct personal exchanges between Obama and Lula and their key advisors are promising.

### **The Andean Ridge**

The nations of the Andean range (Bolivia, Colombia, Ecuador, Peru, and Venezuela) are themselves quite diverse, but all, to differing but invariably high

degrees, are plagued by weak political institutions. Most face the unresolved integration into the market economy and the body politic of large indigenous and other historically excluded populations. All must address the incorporation of many millions of persons who live in extreme poverty. Grinding poverty, gross inequities, social exclusion, rising ethnic and sub-national consciousness, violence, the weak presence of the state in rural areas, and the further undermining of already feeble institutions are a volatile combination. The faith that free markets and democratic politics inevitably strengthen and support each other in a powerful virtuous circle simply does not capture the realities of this highly fragmented sub-region.

The narcotics trade is at least as much a symptom as a cause of these conditions. Addressing the drug trade in isolation from other issues will therefore have little effect. By the same token, combating guerrilla and paramilitary movements primarily through military means is unlikely to have any enduring impact. Only if and when the underlying and interrelated problems of extreme poverty and political disenfranchisement are addressed in an integral fashion can the Andean nations hope to achieve sustained political stability and economic development. Strengthening the state's capacity to provide order depends fundamentally on bolstering its capacity to deliver economic growth, basic services, improved equity, and the more consistent application of the rule of law. Nothing the United States can do will substitute for local leadership that deals effectively with these fundamental problems. Where such leadership emerges, the United States should support their efforts, without being so intrusive as to become part of the problem.

All of the Andean countries are distinct, their situations are fluid and uncertain, and in some cases they are in deep conflict with each other and with the United States. Peru's democratic government has to overcome profound alienation in the country's highland (*sierra*) and jungle (*selva*) regions by delivering concrete results, not mere rhetoric or gestures. If the dramatic alienation of Peru's *sierra* and *selva* populations cannot be reduced, Peru will remain highly vulnerable to antisystem politicians and to destabilization by external actors ready to exploit this alienation. In Bolivia and Ecuador, two very different and innovative efforts to "re-found" national identity, build new and more inclusionary political institutions, and capture more of the benefits from natural resources face the constraints of the international economy and deep suspicion on the part of established national and provincial elites, as well as of many middle-class professionals. Each of these efforts is a work in progress, and hence, uncertain, unpredictable, and subject to conflicting internal currents and international influences.

Colombia has made progress in overcoming insurgent movements, restoring urban peace, and expanding the influence of nongovernmental institutions, but

still faces embedded violence, pervasive corruption, and authoritarian tendencies. And Venezuela is deeply polarized. Chávez's march toward more consolidated authoritarian and personal rule, on the basis of popular support from sectors previously without voice or influence, has been slowed but by no means halted by an increasingly organized and vocal opposition. This opposition has strengthened its position in Caracas and other populous regions, but could not defeat the 2009 referendum that allows Chávez to seek reelection in 2012. The opposition is also vulnerable to the government's manipulation and repression. Further instability is likely, particularly as economic difficulties mount as a result of falling petroleum prices, corruption and gross mismanagement, and as Chávez intensifies his effort to expand his power and extend his rule.

Advancing U.S. interests and the prospects for inter-American cooperation in these complex circumstances requires patient, nuanced, sensitive, and case-by-case treatment, not assertive and indiscriminate broad-brush policies. In the latter years of the Bush administration, career U.S. diplomats, led by Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon, were for the most part skillful in managing Washington's relations with the diverse Andean countries by avoiding confrontation and trying to find ways to be constructive. But the mutual recriminations exchanged by the United States and both Bolivia and Venezuela late in 2008 and early in 2009—involving accusations of inappropriate meddling and the expulsion and recall of ambassadors—further complicated these relationships. The Obama administration now seeks to revert to a nonconfrontational approach, restoring normal diplomatic relations and allowing for internal and multilateral pressure to restrain adventurism. Initial indications from Venezuela and Bolivia suggest this path may be possible. If, however, Chávez, Morales, or both revert to invective, as they may, the administration will use the “rope-a-dope” technique perfected by renowned boxer Muhammad Ali: allowing them to flail away without providing a convenient target.

### **Cuba**

The Obama administration recognized from the start that the question of Cuba cries out for fresh U.S. responses to changing circumstances. The long-standing U.S. policy of denial, embargo, and exclusion developed during the Cold War was not demonstrably successful even then. The Obama administration is redefining the objectives of U.S. policy in light of fundamentally altered international realities, the ongoing leadership transition in Cuba, the evolution and generational transformation of the Cuban-American community, and of broader U.S. interests beyond the importance of Florida votes in the electoral college. The 2008 election results gave the Obama administration the political

space to reframe U.S. policy in terms of national objectives, not pressure group influence, and to relate Cuba policy to the broader goal of refashioning the world role of the United States and how it is perceived internationally. That space was reinforced in February 2009 when Senator Richard Lugar (R-IN), a member of the Senate Foreign Relations Committee, called for U.S. engagement with Cuba.

The medium-term strategic aims of U.S. policy at this stage are to repair badly frayed communications and trust by expanding academic and nongovernmental, as well as official, contacts with Cuba, and to increase the likelihood that Cuba and the United States can cooperate pragmatically on migration, energy, narcotics, the environment, public health, and on response to hurricanes and other natural disasters. As an indication of its intentions and a symbolic step potentially important in the broader international context, the new administration should offer Cuba a clear and respectful path toward resuming normal diplomatic relations with the United States. It should be ready, if and when Cuba is, to undertake pragmatic negotiations to find a realistic solution to the claims arising from nationalizations and expropriations by the Cuban government nearly fifty years ago, and to agree on a mutually acceptable future for the Guantánamo base. On the basis of improved communication and expanding practical cooperation, and in concert with other countries, the United States can best encourage those in Cuba who want to nurture eventual democratic governance, and the Cuban-American community can more likely come to play an appropriate role in the island's economic recovery and development.

**Brazil's growth will likely further accelerate in the years to come.**

### **Further Challenges**

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The Obama administration needs to move beyond consistent and principled responses to concrete issues and particular relationships, and develop a longer-term strategy for hemispheric engagement. Most important, perhaps, it needs both to understand and to explain to the American public that the United States would gain more stable neighbors, expanded markets, more attractive investment opportunities, and more congenial tourist destinations if the countries of Latin America and the Caribbean could be helped to reduce extreme poverty, gross inequities, ethnic exclusions, and rising unemployment. These conditions fuel polarization, lend themselves to demagogic exploitation, and undermine both democratic governance and sustainable policies of economic growth and development. In today's economic environment, U.S.

**The 2008 election results gave the administration the political space to reframe Cuba policy.**

public policy instruments and available resources are much too limited to make an immediate and dramatic impact on Latin America's poverty, inequity, and exclusion. This is certainly no time to consider another "Alliance for Progress." But the United States can do much more to help confront the regional development agenda than the pale imitations of the Venezuelan and Cuban educational and health programs announced

on Bush's 2007 trip to Latin America, amounting mainly to medical services provided by the U.S. Navy and an expansion of scholarship programs.

Washington can work to enhance the positive social impact of remittances, support microfinance programs, and build on the experience of the Millennium Challenge initiative to help establish a region-wide social development fund to target poverty-reduction efforts and to engage especially vulnerable populations, not only in the poorest countries but in the specific sub-regions of every country where dire poverty exists. The United States, the European community, Canada, and the Organization of the Petroleum Exporting Countries (OPEC) countries should consider providing multilateral credit to help energy-importing developing countries, especially in the Caribbean and Central America, to adjust during periods of very high costs. Washington should take the lead in financing a special fund for recovery and adaptation targeted at the countries most affected by consequences of climate change, including the highly vulnerable Caribbean and Central American nations. The international community could also do much more to support innovative educational reforms and to deal with youth gangs as a transnational problem that requires improving education and employing more young people. Dealing with arms trafficking, human trafficking, and money laundering all require coordinated international treatment, but the United States should take a leadership role.

Many of the necessary programs are already in place on a modest scale, but the Obama administration and the new Congress should give them additional, and more secure, support. Well-crafted and astutely implemented policies could make a big difference without being expensive. Washington should mobilize both public and private sector efforts to invest in infrastructure in Latin America and to expand energy production and distribution, which are major ways of accelerating the region's growth and providing much needed employment very much in the interest of both the United States and its neighbors. On all these issues, the Obama administration has already shown that it favors multilateral approaches. In particular, it supports redoubled activity by an upgraded and reinvigorated Inter-American Development Bank.



## **Rebuilding *Confianza***

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Above all, the Obama administration knows that it needs to build mutual respect in the Americas. Bush traveled to Latin America and the Caribbean more than any other U.S. president, and his administration produced some positive, though inadequate, U.S. policies specifically targeting the Western Hemisphere, especially during the second term. But the stature and appeal of the United States in the region plummeted, not only because of U.S. policies elsewhere in the world, but also because of the often dismissive and intrusive style of U.S. interaction with Latin Americans from customs and immigration procedures at the individual level to irksome pressures on Latin American governments regarding various votes in international organizations.

After many years of responding to U.S. pressures regarding human rights abuses, including the use of torture in interrogation, Latin Americans have been understandably critical of U.S. conduct in the “war on terror,” especially the use of Guantánamo to circumvent legal protections of the rights of prisoners detained there. Obama’s early announcements that the United States would renounce torture as an interrogation technique and that the Guantánamo detention facility would be closed within a year were very well received in Latin America.

The Obama administration should make every effort to rebuild multilateral cooperation and international institutions in the Western Hemisphere and elsewhere. It should support the unprecedented efforts made by Argentina, Brazil, and Chile to help Haiti reverse its decline. It should enlist these and other countries to take the lead in building new relations with Cuba. Washington should warmly welcome Canada’s growing role in the Americas, and should encourage Canada to step forward on some issues and relationships where a high U.S. profile could be counterproductive.

The new administration should recommit the United States to active support of a more vigorous and confident OAS as well as of the United Nations. Washington should endorse and adhere to the International Criminal Court (ICC) and should drop pressures on Latin American nations to grant U.S. personnel exemptions from the ICC’s jurisdiction. It should engage actively and urgently in global cooperation in response to climate change, and should also urge Latin American governments to do their part. The Obama administration should assure that its continuing efforts to promote and nurture democratic governance are approached on a multilateral and international basis. The United States should also recognize and help celebrate the bicentennial of South American independence from colonial Spain, perhaps by offering funding and technology for new Western Hemisphere educational initiatives.

**The Obama administration knows that it needs to build mutual respect in the Americas.**

The substance and tone of inter-American relations will be most quickly and substantially improved when the United States visibly and consistently returns to a global role that is respectful of international law and opinion, cooperative rather than domineering, clearly committed to multilateralism and international institutions, sensitive to Latin American aspirations for broader international recognition, and true to the

fundamental values that are shared by citizens throughout the Americas. The Obama administration should make it clear, not only in rhetoric but also in concrete actions, that it will steer U.S. foreign policy consistently on this new course. Nothing would contribute more to rebuilding *confianza*, the essential trust on which Western Hemisphere cooperation ultimately will depend, both at the level of governments and among the broad public throughout the region.

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### Note

1. Organization of American States, "Inter-American Democratic Charter," September 11, 2001, [http://www.oas.org/charter/docs/resolution1\\_en\\_p4.htm](http://www.oas.org/charter/docs/resolution1_en_p4.htm).