



## CSIS HEMISPHERE FOCUS

# *Recommendations for a New Administration: Interests, Policies, and Challenges in the Americas*

By Stephen Johnson | November 21, 2012

Ideally, foreign policy should be linked to a national security strategy that helps a country safeguard national interests and prevail in a competitive global environment. Following national security reforms in the 1980s, that has been nominally the case for the United States. Yet for most of the twentieth century, the U.S. engagement with American neighbors has been episodic, reactive, and inconsistent. Early in the twentieth century, the United States occupied Haiti and Nicaragua to calm unstable situations. During the Cold War, the Americas became a target of Soviet subversion, and U.S. policies responded by countering Moscow's advances. After the demise of Soviet communism, the region's democratic advances opened up the possibility of trade and cooperation. During the last decade, security reemerged to address specific concerns over terrorism and narcotics trafficking. Now, the era of obvious needs and big ideas seems to be over.

Despite a minor resurgence of leftist authoritarianism, the Western Hemisphere is more democratic, peaceful, and prosperous than it has ever been in the last 30 years. Competitive elections are the norm in all except Cuba, and free market economies have advanced in most countries. Even so, there are emerging challenges. The expansion of free markets has only gone so far, and a division between free trade and protectionist blocs has emerged. New resource constraints are beginning to test expanding populations. Globalization, so supportive of trade, has accelerated the growth of transnational crime. And extra-hemispheric actors such as China, Russia, and Iran now express their influence. The next administration should be prepared to deal with these issues as well as a few surprises.

## What Are U.S. Interests?

At stake is the core interest the United States has in all its foreign relations: to secure its population and territory while building a safe environment for itself—a peaceful world order.<sup>1</sup> This pursuit not only means keeping military threats at bay, but also encouraging the emergence of like-minded governments that support political and economic freedoms as well as respect for human rights. It also means recognizing the territorial sovereignty of neighbors. Cascading from those interests is the desire to harmonize certain legal procedures to ensure fluid trade relations but still effectively apprehend criminals, and to encourage partnering capacity and leadership. After all, what good are friendly democratic societies if they are weak? In sum: the United States should be seeking freedom and strength at home, and abroad freedom and strength in numbers.

## What Are U.S. Policies?

Existing policies toward the region are outgrowths of earlier ones. The current Obama administration agenda is largely based on familiar pillars of security assistance, democracy promotion, and trade, while a new objective was added to develop partnerships in clean energy and combat global warming. They are summarized as follows:

- Promoting social and economic prosperity,
- Developing clean energy and mitigating the effects of climate change,
- Ensuring safety of the hemisphere's citizens, and
- Strengthening effective institutions of democratic governance.<sup>2</sup>

Reducing security threats dates to the 1950s, and enhancing economic prosperity by boosting trade and trade capacity began in the 1990s. Again, more efforts and resources have been directed toward security, where needs now seem greatest. The development of clean energy in-

dustries is an emerging global priority, but has advanced also because of market forces and newly available financing from multilateral lending institutions. Unfortunately, support for democratic governance has faced setbacks from budget cuts as well as the rejection of such programs in countries that returned to autocratic rule. The existing set of development tools that have relied on U.S. pressure and aid may no longer be adequate for a region that is now more capable of handling its own affairs and is in some quarters questioning democratic practices.

In September 2012, the administration announced a new Western Hemisphere defense strategy that underscored the continuity of security as a major theme in regional policy. Its three objectives include promoting stronger national government institutions to address legitimate threats to the state and their citizens, sharing action against shared threats through more effectively and efficiently coordinating defense forces, and maintaining the relevance of multilateral mechanisms and institutions, like the Conference of Defense Ministers of the Americas and the Inter-American Defense Board, to bolster consensus on defense cooperation.

Continuity in these areas is a good thing, inasmuch as it contrasts with episodic swings from early twentieth century occupations to now fighting transnational crime. Yet, do these policies match the challenges ahead?

## On the Horizon

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<sup>1</sup> What foreign policy expert Walter Russell Mead has articulated as “the American Project.” See Walter Russell Mead, *Power, Terror, Peace, and War* (New York: Vintage Books, 2005), p. 7.

<sup>2</sup> U.S. Department of State, Bureau of Western Hemisphere Affairs, “Regional Topics,” <http://www.state.gov/p/wha/rt/index.htm>.

**BUDGETS.** U.S. projects in other parts of the world, such as South Asia and the Middle East will involve lengthy, distant, costly nation-building commitments. Moreover, the Obama administration has chosen to prioritize the U.S. military presence in the East Asia–Pacific region, a shift that will reduce resources for the Western Hemisphere. President Obama’s “pivot toward Asia” statement may have caught U.S. and neighboring publics by surprise, but it is a policy that has been taking shape over time as strategic planners have looked ahead to the security environment in the next 20 years. Because of that and today’s budget constraints, the United States will need to use foreign operations resources in the Western Hemisphere more carefully and effectively and ensure that they are guided by long-term goals. Even so, cutting back in areas such as security assistance may prove penny-wise and pound foolish.

**ECONOMICS.** Trade is the hemisphere’s prosperity generator. If Canada is the number one partner of the United States, Mexico is tied with China for second place, and the rest of Latin America is number four. Nevertheless, trade has reached a critical pause—little more can be done to expand it beyond fine-tuning implementation of existing agreements or negotiating thorny issues such as agricultural subsidies. A trade deal with protectionist Brazil and any of its Mercosur partners will take years to negotiate and approve. A trade relationship with the Bolivarian Alliance countries of Bolivia, Ecuador, and Venezuela is currently a political impossibility, given their statist economies. However, the administration could press ahead on connecting with extra-hemispheric networks such as the Transpacific Partnership involving Canada, Mexico, Chile, Peru, and the United States. The vast market it creates for the hemisphere’s Pacific-coast nations could encourage a gradual shift in policies within Brazil’s protectionist Atlantic bloc.

**FOREIGN AID.** Sometime before 2020, the hemisphere’s population will reach 1 billion persons. Although the population growth rate is not as high as in some other parts of the world, continued expansion could mean rising costs for energy and food. Encouragement is still needed for the rest of the hemisphere to adopt more diverse energy portfolios and modernize unproductive agricultural sectors. Although Haiti is a reminder that some traditional challenges remain, poverty levels are beginning to subside. Such statistics, though not always reliably collected, do show that poverty declined for Latin America and the Caribbean from 36 percent in 2001 to about 12 percent in 2008, according to the World Bank.<sup>3</sup> Concurrently, traditional assistance programs have begun to shift from unilateral providers like the U.S. Agency for International Development to multilateral financial institutions like the World Bank and the Inter-American Development Bank. Still, there are some needs no other government or entity will fulfill. No multilateral institution and few governments beyond China, Russia, and Iran are willing to provide security assistance. Nor are there many others besides the United States that will support U.S.-style rule of law reforms.

**CITIZEN SECURITY.** Worries still dominate relations with Mexico, Central America, and parts of the Caribbean (including Puerto Rico—a U.S. territory). The trafficking of drugs, arms, and humans is a global business with revenues in the hundreds of billions of dollars—many times the gross domestic products of most Latin American and Caribbean countries. Weak rule of law and huge markets for illicit drugs (not just in the United States) fuel criminal and terror networks such as Hezbollah. Whereas Colombia is emerging from a five-decades struggle against rural terrorism, transnational crime now threatens the stability of other neighboring governments. Lack of security depresses economic performance, creating an environment ripe for more crime. Despite budgetary constraints, the

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<sup>3</sup> See World Bank data quoted in Danny M. Leipziger, “The Unfinished Poverty Agenda: Why Latin America and the Caribbean Lag Behind,” *Finance and Development* 38, no. 1 (March 2001), International Monetary Fund, <http://www.imf.org/external/pubs/ft/fandd/2001/03/leipzig.htm>; and World Bank data, “Poverty,” <http://data.worldbank.org/topic/poverty>. Figures are for moderate poverty—persons living on less than US\$2 per day. Note that while Bank data shows Latin American and Caribbean poverty at 12.4 percent in 2008, Sub-Saharan Africa and South Asian figures are close to 70 percent.

United States cannot escape responsibility for supporting improvements in its neighbor's conduct of law enforcement. Current security initiatives for Mexico, Central America, and the Caribbean will need restructuring, more funding, and better interagency cooperation to boost law enforcement capacity.

**OUTSIDE ACTORS.** Foreign intrusion has been an issue ever since most American states won their independence from Europe. Today, China is an economic competitor that seeks raw materials for an industrial complex that exports manufactured goods back to the Americas. Russia keeps its Cold War military plants alive by arming countries like Venezuela. Iran is looking to the Americas for materials and technology to supply its nuclear and defense weapons programs, sweetening relations with the hemisphere's remaining authoritarian governments with aid and joint ventures. The next administration has work to do to streamline agreements and assistance provisions—in other words, to become a more competitive interlocutor—if it wishes to strengthen economic links and its vigilance over extra-hemispheric adventures.

**GROWING CAPACITY.** Another challenge stems from the success of political, economic, and security reforms. The United States has long been accustomed to a tutorial relationship with Latin American neighbors. Yet, Latin America's capacity for partnering and leadership has been growing. Argentina, Brazil, Chile, and Uruguay are leaders in international peacekeeping. Colombia has helped train Afghan police and is working closer to home with Mexico, Central American, Caribbean, and even West African countries. Brazil has its own external assistance agency. Regional forums that do not include the United States or Canada have proliferated, such as the Union of South American Nations (Unasur) and the Community of Latin American and Caribbean States (CELAC), leaving the Organization of American States (OAS) weakened but no less relevant for its role in defending democracy and human rights.

**BLACK SWANS.** Finally, there are two small issues that could loom big—Cuba and U.S. drug policy. On October

16, the government announced that, come January 2013, most citizens will no longer need to apply for an exit permit to temporarily leave the country. Because of the political and economic disparities between nearby developed democracies and Cuba, the temptation for flight is great, and the greatest magnet for émigrés still happens to be the United States. The Cuban Adjustment Act of 1966, known as “wet foot–dry foot,” allows Cubans arriving on U.S. shores or presenting themselves at a port of entry to stay and apply for expedited residency status. In the past, Cubans risked their lives to cross the Florida Straits in rafts. Soon they will be able to travel freely to other countries in the Americas and arrive at U.S. entry points via Mexico—perhaps in great numbers. Maybe the United States does not need to fear another Mariel Boatlift like the 1980s, but its Cuba migration policy should be reviewed and updated.

Regarding drugs, the approval of referendums in the states of Colorado and Washington legalizing possession of small amounts of marijuana for recreational use, even though contravened by federal law, sets up a conflict with hemispheric neighbors that have been stalwart partners in drug supply reduction. In the nation's capital, it is viewed as a states' rights issue with hints that the Justice Department may look the other way. Yet beyond our borders, there have been calls for debates on drug policy among Latin American leaders from legalizing marijuana to lifting bans on cocaine and heroin. This will create a headache for the new Obama administration if allies who sacrificed much to cooperate with U.S. interdiction campaigns decide to end drug cooperation.

### **Recommendations**

The new Obama administration will confront a new scenario in the Americas—one where there are grand opportunities with like-minded societies as well as problems with an expanded list of adversaries, and a region where more capable neighbors are seeking independence from U.S. mentoring. Generally, the United States should

- Adopt a durable, institution-building, partnering agenda.

- Advocate market-based liberal economic policies and expand trade links by encouraging neighbors to build capacity, fully implement existing treaties, and seek extra-hemispheric free trade linkages.
- Reconfigure and streamline development assistance to take advantage of growing capacity in multilateral institutions while increasing unilateral agility to respond to disasters and promote democratic institutions, rule of law, and labor reforms.
- Make this the decade of citizen security. Assistance, especially where it pertains to law enforcement, must be better organized to respond to current threats through better interagency cooperation and more effective representation of the Departments of Homeland Security and Justice overseas, under State Department leadership.
- Engage neighbors as partners. Approach them competitively by keeping agreements simple, assistance timely, and advice discreet. Respect and strengthen local leadership capacity by engaging allies as partners in projects where a high U.S. profile may be disadvantageous. Support the OAS missions of defending democracy and human rights in the hemisphere with a search for more committed leadership, but help it also become a more relevant forum to discuss mutual concerns. Perhaps abandoning its costly and cumbersome summits for a more agile process, as CSIS scholar Arturo Porzecanski has suggested, would help.
- To prevent surprises, review the continued applicability of the 1966 Cuban Adjustment Act. Congress should hold hearings. Address the impact of state marijuana ballot initiatives on U.S. drug interdiction efforts and bilateral cooperation in the hemisphere.

For now, U.S. policy toward the Americas may seem as if it is running on autopilot. To its credit, the Obama administration has, over the past four years, continued and deepened many initiatives begun under predecessors—such as security assistance for Plan Colombia, the Mérida Initiative, and free trade agreements with Colombia and Panama. However, strategies and policies must change with the times, yet be anchored to a durable vision if they are to be useful.

This Hemisphere Focus is the first in a series that offers advice for the new Obama administration. In subsequent issues, CSIS scholars Anton Edmunds, Douglas Farah, David Johnson, Philip McLean, Johanna Mendelson Forman, Arturo Porzecanski, Christopher Sands, Howard Wiarda, and Duncan Wood will share their distinct views and drill deeper into specific issues such as U.S.-Caribbean relations, citizen security efforts, energy policy, U.S.-Mexico relations, and other important topics.

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