



Latin American and Caribbean Center
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Latin America and Caribbean Policy in the Past Decade:
An Informal Assessment

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The past decade has seen dramatic changes in Washington's strategic position in the Americas. US influence is waning. Washington is engaged in a well-intentioned effort to reverse this trend, but its *laissez faire* approach has had only limited success to this point in advancing US interests beyond reducing—just—the position of the United States as the easy bogeyman on whom populist and other policy failures can be blamed.

Broadly speaking, strategic thinking toward Latin America and the Caribbean essentially collapsed with the advent of democracy and a nod toward more open markets, memorialized during the first Summit of the Americas in 1994 *et seq.* The United States insists that democracy in the hemisphere is secure, despite indications to the contrary in several countries, and that hemispheric democracies are inevitable partners sharing a common agenda, if not now then later. This has had the unintended impact of binding US foreign policy priorities in the Americas to the lowest common denominator upon which the region can agree, limiting the range of action that the United States is willing to take, because Washington is quite sensitive that its actions not be perceived as dividing the region or taking steps that would discourage cooperation or engender resistance.

The upshot is that we have now ceded the political initiative to leaders and regimes intentionally pursuing policies that are at times contrary to US interests. Just when the United States should be reaping the reward of years of patient policy investment and hard work, we have focused our attentions elsewhere. A mind shift from romance to realism is now required in order to better highlight the issues at stake in the Americas and to help develop the political will at the most senior levels to marshal the appropriate tools to address them.

Shifting Strategic Dimensions in the Hemisphere

Several significant trends have combined to shift regional dynamics over the past decade and even before:

- The laser-like US focus in the fight against terrorism post-9/11 changed the regional calculus, both in terms of the resources available for regional policy advancement as well as the narrower security lens through which Washington viewed the region and the actions that the region was pressured in turn to pursue.
- Political currents shifted. Venezuela's Hugo Chavez was first elected in 1998, but his populist, authoritarian vision and willingness to seek support from outlier regimes expanded after the coup attempt in 2002, even as he obtained new financial means to promote his Bolivarian project via historically high oil prices. The Argentine economic collapse beginning in late 2001 ultimately led to a decade of Kirchner governance. Brazilian President Luiz Ignacio Lula da Silva, first elected in 2002, grew the economy and brought millions out of poverty while prioritizing efforts to build Brazil's traditional foreign policy vision as a new world power.
- The global recession starting in 2008 hit the United States and the developed world particularly hard, reducing the attractiveness of the Western capitalist model for some regional elites and providing fodder for those such as Chavez intentionally trying to undermine the United States across the region.
- From a base of virtually zero, China's dramatic race for growth underwrote a burgeoning economic relationship with South America, in particular, based on commodities, and contributed to the impression in government, policy, and

business circles that economic diversification away from the United States was not just possible but beneficial.

- The 2011 announcement that the United States would henceforth “pivot” to Asia left many in Latin America and the Caribbean feeling overlooked, again, as US attentions shifted (rhetorically, at least) from Europe and the Middle East.
- The energy revolution across the Americas is scrambling previous strategic calculations and political and economic alliances while offering significant opportunities for engagement by the United States and renewed partnership with countries where relations may have deteriorated.

Shifting Tools Available to Policy Makers

The tools available to policy makers in support of US interests in Latin America and the Caribbean have also shifted over the past decade or so:

- Soft power enjoyed by the United States—the power of example and the desire of other nations to emulate it—is eroding. Economically, the crisis of 2008-09 was paramount; income stagnation over the past decade and widening inequality reduce the external attractiveness of the American financial and economic model. Politically, gridlock and the inability of the United States to address a number of significant issues facing the nation calls into question for some observers the primacy of institutional democracy as practiced by the United States.
- US foreign assistance to the region continues to be reduced, even for staunch allies such as Colombia (although that could change in the mid-term given demands of the peace process). The limited assistance that continues is often so

micromanaged and infused with interest group priorities and advocacy that aid recipients chafe at the strings attached.

- Trade policy was intended to fill the void left by aid reductions, and much progress has been made since NAFTA went into effect 20 years ago. Nonetheless, the US trade agenda with the hemisphere has stalled, in part given an inability to find a mutually-satisfying path forward with Brazil, and the effectiveness of existing free trade agreements such as CAFTA-DR threatens to be degraded by the passage of new agreements to which existing free trade partners are not a party. At the same time, continued US sensitivities to the products in which Latin American and Caribbean nations are most competitive, such as agriculture and textiles, has challenged smaller nations without wider economic prospects in their efforts to build their economies and create a sufficient number of attractive jobs in a manner that fully supports social cohesion.
- The utility of traditional military assistance to the region is minimal, although the need for security assistance has significantly increased. The nature of the threats has changed, from state-on-state violence and guerrilla warfare to personal security fueled by the drug trade and other illegal activities. Now, the administration of justice, rule of law, and effective policing are paramount. Additionally, the emergence of cyber as a real threat across the region has not yet received the amount of attention it requires. This is a potential opportunity for enhanced cooperation, even in the wake of the Snowden spying revelations.
- The effectiveness of US diplomacy in the region has waned. In part that is due to the fact that institutions that rely on consensus-based decision making, including

the OAS and the Summit of the Americas process, have intentionally been paralyzed by a bloc of nations opposed to US interests. In the meantime, the United States has not developed effective “work arounds” to promote its interests, for example using the United Nations or regional subgroups in the same manner that has been done with MERCOSUR, UNASUR, CELAC, and similar efforts. In addition, the Senate confirmation process can unnecessarily create extended periods without ambassadors and other senior officials in place, while the quality of officials working on and in the region varies.

Changing Times, Changing Minds

Perhaps the most useful place to begin in terms of building US interests in the Americas is recognition that regional leaders are political animals, like their US counterparts, and that advancement of US interests requires that it must somehow be beneficial to befriend the United States while adversaries should not be able to undermine US interests without cost. Several steps could be taken that include but also go well beyond Presidential and Cabinet-level visits, both here and there, such as support for Colombia’s efforts to join the OECD, the G20, and the TPP trade negotiations, as well as ensuring that Central America is not harmed by a final TPP trade agreement particularly in sensitive areas. Support for Brazil’s desire for a greater voice in global governance including the World Bank and IMF would be appropriate, while also offering to include Brazil in the G7/G8 now that Russia has been dropped. Development of a robust strategy for the Caribbean Basin including Central America centered on the export of cleaner natural gas—a second CBI—would pay diplomatic and economic dividends. Other policies could also be

considered, including consolidation of existing trade agreements and formulation of an economic cooperation agenda among NAFTA, Pacific Alliance, and willing nations.

Engaging in the areas where the United States maintains unquestioned advantages shifts the playing field to our advantage: trade policy, technology including energy, entrepreneurialism, innovation, education, and an open society that wide majorities in the Americas find attractive. Majorities of people in the Americas generally and genuinely like the United States, and we miss a large opportunity when we fail to appeal to them through public diplomacy, direct engagement, and the power of example. This we can do by offering to partner in areas that capture the vision of Latin America and the Caribbean to which its own people aspire.

The point is that we need to begin to promote specific actions that will attract the region to closer partnership, not just hope for it. In the meantime, we must also recognize that stalled efforts on immigration reform directly impact Mexico, Central America, and the Caribbean, especially, and also that confused and inconsistent drug policies at the state level lead to charges of hypocrisy and resistance to Washington's counternarcotics efforts.

The failure to break out of a romantic mindset for the region, based on platitudes about partnership and shared interests, contributes to inaction because we allow ourselves to be limited to the lowest common denominator in the region before we can move forward. At the same time, refusal to internalize that a number of regional leaders actively seek to undermine US interests means that we are constantly playing defense and political catch-up, failing to anticipate or account for regional blowback on issues that would otherwise be non-controversial. When we fail to contend for the region, we can't

be surprised or upset that we are steadily losing the influence, no matter how outsized, we once enjoyed.

A New Strategy for Central America?

These issues have come to a head in Central America, a region buffeted by crime and lowered economic expectations. Having fought the Central American wars in the 1980's and early 90's and pushed through CAFTA-DR a decade ago, senior level policy makers arguably succumbed to fatigue in dealing with the region. The Summer 2014 images of unaccompanied migrant children arriving at the Southwestern border of the United States revived their interest. It has become clear that without the United States partnering with the region in conjunction with allies such as Mexico, Colombia, and Canada, traditional inclinations toward nationalism and parochialism prevail. Coupled with the breakdown in the rule of law particularly in the Northern Triangle, this has led to a region adrift.

Credit must be given to the many US officials on both ends of Pennsylvania Avenue who have worked diligently to build democracy and economic growth through the years in Central America. The challenge is that the problems there are intractable and growing worse. It will require a new political-level mandate for a long term, whole-of-government approach. This occurred in Central America in the 1980's via the so-called Kissinger Commission, and in 2000 high level bipartisan agreement helped launch Plan Colombia. Such a political mandate is now required for the broader Caribbean Basin; after all, even if drug traffickers are largely pushed out of Central America, they will find their way back to the Caribbean, and indeed some already are. We need a new strategy that encompasses the Andean region, the Caribbean Basin, and North America given that most if not all of the issues are directly or indirectly intertwined.

Issues including economic development, resource mobilization particularly from the region itself, effective leadership, anti-corruption, counter-drug operations, and a major focus on the rule of law are all required; nonetheless, without effective policing and public security the other issues are obscured. As police are trained and become more effective—a process of years not months—the local military apparatus will have to be employed as a stopgap. This can be done transparently and appropriately, with full respect for human rights and the expectations of democratic societies. At the same time, it is vital that the United States find new ways to work together with Central American nations *as a region*, so that the tyranny of small differences is eventually overcome and criminals are no longer able to arbitrage countries against each other in the pursuit of ill-gotten gains. On the economic side, too, this is of growing importance given the relatively small size of Central America economies and the need for larger markets, economic efficiencies, and supply chains.

Central America today is politically and economically complicated but the United States has invested too much over the last century to see the region deteriorate further. It's time to seek a mandate for broader, more comprehensive engagement, in conjunction with our regional allies and cooperation with the affected nations themselves. Advocacy by and with the highest levels of government will be required to get this done.