

The Western Hemisphere: *Rethinking Strategic Relations?*

Where will democratization and market-based economic reform lead neighboring states? Will today's positive trends and "do-it-ourselves" attitude endure and prosper? How should the United States react to the international system emerging in Latin America and the Caribbean? The region's outlook is hopeful, more so than others, as this chapter will discuss.

Western Hemisphere modernization has come a long way in a relatively short time.¹ Fundamental economic developments and political changes have pushed inter-American relations toward subregional integration, hemispheric interdependence, and increased Latin American autonomy in world affairs. The region has become the least militarized and one of the most peaceful in the world. Negotiations ended Central American civil wars early in the decade. Peru and Ecuador just settled South America's most difficult border dispute, and Colombia is trying to end nearly four decades of internal armed conflict.

However, progress toward improved competitiveness in the global economy and more effective democratic governance has a downside.

The experience has been uneven, difficult, and sometimes contradictory. When managed poorly, it has perpetuated socioeconomic inequalities, weakened political institutions, and encouraged private armies and criminal elements.

Epoch-making changes in the Americas suggest the need for the United States to adapt its policy framework to a different strategic setting. This step is difficult, however, because it challenges traditional assumptions about U.S. regional security interests and a comfortable mindset about how to pursue them. Historically, the United States generally has handled its hemispheric concerns in well-meaning but occasionally clumsy and erratic ways. Regional instability has been met with policies ranging from disengagement to invasion. The ambivalence of policymakers often is a function of deeply ingrained geostrategic analysis. Countries to the south have long been regarded as geographically isolated from the mainly east-west currents of international relations. Except for the 1962 Cuban missile crisis, no Cold War military threat to the U.S. homeland appeared in the hemisphere. Consequently, the United States accorded the region a low priority. The relatively small U.S. military presence in the Americas since 1945 has been more politically motivated

President Clinton welcomes President Carlos Menem of Argentina during a visit to the White House in January 1999



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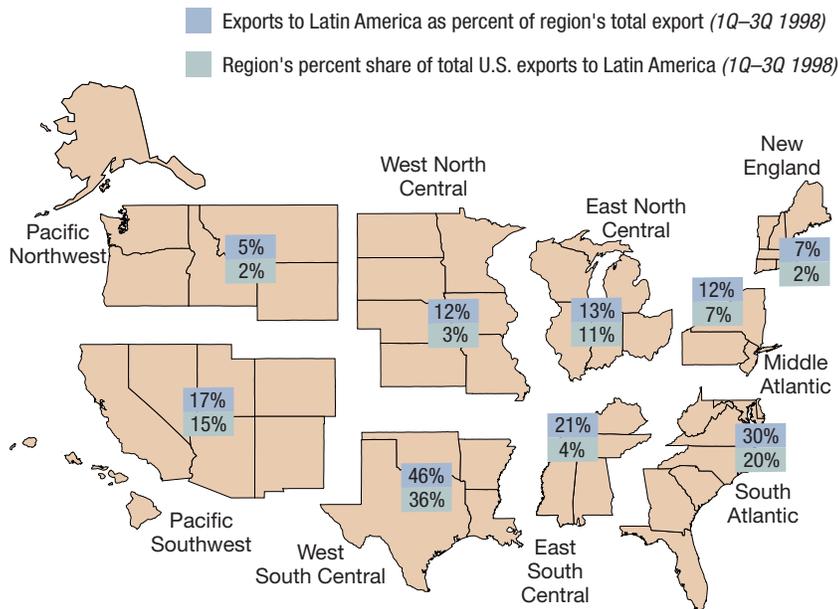
than defense related. The withdrawal of U.S. forces from Panama by the end of 1999, in accordance with the 1977 Panama Canal treaties, after a failed, controversial attempt to retain a reduced counternarcotics presence, highlights continued U.S. ambivalence.

For over 100 years, Washington has sought to ensure that the hemisphere remains a secure, peaceful, and stable strategic base of operations from which to conduct unilateral and allied actions in other parts of the world. The ability to tap the region's significant economic potential has been an important corollary. In essence, three long-range security goals have remained relatively constant. First and foremost, the United States has tried to reject any extrahemispheric influence or presence hostile to its interests (as specifically defined at different times). Second and closely related, the United States has sought to encourage political stability, particularly in the Caribbean Basin, and reduce any vulnerability to

foreign intrusions. Finally, the United States has wanted to remain the regional leader, imposing its standards and unilateral sanctions. In pursuing these goals, America traditionally has economized in the commitment of its political and military capital, although on occasion Pax Americana has required the use of overwhelming power.

Neighboring states have not always enjoyed living within the U.S. sphere of influence, where Washington's views, actions, and even indecision can create apprehensions and insecurity. The history of diplomatic or military interventions in Latin American and Caribbean affairs, offending national sensibilities and pride, has not been forgotten. Resentment persists at being described as peripheral, developing, subordinate states. The unintended paternalism in U.S. offerings of support and assistance is offensive, but the United States often is the only source of support available. Latin and Caribbean leaders still criticize U.S. policymakers for their tendency to see the region through North American eyes and to impose decisions without consultation or a clear understanding of the inherent complexities.

Exporting to Latin America



1997 Exports to Latin America, by Selected State

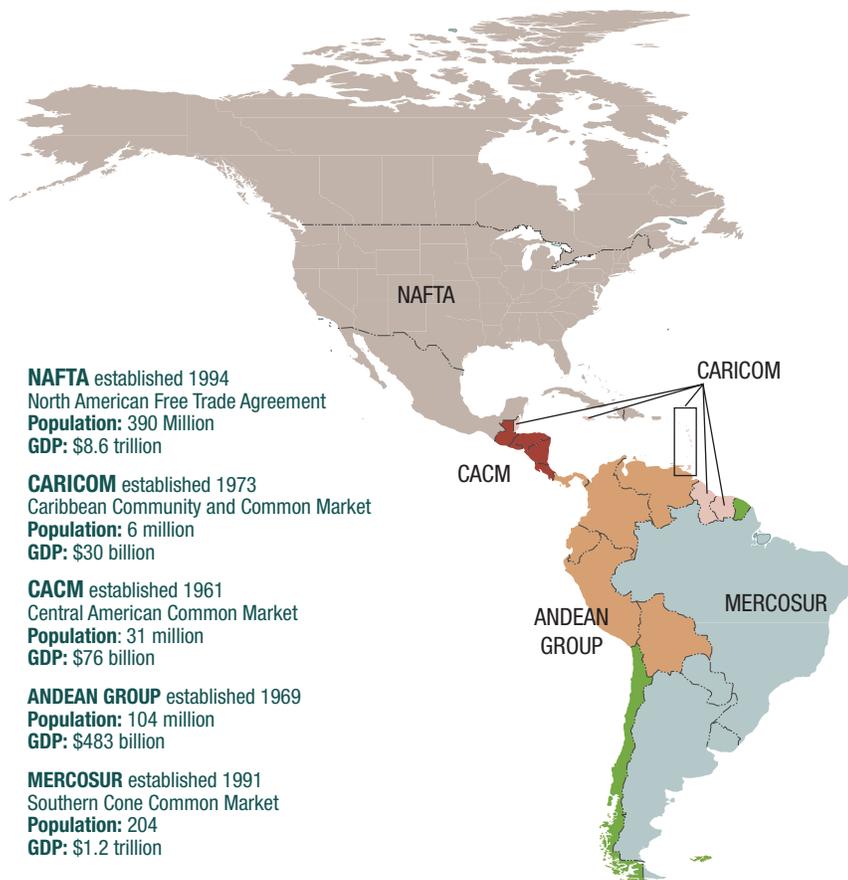
State	Amount (in millions)	Share of State Exports	Share of Gross State Product
Florida	\$13,380	48.5%	3.5%
Texas	39,547	46.9	6.6
Wyoming	154	25.2	0.8
Alabama	1,635	24.4	1.6
Michigan	7,465	21.5	2.7
Mississippi	573	21.1	1.0
Delaware	456	19.7	1.5
Arkansas	496	19.2	0.8
Louisiana	3,900	18.9	3.0
Georgia	2,676	18.2	1.2
Arizona	2,577	17.3	2.1

Today, for the most part, nations no longer fear U.S. intervention. Latin America and the Caribbean states have embraced free markets, cooperative subregional trade regimes, and constitutional democracy that in turn have stimulated closer economic relations with the United States and spurred international trade and investment. These changes have encouraged a sense of community based on values and interests shared by independent countries. The 1994 Miami Summit of the Americas was a milestone for the emerging hemispheric system—the first summit held in 27 years, the first hosted by the United States, and the first in which all political leaders represented democratic governments. President Clinton described the unprecedented development as “a unique opportunity to build a community of free nations, diverse in culture and history, but bound together by a commitment to responsive and free government, vibrant civil societies, open economies, and rising standards of living for all our people.”

Transformations in the hemisphere’s political, economic, and military-strategic environment at the end of the millenium have produced a growing sense that the region’s historical experience with security matters is no longer a reliable guide for relations among North American, Latin American, and Caribbean states. The heads of state and government participating in the 1998 Santiago Summit of the Americas recognized the need for change and directed the Organization of American States (OAS) to investigate the security implications of the emerging international system.

What are the implications for the United States of this new multifaceted American security context? Should Washington keep pace with Latin American and Caribbean transformations? Policymakers and analysts preparing for the Santiago presidential summit expressed concern about the U.S. reality that emerged between 1994 and 1998—the narrowness of its regional interests, the restraint in commitments, and an unwillingness to exploit fully the unprecedented opportunity presented by new hemispheric relations. The traditional ambivalent mindset has encouraged Latin American and Caribbean nations to pursue their own intra-regional interests, develop economic, political, and security links in other regions of the world, and define their own niches in the international community. Has the hemisphere’s strategic importance for the United States changed? Has the United States changed? What role should the United States play in the next decade—unitary actor or regional partner?

A United Hemisphere?



Sources: Inter-American Dialogue, Commission for Latin America and the Caribbean, World Almanac, Political Handbook, World Bank

Key Trends

Strategic Assessment 1995 highlighted six important security-related dynamics in the Americas:

- Constitutional democracy's silent revolution
- Economic reform and its impact on security
- Governmental reform's role in consolidating this progress
 - Regional steps toward peace
 - The uncertain role of Latin American militaries
 - A shifting U.S. agenda regarding inter-American security relations.

These trends have evolved, and the significance of some has changed. The key trends in 1999 continue to be primarily economic, but they also underscore the increased importance of democratization, institutional reforms, social issues, and the changing nature of regional security.²

Influences on the Region's Economic Development

Latin America's Economic Potential

In September 1998 and January 1999, international financial institutions and leading industrial countries drew a line in the sand regarding Latin America. They sought to stem the flight of global capital that had already triggered the Asian and Russian economic crises and renewed uncertainty about emerging countries. Brazil was pivotal. Its collapse might precipitate a domino effect throughout Latin America, with dire consequences for other economies worldwide. In 1997, about 20 percent of U.S. foreign direct investment, \$172 billion, was in Latin America, over \$39 billion in Brazil alone. More than \$160 billion of the region's loans are from European Union banks; more than \$60 billion are from U.S. banks. Although extreme volatility in international finance and trade in 1998 dampened the region's growth, economies performed reasonably well. The UN Economic Commission for Latin America and the Caribbean (ECLAC) reports an average growth rate of 2.3 percent, down from 5.2 percent for 1997 but higher than the figure for the world economy as a whole—estimated at less than 2 percent.

Brazil remains the eighth-largest economy in the world. \$750 billion in 1995, equal to China's and larger than Canada's, which is the largest U.S. trading partner. Argentina's economy was \$325 billion, approximately the same as Australia, Russia, or India. Mexico's economy was \$237 billion, fifth largest in the hemisphere. The economies of Colombia, Venezuela, Chile, and Peru were less than \$100 billion, but in the world's top 30. Central American, Caribbean, and smaller South American states had economies less than \$20 billion.

Latin America and the Caribbean continue to be a main source of many raw material imports, particularly petroleum. Almost 40 percent of the crude oil consumed in the United States comes from the Caribbean Basin. The hemisphere also is an increasingly important export market for the United States. The region's average inflation rate is expected to remain under 20 percent, down from 1200 percent in 1990. The total population will grow to be more than 515 million by the year 2000, almost twice the expected size of the United States. Over the last decade, the value of U.S. exports has tripled, surpassing \$134 billion in 1997. In that year alone, almost 50 percent of exports from Florida and

Texas, \$13.4 and \$39.5 billion respectively, went to Latin America. The United States normally captures 40 percent of the Latin American market, as opposed to 20 percent in other regions. Excluding Mexico, this is one of the few regions worldwide where the United States has a trade surplus. In terms of continental partners, Brazil tops the list, followed by Mexico and Argentina. The absence of free-trade agreements beyond Canada and Mexico, however, is beginning to cost U.S. firms export sales. In Chile, for example, they face an 11 percent duty.

Trade Integration

In the late 1980s, Latin American countries began transforming trade policies and restructuring national economies. This made them more compatible with one another and with Canada, and the United States. Economic homogeneity facilitated an external orientation that fostered intraregional cooperation designed to achieve integration with the global economy. Argentina, Brazil, Paraguay, and Uruguay formed the successful MERCOSUR, the Southern Cone Com-

Before the external shocks of 1998 slowed economic growth, intraregional trade had steadily increased in volume, encouraging greater interdependence, especially in the Southern Cone. In its first 7 years, trade among MERCOSUR states more than tripled, growing from \$6.2 to \$21.4 billion. Today, Brazil absorbs one-third of Argentina's exports. MERCOSUR, already the world's third-largest trading bloc with some 204 million people, had external exports averaging \$60 billion between 1995 and 1998. It is negotiating trade arrangements with the European Union (EU), neighboring countries in South America, Mexico, and Canada. Chile and Bolivia are associated with MERCOSUR but not full members. Chile has chosen to establish bilateral trade relations with most countries in the hemisphere.

Increasing inter-American trade integration presents hard decisions. The Caribbean Community and Common Market (CARICOM), representing 6 million people, differs from other trading blocs. Lower tariffs and reciprocal trade relations present profound challenges. In order to keep people employed and avoid a drain on foreign exchange, the small size of CARICOM has required an unusually high degree of protection. Movement toward free trade ultimately will end the Caribbean region's preferential access to the U.S. market under the Caribbean Basin Initiative (CBI), increasing pressure on these nations to compete in the market place. This situation is complicated by U.S. efforts to end the preferential treatment the EU gives to bananas from its former colonies in the Caribbean and elsewhere. The potential consequences of having to compete in the international marketplace not only may include adoption of new domestic enterprises, including the illegal cultivation of marijuana, but also may trigger a new wave of problems in migration, domestic security, and politics.

Growth of U.S. Exports, 1995-98

(nominal) %

	1995	1996	1997	1998 (7 months)
Total	14	7	10	0
Latin America & Caribbean	4	14	23	12
European Union	20	3	10	7
Canada	11	5	13	-4
Pacific Rim	22	4	3	-15

Source: World Trade Atlas, 1998.

mon Market, in 1991. Dormant subregional economic groupings were awakened in the Andean countries, Central America, and the Caribbean. The unprecedented North American Free Trade Agreement (NAFTA) furthered this trend in 1994. At the Miami Summit of the Americas later that year, the 34 heads of state and government agreed to negotiate a Free Trade Area of the Americas (FTAA) by the year 2005. Preliminary talks have commenced among trade ministers, who now are supported by nine technical working groups.

Expanding Foreign Economic Inroads

While the United States remains by far the region's largest trading partner, the EU has significantly enhanced its position. The EU exported \$83 billion in 1995 and recently became the largest trade partner for Brazil and Argentina. The EU also has signed Framework Agreements with MERCOSUR (1995) and Chile (1996) and embarked on negotiations with Mexico in 1998. The EU seeks progressive and reciprocal liberalization of trade in conformity with World Trade Organization rules, establishment of free-trade areas, and political and economic cooperation. Germany is the undisputed top European trading partner, followed by Italy, France,



AP/Wide World Photos

Argentine A-4 touch-and-go on Brazilian aircraft carrier

Spain, and the United Kingdom, in that order. Trade among the eight largest Latin American economies and these countries reached \$61.3 billion in 1997, an increase of 10.2 percent over 1996. Open market policies have made joint ventures quite common. A few European companies, such as Volkswagen and Royal Dutch Shell, are deeply entrenched in the region.

Asian presence in Latin America is apparent in Brazil, Panama, Chile, Mexico, and Argentina. China and Taiwan play major roles, followed by South Korea and Japan. Trade among these nine countries reached \$41.5 billion in 1997, an increase of 7.2 percent over 1996. Asian companies see Central America as the bridge between the booming U.S. economy and markets in South America. Central America provides inexpensive labor for the production of light industrial goods and apparel for export. In Guatemala, South Korean companies operate 180 *maquila* assembly plants that employ 100,000 workers. The Panamanian link between the Pacific and Atlantic Oceans has become a key maritime and air hub for distributing Asian goods. The Colon Free Trade Zone on

Panama's Atlantic coast is the world's largest free-trade zone after Hong Kong. It trades billions of dollars each year in Asian imports, re-exporting throughout the hemisphere.

The Asian approach to growth reinforces subregional integration. Taiwan, for example, seeks to reinvigorate Central American structures and institutions for economic development that the United States encouraged in the 1960s. Taiwan is a nonregional member of the Central American Bank for Economic Integration and provides small business loans. Production takes place in the *maquilas*, following the owner's workplace labor standards. Many analysts believe that Asian influence is changing traditional agriculture-based economies and that this will have an irrevocable affect on subregional structures.

Until late 1998, the influx of foreign capital soared because of the privatization of government industries. Brazil, for instance, attracted

portfolio and direct investment in mining, electricity, port operations, and telecommunications. Foreign interests purchased seven of Brazil's ten largest banks. The banking system generally is considered more stable than Russia's or even Japan's. The fact that most outside investments are made by private investors remains a problem. Latin American and Caribbean countries are vulnerable to capital flight if private investor confidence wanes, as occurred at the close of 1998. The outlook for 1999 remains highly problematic.

Analysts agree that recent worldwide declines in investor confidence do not reflect fundamental strengths of Latin American economies. They point out, however, that the crises require governments to work harder to retain investor confidence. Executive and legislative branches together must curb government spending and enact such institutional reforms as restructuring tax and social security systems. Domestic policies are vulnerable to market forces. Elected leaders have less

manpower, and information among neighboring countries is changing the nature of intraregional relations. Economic integration has improved communication, which in turn has encouraged political and security coordination. The other MERCOSUR states, for example, played important and active roles in helping Paraguay abort a 1996 military coup attempt and to resolve a related 1999 constitutional and institutional crisis. National instability has become a regional concern.

Latin American states are cultivating the investment and trade of non-American partners, and some have begun to explore political and security relationships with the EU, Japan, China, Taiwan, South Africa, and others, seeking an extrahemispheric counterbalance to U.S. influence. This is part of a trend toward showing less deference to the United States as neighbors shape their development plans and overcome past disadvantages in dealing with the industrialized world.

Defense Spending in Latin America

	Defense Expenditure (as % of GDP)		Total Armed Forces 1995 (thousands)	Total Defense Expenditure (\$ billions)	Defense Expenditure per Man in Arms (\$ thousands)
	1995	1985			
Brazil	1.5%	0.8%	295.0	\$6.9	\$23.0
Mexico	0.9	0.7	175.0	3.7	51.0
Colombia	2.0	1.6	146.4	1.2	8.0
Chile	3.8	7.8	99.0	1.9	21.0
Venezuela	1.1	1.3	46.0	.68	12.0
El Salvador	1.8	4.4	30.5	.13	4.0
Dominican Republic	1.3	1.1	24.5	.11	5.0
Honduras	1.3	2.1	18.8	.05	2.5

Sources: UNDP Human Development Report, 1997, USS Strategic Balance 1997

room for mistakes and quickly find that they must attack high national unemployment and the worst distribution of wealth of any world region.

Political Impact of Economic Change

The decade of the 1990s is a milestone in the hemisphere's modern development. The increased movement of goods, capital, energy,

The Rocky Process of Democratization

Twenty years ago, the region's democracies included three Latin states, the Commonwealth Caribbean, the United States, and Canada. The prospects for more were bleak. As the 21st century dawns, 34 of 35 American nations conduct national elections. Only Cuba lacks a representative government.

Democratization envisions a gradual and not necessarily smooth transition from authoritarian rule to democracy. The process begins with free elections that allow previously excluded groups to participate in a meaningful political process. Democratic norms and procedures, however, do not equate to effective democratic governance. Most Latin American and Caribbean countries are developing the mechanisms that consolidate democracy and provide transparent, accountable, and professional governance. They have not yet constructed representative and responsible political parties, influential legislatures, effective legal/regulatory systems, and skilled civilian government agencies. The public's trust has not yet been earned. The older and still venerated two-class, corporate-paternalistic system retains considerable influence. In some societies, group rights, or *fueros*, continue to take precedence over individual rights and the rule of law.

By failing to respond to domestic and global pressures during the region's debt crisis in the

late 1970s and 1980s, Latin American governments precipitated democratization. States now face the difficulty of building modern institutions that can deliver public services effectively and efficiently and are accountable to an electorate and to elements of government. Strong resistance, particularly in the six areas below, slows the progress of democratization.

- *Poverty.* Privatization and downsizing initiatives that attract foreign trade and investment also have negative effects—high unemployment, low wages, and slow growth. Latin America has the most uneven distribution of income and wealth of any region. The poorest 40 percent of the population receives only 10 percent of the region's annual income, while the wealthiest 20 percent receives 60 percent of the income. Poverty is widespread. The most severely affected are indigenous groups, racial minorities, women, and children. Living on the margin prevents people from investing in their own human capital. Weak education and health systems provide little support. Social safety nets are uncommon.

- *Population Growth.* Although the annual population growth rate slowed from 2.1 to 1.5 percent in the last 20 years, in 2000, Latin America and Caribbean populations are expected to exceed 515 million, three-quarters of whom will live in cities that already lack adequate infrastructure. Approximately 52 percent will be under age 16. The number of people entering the work force annually surpasses the number of jobs available. These conditions have serious implications for already inadequate education, health care, and other social services and encourage migration.

- *Domestic Crime.* Nearly every Latin American city will be more dangerous in 2000 than when the liberal reforms began in the 1980s. The region's surging murder rate is already six times the world average. Kidnappings are rife. Half of the world's abductions occur in Colombia, where an estimated \$100 million is paid annually in ransoms. The causes of domestic crime include drug consumption and trafficking, income disparity, inadequate urban infrastructure and services, corrupt police, and discredited judicial systems. Conviction rates are typically under 10

The Center for Hemispheric Defense Studies

The National Defense University Center for Hemispheric Studies (CHDS) supports the U.S. commitment to security, prosperity, and democracy in the Western Hemisphere. The center's mission is to develop civilian expertise in the planning and management of security, defense, and military affairs, as well as to promote civilian and military collaboration in defense matters and to encourage national, regional, and international dialogue on defense and security themes.

The center was created in response to a need—identified at the first Defense Ministerial of the Americas in Williamsburg in 1995—for more qualified civilians to lead the region's growing number of civilian-headed defense ministries. Secretary of Defense William Perry announced U.S. support for a regional defense studies center at the Second Defense Ministerial in Argentina, in 1996. The center opened its doors at National Defense University in September 1997. Defense Secretary William S. Cohen appointed Dr. Margaret Daly Hayes, a civilian educator and expert on Latin American defense issues, as the center's first director.

The center held its first core seminar in March 1998 and by April 1999 had graduated 224 fellows representing nearly every country in the region. This 3-week executive seminar focuses on the knowledge and skills critical to managing a defense or security ministry. Participants review and discuss comparative defense organizations, traditions, values and ethics of the military profession, roles and missions of the armed forces, the economics of defense, planning and budgeting, human resource management, logistics, intelligence management, external control and oversight, public communications, interagency collaboration, and legislative relations.

Other center programs include a Defense Education Conference for defense specialists from civilian universities and heads of military service education and training, a Senior Leader Seminar with senior legislators and legislative liaison officials, on-site seminars in the region, and an active outreach program conducted over the Internet. The center aims to become a center of excellence in comparative defense studies; a catalyst for regional and national dialogue, research, teaching, and dissemination of information and materials on management of the defense sector; and an influential forum for new and practical thinking on defense planning and management. To fulfill that vision, the center is developing teaching tools and original defense and security case studies focused on Latin America and the Caribbean. It is promoting scholarship in these areas throughout the hemisphere. The center is encouraging dialogue on defense and security issues by developing a defense-studies bulletin board, chat-room, resource center, and distance-learning program through its web site. The center also plans to increase its resident fellowships and to expand the number of activities it hosts in the region. Additional information is available at the center's web site: www.ndu.edu/ndu/chds.

percent. Vigilantism is increasing; more than 100 lynchings were reported in Haiti and Guatemala in 1997. The demand for protection has generated a proliferation of private security firms. In Guatemala, where there are 10,000 policemen, there are 17,000 private security guards who are better armed and paid. In Colombia, strong paramilitaries challenge the national government as well as the drug cartels and insurgent groups.

- *Weak Government.* Government agencies have been described as “overstaffed and under-competent bureaucratic disaster zones.” In traditional Iberic-Latin systems, those in power have benefited from government charging fees for service rather than serving society. This trend continues. Over-regulation and red tape can easily be overcome with well-placed bribes. Concepts such as professional civil service and intergovernmental coordination are not yet common practice, but some local, state and national governments are making major efforts to improve management and accountability.

- *Traditional Behavior.* In Latin American societies, attitudes toward constitutional, legal, and regulatory systems are lax; the roots go back to the colonial period. This “*obedeisco pero no cumplo*” [I obey but do not comply] behavior leads to a quiet but stubborn resistance against those in power. This mindset must change if modernization is to succeed. National leaders are confronting this challenge by implementing institutional reform and mass education.

- *Globalization.* Countries do not have the luxury of time to demonstrate progress in institutional development. International financial institutions make loans and investments on the condition that specific social, economic, or legal changes are being implemented. Private foreign investors are less tolerant.

Numerous surveys suggest that Latin American and Caribbean societies want democracy rather than authoritarian regimes. But, they also reveal massive disillusionment with the performance of representative government. This is evidenced by a high degree of electoral turmoil. Voters search for candidates they believe can resolve basic problems. Traditional political parties often are shunned as inflexible and corrupt. The loss of political faith increases as successive administrations fail to reduce the level of inequality and to increase labor opportunities. The recent landslide election of Venezuela’s President, Hugo Chavez, a former coup leader and critic of the country’s traditional political and economic order, is an important example of this trend.

Citizens are demanding greater participation in institutional change, beginning at the local level of government, and protection from the adverse impacts of reform policies. Domestic groups are increasing in number and influence. Organized community associations, nongovernmental organizations, and social and religious movements are making local decisionmaking more important. Rudimentary ties among the local, provincial, and national levels are addressing socioeconomic inequalities. Direct elections of mayors and governors have begun in some Latin states. Time is needed to broaden the social base of new democracies and promote political participation.

Despite the internal problems described, a positive trend is emerging. Grass-root forces are gaining strength and cohesiveness. Popular democracy in Latin America seems here to stay.

Security Dilemmas— Multidimensional and Subregional

The Improved Security Environment

The region has a remarkable record of peaceful change and conflict resolution. War between neighbors has lost appeal, particularly as economic integration continues. Except in Colombia, civil wars have ended. Small terrorist groups still exist in Mexico and a few other countries. The region’s thorny border disputes, once a primary source of tension and occasional conflict, are largely resolved. The 1998 peace accord ending such a dispute between Peru and Ecuador demonstrated the combined effectiveness of diplomacy and military peacekeeping achieved for the first time by Argentina, Brazil, Chile, and the United States.

Latin American and Caribbean states have declared the region a nuclear-free zone and renounced other weapons of mass destruction. Countries are more interested in military modernization within national means, strategic equilibrium, transparency in defense policy, and subregional cooperation. Geopolitics is losing its traditional attraction as the basis for strategic thinking. The Brazilian and Argentine Governments have stated publicly that they have no enemies. The new biannual Defense Ministerial meetings, begun in 1995 by Secretary of Defense William Perry, have created an important channel for dialogue. Under OAS leadership, countries are beginning to accept confidence- and security-building measures, including transparency in arms purchases.

On the subregional level, the Central American governments have gone beyond confidence building and are discussing the integration of defense institutions. The Eastern Caribbean's Regional Security System has developed an effective operational orientation. When required, the organization can marshal military and police contingents from member states and provide command and control. In South America, the MERCOSUR partnership is studying the security ramifications of trade integration. The spirit of economic and political confidence building already has contributed to improved relations between the Argentine defense institutions and counterparts in Brazil and Chile. This has led to bilateral meetings of service and defense staffs, unprecedented bilateral military and naval exercises, an effort to develop a common "strategic dictionary" for Southern Cone countries, and Argentine and Chilean plans to coproduce a frigate.

Changing Security Concepts

The international security system emerging in the Americas at the end of the century de-emphasizes the need to balance power against other states, perfect military deterrence, or seek collective defense arrangements against threats from outside the hemisphere. This approach to security has been eclipsed by threats to the domestic order challenging the state's ability to hold the country together and to govern. These threats can be divided into three categories:

- Natural disasters, including the aftermath that can be worse than the disaster itself, and environmental degradation.
- Domestic threats, such as poverty, socioeconomic inequality, ordinary crime, social violence, and illegal migration.
- The challenge of private actors—terrorist factions, international organized crime (trafficking drugs, weapons, goods, people), and nonstate armies (ideologically focused organizations, paramilitary groups, and modern-day pirates simply seeking wealth and personal power).

Governments face security problems that are multidimensional and localized. The multidimensional characteristic recognizes that a state may face simultaneous challenges in all three categories. This requires an aggressive strategy that draws upon a variety of national and international capabilities—humanitarian, environmental, economic, political, law enforcement, and military—to protect national interests. Today, armed rebellion, paramilitaries, drug cartels, poverty, and ecological problems undermine

stability in Colombia and Mexico. All are intertwined, making it impossible to isolate individual threats and focus national efforts on their sequential elimination.

Threats to national security do not recognize interstate boundaries. The transnational aspect of such problems as environmental degradation, epidemics, and private armies raises the need for multinational cooperation. Caribbean and smaller Latin American states have traditions of an integrated response that are embodied in the Regional Security System and the Central American Security System. The United States often has shared interests and been willing to help, but, increasingly, local instability is the interest of neighboring states concerned that insecurity in one country could affect international trade and investment in the subregion. Paraguay's partners in MERCOSUR were key in stopping a coup attempt there in 1996 and encouraging the continued defense of democracy over the last 2 years.

Reflecting the new environment in the Americas, security challenges pose important questions for the next decade. Will Latin American and Caribbean states complement and support economic and political advances in hemispheric cooperation with regional or subregional security mechanisms that facilitate multilateral responses to common concerns? Or will nations continue to define their security in strictly national terms? The OAS initiated a program in early 1999 to analyze the meaning, scope, and implications of international security concepts emerging in the hemisphere.

Whatever the answer, the U.S. role in hemisphere security will remain important in the years ahead. While there is no longer fear of U.S. invasion, and Latin American nations have been better able to control, or inhibit, U.S. actions, Washington still resists constraints that would curb its freedom of action. However, the United States has been willing to defer to the views of neighboring governments, actively collaborate, or rely on international organizations when other nations have been able to engage a problem themselves or harmonize their position with that of the United States.

Antidrug Cooperation—Tense But Improving

The drug trade threatens national security and public health in practically every country in

Situations Requiring Significant Attention

In 1999, events in Caribbean Basin nations continue to delimit the scope and nature of U.S. security attention in the Western Hemisphere. There is no distinct U.S. policy on this subregion, but there are a number of country-specific interests tied together. Each has strong roots in U.S. domestic politics. Five countries, listed from least to most concern in the near-term, are discussed briefly below.

Panama. Washington's primary policy interest is the departure of U.S. military forces by noon, December 31, 1999, in accordance with treaty obligations. U.S. Southern Command's headquarters relocated to Miami in 1997. The Command's Army component moves a force significantly reduced in size and capability to Puerto Rico this year. The United States is seeking agreements with several countries to establish temporary forward operating bases for U.S. Government aircraft used in counterdrug operations. The departure from Panama ends almost 100 years of U.S. military presence in a Latin American country. The "military withdrawal" (term used by Latins) to U.S. territory and downsizing of the force will send practical and symbolic messages to the region's leaders and influence national geopolitical thinking.

Cuba. Washington and Havana remain profoundly divided; the possibility of compromise and reconciliation is still remote in Castro's 40th year in power. The January 1999 announcement of a limited relaxation of the U.S. economic embargo against Cuba was correctly perceived there not as an attempt at détente, but as a shift in strategy to erode the government's control through humanitarian and social contacts. Havana is working hard to improve the effectiveness and efficiency of its economic management and to retain the support of the people, but political control has not been relaxed. The limited opening of the Cuban economy, especially for tourism, has attracted significant foreign investment.

Mexico. Only recently, with NAFTA, has Mexico begun to modify its insular and defensive stance toward the United States. North of the border, government leaders are beginning to realize that Mexico influences this country in multiple ways and is very important. However, Mexico is on the unsure and difficult path of democratization, marketization, and social reform. Efforts to move away from an embedded system of patronage and deep societal inequities without modern institutional capacities and adequate resources have been complicated by major domestic drug-trafficking organizations. Their criminal activities generate violence, feed corruption, and in many ways undermine Mexico's political transition and socioeconomic stability. Mexico is slowly building capacity for effective governance, and both countries are working closely to address common challenges forthrightly while upholding the principles of sovereignty, mutual respect, territorial integrity, and nonintervention. Counterdrug programs are a priority. Progress will come with time, trust, and cooperation.

Haiti. Five years after U.S.-led forces overthrew the military regime and gave democracy a second chance, there is major concern that the country is slipping back to chaos and a new refugee flow. Critics argue that Washington has provided over \$2.2 billion, but the nation's poverty, fraud, and corruption remain relatively unchanged and political turmoil and domestic violence are growing. At the crux of these problems has been gridlock between the President Prival government and the legislature since June 1997, when the Prime Minister resigned. The dispute over economic reforms reflects the intense distrust between political parties and social classes, and between the countryside and Port-au-Prince. The impasse has denied Haiti nearly \$1 billion in assistance from international financial institutions. In January 1999, President Preval dissolved the parliament, effectively implementing one-man rule. The Clinton administration recently rejected ending the presence of nearly 500 troops working on humanitarian projects because of the increasing turmoil, arguing that U.S. aid is having specific, measurable results.

Colombia. The United States faces its most alarming yet elusive policy difficulty in an internal Colombian war that has surged and faded for over three decades. Since late 1997, well-organized, -equipped and -paid rebels have consistently defeated government forces in pitched battles involving multibattalion size forces. The Revolutionary Armed Forces of Colombia (FARC) and the smaller National Liberation Army (ELN) now control 40 percent and operate at will in nearly 70 percent of the country. Their achievements and the military's poor performance have encouraged paramilitary groups to act. They have become more formidable and ruthless. In this unstable environment, narcotics businesses with rebel and some "para" support operate with impunity. President Pastrana's administration, sensing a national desire for peace, has initiated a dialogue with the FARC in hopes it will result in peace negotiations. While the United States supports the initiative for peace, Washington's primary interest continues to be drug trafficking. The U.S. Congress is playing an increasingly assertive but ambiguous role, designing limits on U.S. engagement with the Colombian military while prodding the Clinton administration to improve its counterdrug efforts. In sum, this war poses two conundrums. In Colombia, the government is unable to hold the country together. Many citizens are demoralized, yet the society is unwilling to engage fully in defending its democracy; civil authority has not mobilized the country nor taken fundamental steps needed to win, particularly in the area of defense reform. In the United States, the breakdown in Colombia adversely impacts several national security interests—democracy, narcotics trafficking, and stability in neighboring states—but suboptimized U.S. engagement has been focused on the secondary problem. Peru's recent success is instructive. Once its insurgency was defeated, the state was able to mount a more effective national campaign against drug-trafficking organizations, and U.S. assistance had a more substantial impact.

the hemisphere. The threat encompasses the production of cocaine, heroin, marijuana, and synthetic drugs, consumption-abuse, trafficking, and money laundering. Its more indirect consequences include illegal arms trafficking, street crime, and corruption. The drug trade presents an almost irresistible opportunity for many American societies to increase wealth. The full impact on each nation varies and is not well documented, leaving neighbors unable to agree on the immediacy and seriousness of the challenge. Latin and Caribbean ambivalence hampers the ability of the United States to move beyond bilateral antidrug agreements to more effective subregional or regional arrangements.

The hemisphere's drug problem is a continuous challenge fraught with contentious issues and frustrations for all countries. The United States criticizes pervasive drug corruption that has reached unprecedented levels, particularly in Mexico. Interdiction operations and crop eradication often are seen as limited, too slow, and ineffective. Some governments regularly refuse to extradite suspected drug traffickers to the United States. On the other hand, Latin American and Caribbean officials argue that U.S. counterdrug policies often detract from cooperative efforts, complaining about violations of sovereignty. Two examples are U.S. certification of a country's full cooperation in combating drugs, and the "ship-rider" agreements with Caribbean states to facilitate "hot pursuit" of drug traffickers in territorial waters and air space. Governments often accuse Washington of diplomatic extortion: using U.S. drug assistance as an incentive to change national policies, or using it to circumvent national procedures to achieve an outcome America desires. Recently, the U.S. Congress provided Colombia with several hundred million dollars of unsolicited military aid that was designated for spraying peasant coca and poppy fields. The Colombian strategy emphasizes crop substitution rather than eradication.

There has been progress since *Strategic Assessment 1995*. There are more bilateral counterdrug programs that are being conducted with less friction. U.S. drug-threat assessments, drug-control strategy, and domestic operations are becoming more available to the public. The U.S. Office of National Drug Control Policy published its first 10-year national drug-control strategy in 1997. It established a clear direction for U.S. actions and provided quantifiable measures of effectiveness. The strategy was a major step toward improving coordination with more than 50

government agencies. The Clinton administration now is speaking more openly about the domestic drug situation, its efforts to reduce U.S. demand, the complex challenges facing neighboring states, and U.S. initiatives to cooperate more effectively with other governments. Most recently, in an effort to reduce the friction associated with certification and improve regional collaboration, the United States presented a proposal at the 1998 Santiago Summit that became the Multilateral Counterdrug Alliance. Essentially, the heads of state and government agreed to improve national efforts in stemming the production and distribution of narcotics and to evaluate each country's progress, including America's, in achieving agreed counterdrug goals.

Defense Reform's Formative Stage

Reform of civil-military relations has been partially achieved in most Latin American and Caribbean states. Democratization has emphasized the military's subordination and resulted in three closely related defense reforms. The first is structural: the creation or reorganization of a ministry for the formulation of national defense policy and the control and management of the armed forces. Among democratic states, Brazil was the last to transition to a ministry of defense, which President Cardoso established in January 1999. The minister is a civilian. This is not the case in all democratizing states. Military officers serve as the minister in Mexico, Peru, the Dominican Republic, and Venezuela.

Historically, new defense ministries are established with a relatively narrow focus and a small staff. Over time, the organization gains experience, expands its authority, and overcomes structural weakness. In several countries, the new civilian ministers are secretaries of state for defense, meaning that legally they have limited authority in shaping military expenditure and investment. Most have very few senior civilian officials, and military and civilian staffs are seldom integrated. Time is needed to develop initial national defense policies, modify the legal basis for the ministries, and create modern civilian personnel systems.

The second reform targets the subordination of the armed forces, which often includes the national police, to the legislative branch of government. While the region's legislatures universally approve defense budgets, relatively few



An Air National Guard C-130 crew, with the assistance of Netherlands soldiers, delivers rice sacks to victims of Hurricane Mitch in La Mesa, Honduras

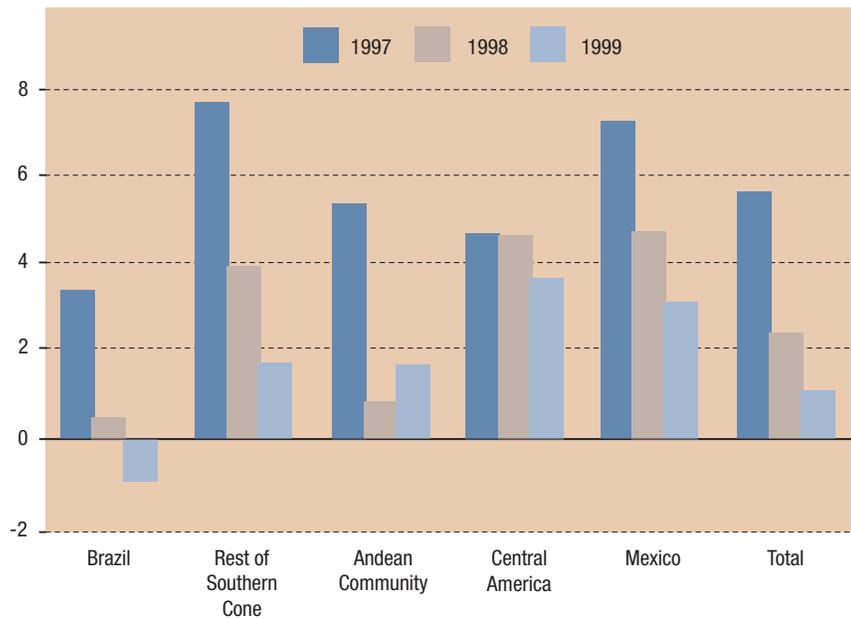
actually have an effective oversight role that requires a defense committee and staff, hearings, investigations, and open debate of security issues. The legislature, like the executive, lacks adequate military expertise, the custom of exercising oversight, and sufficient funding. However, this is changing with the emergence of academic and policy research capabilities focused on security studies and defense management. The U.S. Center for Hemispheric Defense Studies at National Defense University and similar programs for civilian and military students offered by Latin American defense colleges and national universities are part of growing effort to produce greater expertise in defense.

The last reform focuses on officer corps and the main issues that divide them. While they have accepted civilian control, these corporate bodies are still trying to reconcile their traditional

role in society with emerging democratic liberalism. Historically, their self-perception, ingrained through education and culture, has adapted slowly to national reforms and changes in global security-related affairs. The *"uniformados"* continue to see themselves as the symbol of the nation and custodian of its values, the core of national security, and a vital element in national development. Most officers recognize that past forays into politics, even if successful, diminished their professionalism and standing in society.

Two issues divide officer corps. The first is the definition of the armed forces' missions with the absence of military threats. External defense, dissuasion, border control, and protection of a nation's natural resources remain important. A

Latin America and the Caribbean: GDP Projections for 1999 (percent)



Source: ECLAC, Statistics and Economic Projections Division.

new generation of officers advocates peacekeeping, but not peace enforcement. Most are reluctant to participate in counterdrug operations. In some countries, humanitarian operations in underdeveloped areas are controversial. There is general agreement that the military must be reorganized and modernized to fulfill its role. With smaller defense budgets, often less than 1 percent of the gross domestic product, restructuring the armed forces and replacing obsolete equipment are slow processes. Several countries have ended conscription, affecting the social makeup of the military and requiring the institution to change the way it interacts with society. In many states, members of the officer corps question their ability to accomplish these missions when the military institution is slowly bleeding to death. As resources decline, second jobs become the norm, morale sags, equipment deteriorates, and talented officers leave the profession.

The second issue concerns surrendering real control to political leaders, whom the officer corps distrust and perceive as not understanding the armed forces. Responses range from efforts to better educate civilian leaders and inform society about military views and prerogatives to aggressively defending traditional autonomy and *fueros*. In some countries, the institution has quietly staked out new options within the law.

In Ecuador, Paraguay, Venezuela, Nicaragua, and Honduras, for example, the military is part of the entrepreneurial class with its own business interests. Some investments are funded by the retirement system. These ventures provide an independent source of revenue and cultivate political and commercial support for the institution. By and large, civilian citizens of Latin American and Caribbean democracies show little interest in these issues.

Conflicting U.S. Signals

With the growth of good relations in the Western Hemisphere, U.S. companies are increasingly attracted by countries to the south, their receptiveness for investment, and the large numbers of consumers for new technology, products, and services. The commercial sector is in front of the government in shaping U.S. relations with the Americas in the next century.

Washington's vision is harder to read. The United States highly prizes the emergence of liberal political and economic values and is becoming more sensitive to the views and needs of maturing democracies. It has quickly provided the necessary economic support to financially troubled Mexico and Brazil and sent various types of assistance to the Caribbean and Central America after Hurricanes Georges and Mitch. At the 1994 Miami Presidential Summit, the United States strongly advocated the creation of the FTAA by 2005. Following the U.S. lead, 33 countries agreed to collaborate on such a partnership. President Clinton's visits between 1997 and 1999 to Mexico, Central America, the Caribbean, and South America and his return to a second summit in April 1998 suggest strong interest in regional partnership, but there are inconsistencies.

It was 3 years after the 1994 Miami Summit before fast-track authority was first half-heartedly pursued and rejected. Critics of the administration point to the Helms-Burton Act (Cuba), the certification of countries receiving U.S. counterdrug assistance, failure to include Chile in NAFTA, and, above all, the rejection of fast-track authority in 1997 and 1998. Policy for Haiti and Cuba continues to be driven by determined domestic interest groups. President Clinton has not convinced the Congress and the public to look beyond drug trafficking and natural disasters and, in some states, illegal immigration and environmental issues, to see the great potential of regional partnership.

South American governments surprised by the absence of an overall policy are uncertain about Washington's real intent. Several U.S. actions imply a new strategic relationship with the Southern Cone: the unprecedented cooperation on the Rio Protocol ending the Peru-Ecuador border dispute, the relaxation of U.S. arms transfers to the region, and Argentina's designation as a major non-NATO ally. However, the United States has not explicitly espoused a new relationship. The higher visibility of U.S. defense programs, particularly arms sales, and pressure for Latin military involvement in counterdrug efforts causes concerns for new civilian governments trying to control and downplay political-military relations. Overall, the messages received from the United States are confusing.

In the Caribbean Basin, where U.S. disaster relief is widely appreciated, there is frustration over immigration policy changes, which affect family remittances. In El Salvador alone, the 1995 remittances were \$1.15 billion, the biggest single source of hard currency and a major factor in the country's growing stability. Several countries in the Basin also are angered by U.S. deportation of thousands of felons without what they believe is adequate coordination with national law enforcement agencies.

U.S. Interests

Key central interests shape U.S. policy and strategy. In defining them for the Western Hemisphere in 1999, traditional concerns undoubtedly have some validity, particularly in political circles, where memories count. However, assessments of today's prevailing circumstances, rather than outdated assumptions, should define the interests.

Historically, Washington has sought to keep North America, the Caribbean Basin, and, to a lesser degree, South America free from foreign political ventures and ideological interference. In the pursuit of its primary goal of strategic denial, the United States has sought to promote two closely related regional interests—stable countries and cooperation. Because military security provided the basic rationale during the Cold War, neighboring states followed the U.S. lead. Washington also sought to maintain an economic advantage, protect private U.S. interests, and promote democracy. These complementary interests emerged at different times and with different intensities. However, over the last decade, maturing regional

trends and changing global affairs suggest a different situation. U.S. economic and political interests are far more important than military security. Latin America and the Caribbean have new meaning for the United States

Regional stability and cooperation must be defined in a broader sense. Stability is no longer tied to the goal of strategic denial; it is important now because it affects the individual and collective welfare of U.S. citizens. Cooperation should be viewed in terms of interests shared with neighbors, reciprocity, transparency, and mutual accountability. These broader definitions encompass efforts to promote democratic governance, expand access to markets, respond to the criminal drug trade, and control migration. At the end of the century, U.S. relations with neighboring countries are transitioning from sporadic, aloof interactions to a symbiotic association. The shift toward hemispheric partnership is not foreordained, however. Whether a genuine cooperative relationship can emerge despite power asymmetries, old rivalries, and the U.S. penchant for tutelage is uncertain.

In discussing U.S. interests in Latin America and the Caribbean, two contextual points need emphasis. First, Washington has long placed global interests ahead of purely hemispheric ones and has followed an economy-of-force strategy. However, there are signs that regional interdependence is challenging this approach. The United States has been significantly affected by events in neighboring states during the last decade. In retrospect, the Clinton administration's successful financial intervention in the 1994 Mexican Peso crisis may have been a turning point. While the U.S. bailout was unpopular with Congress, the implications of Mexico's growing economic impact here have become unquestionably clear. In 1998, there was little congressional or public opposition to stabilizing Brazil's economy and avoiding a worldwide collapse of investor confidence.

The second contextual point is that the line between U.S. domestic and hemispheric policy is blurred. This is particularly true regarding trade, immigration, counterdrug issues, and most matters affecting Cuba and Haiti. Western Hemisphere issues continue to be tied to U.S. domestic interest in jobs and the environment, and numerous aggressive lobbies exert a powerful influence on government policies.

Sustaining Regional Stability

U.S. interest in stability originated in the late 19th century. Washington was concerned that local turmoil in the Caribbean Basin would attract foreign involvement. Today, the basis for sustaining stability rests on growing regional interdependence. U.S. prosperity now depends on global economic forces, including those originating in the region's advanced developing countries. Latin American and Caribbean nations are more industrialized and offer expanding markets for U.S. capital goods. Governments have borrowed extensively from U.S. banks and international institutions, which significantly ties the U.S. financial system to this continent. To avoid potential negative economic repercussions in the United States, Washington already has intervened three times in the last 4 years to stabilize major Latin economies. Finally, regional issues, like migration, drug trafficking, and environmental degradation, affect the welfare of U.S. society.

Stability is closely tied to the promotion of democracy. The United States encourages democratization. Democratic governments have proven to be reasonable, predictable, and trustworthy neighbors. Washington's long-range vision is a hemisphere with states that are governed by its citizens, that advocate free-market economics, that cooperate with other democratic states, and that are peaceful neighbors. Such an environment will attract international trade and investment, which further reinforces regional stability. The United States works with governments to achieve this success, attacking corruption and helping to build solid democratic institutions that are accountable to citizens and effectively deliver public services. All neighbors benefit when these conditions reduce drug trafficking and illegal migrants.

Changing demographics will affect how Washington views Latin America and regional stability. The United States is already the fifth-largest Spanish-speaking country in the world. By 2005, the U.S. Census Bureau projects Hispanics will be the largest minority. As shown in the 1998 national election, voters of Hispanic and Caribbean origin are beginning to play a crucial role in such key electoral states as Texas, Florida, and California.

Regional Cooperation— A Growing Interest

Improving regional stability requires a spirit of cooperation. The United States has found no substitute. Most of today's hemispheric challenges are transnational in nature, and their resolution requires interstate collaboration. Even such traditional problems as institution building, fighting poverty, and redressing inequities have multinational dimensions and cannot be managed well in isolation. Bilateral and multilateral cooperative ventures are occurring more regularly among Latin American and Caribbean states, providing them with greater influence on the United States than they would have otherwise.

Such cooperation depends on America's bridging a huge gap in relative power as well as significant cultural differences. Latin American and Caribbean governments, concerned that Washington may use cooperative arrangements to impose its policy preferences, naturally seek collaborative efforts that will constrain U.S. actions. The United States will foster mutual confidence and cooperation only if it genuinely respects neighboring governments, acts in consultation with them, and offers coherent and consistent approaches to common issues. Washington can lead by example rather than by domination. Today, leadership means adapting old patterns of thought and action to produce a mindset conducive for partnership. In the OAS, U.S. diplomats have on occasion successfully adopted this leadership style. An important test for Washington continues to be its commitment to a FTAA. The United States has already taken a positive step toward this goal. It is working as one of 34 nations at the technical level, negotiating framework agreements.

Consequences for U.S. Policy

A distinguished scholar of Latin American affairs identified four reasons why neighboring states in the Western Hemisphere matter to each other. First, collectively they have economic and political weight. Second, they are demographically linked to the United States. Third, they have a capacity to affect such global problems as organized crime and drugs. Finally, they can help promote such basic U.S. values as human rights and the rule of law. These four factors

suggest that U.S. interests are most fully engaged in Mexico, Brazil, and the Caribbean Basin states. Mexico is so inextricably linked to its northern neighbor that domestic events in either country quickly resonate in the other. As the wealthiest and most populated Latin nation, Brazil is key to South American and hemispheric economic stability. Because of hemispheric migration, Caribbean countries have a disproportionate influence for their size. The four factors underscore the importance of Washington's developing policies adapted to the changing strategic environment that avoid contributing to hemispheric problems.

A Comprehensive Framework for the Americas

A modern policy framework is needed to sustain the region's stability and enhance cooperation, one that accommodates the region's transformation. Latin American and Caribbean states now operate in the mainstream of the global economy. Consequently, they are less tied to the United States than previously. They pursue their own interests in the Americas and in the world arena unilaterally and as part of subregional groups. Foreign economic competition for markets in this hemisphere is strong, and its political and security ramifications are serious. Washington's freedom of action in the Americas regionally is less assured, while the United States today is more tightly tied to its neighbors than its activities outside the hemisphere suggest.

The Western Hemisphere has become an important showcase for U.S. intentions worldwide. With the increasing importance of the Americas, Washington has reason to reverse its erratic pattern of reactive, often interventionist relations. A new framework should demonstrate commitment to the region through informal and formal multilateral partnerships. Only then can the United States ensure its own domestic stability. Partnership development has begun. It includes the region's commitment to the FTAA and the ongoing efforts to build it. The new relationship includes the agreement at the Santiago Summit to form a Multilateral Counterdrug Alliance. The weakness in the development process, though, is that no blueprint is guiding it, and U.S. commitment is suspect.

Future U.S. partnerships with Canada, Latin American, and Caribbean states can build on three important trends:

- *Open Trade.* Creation of the FTAA builds on existing subregional and bilateral initiatives to integrate economies. MERCOSUR is already the world's fourth-largest unified market. U.S. credibility as a leader in regional trade liberalization depends on "fast track" trade-negotiating authority.

- *Confidence Building.* Under the auspices of the OAS, regional conferences in Chile (1995) and El Salvador (1998) on confidence-building measures have set forth recommendations to improve security relations. The spirit of this effort has been captured in initiatives to promote transparent defense policy, improve information sharing, and encourage local cooperation.

- *Cooperative Security.* This popular regional concept, closely linked to confidence building, seeks to make organized aggression impracticable. It involves openness, dialogue, and collaboration. Growing acceptance of cooperative security is demonstrated by institutionalizing Defense Ministerial meetings, the highly successful Military Observer Mission Ecuador-Peru (MOMEP) experience, unprecedented exercises and exchanges among former Central and South American adversaries, and the new study of hemispheric security by the OAS. This modern strategy offers the opportunity to develop military interoperability that would facilitate such ad hoc operations as humanitarian assistance and search-and-rescue operations. Some standards already have been adopted for international peacekeeping.

Improving the Effectiveness of U.S. Counterdrug Operations

The 10-year U.S. national strategy for domestic and international drug control is fundamentally sound. It recognizes that the war on drugs will require time, popular will, adequate resources, domestic persistence, and close cooperation with neighboring states. Publication of the strategy in 1997 coincided with President Clinton's acknowledgement of the role played by the United States in exacerbating illegal drug trade and Washington's need to work more closely with other countries.

Two policy-related weaknesses require attention: one is structural and one is strategic. First, much of the counterdrug effort works in spite of the organizational structure, not because of it. U.S. efforts to interdict drug trade and work with

Latin American and Caribbean countries to reduce drug availability have improved over the last 10 years. However, at home, inter-governmental coordination is weak. A half-dozen government departments and 22 Federal agencies are involved in interdiction operations along the U.S. southwestern border, for example. These organizations have one or more areas of exclusive jurisdiction or responsibility. Many areas overlap and require careful coordination. No overarching operational structure ensures coordination and interoperability of communications and intelligence systems, establishes accountability, allocates responsibility and resources in overlapping areas, and provides decisionmaking authority. The Office of National Drug Control Policy has attempted to correct this situation, but several departments and agencies resist ONDCP intervention, fearing infringement on their authority and budgets. Until greater centralization of counterdrug operations occurs, improved efficiency and effectiveness of policy implementation will not be fully achieved.

At a strategic level, annual U.S. certification is viewed increasingly from abroad as an intrusive and one-sided process. It also undermines Washington's attempts to improve cooperation in other sectors. One foreign diplomat recently captured the views of many American leaders by his description of the second Cold War. Both wars, he observed,

imply efforts to control threatening groups, although in the past the job was to contain the free movement and action of Communists and today it applies to drug dealers. . . . Both wars have an increased role for the military and intelligence apparatus and U.S. support of them. The traditional military security environment of the 1950s has given way to more specific and intrusive . . . drug-policy driven "shiprider" agreements. The presence of Military Assistance and Advisory Group (MAAG) teams in the 1960s and 1970s has given way to the presence of Drug Enforcement Administration (DEA) representatives. Washington's hostility to governments soft on drugs has [replaced]. . . similar attitudes toward countries soft on communism.³

One way to pressure foreign governments to act against drug trafficking organizations is through public scrutiny of their counterdrug record. The U.S. Government does this in its annual certification process. The performance of other countries is evaluated in terms of cooperation with U.S. efforts, or unilateral efforts to

comply with the objectives of the 1988 UN Convention against Illicit Traffic in Narcotics, Drugs, and Psychotropic Substances.

However, few policies have aggravated Latin American and Caribbean leaders more than this one. It is considered punitive, counterproductive, and indicative of past heavy-handed unilateralism. In their view, the United States does not acknowledge its overwhelming drug demand nor the disproportionate costs, human and financial, borne by its neighbors. Fortunately, signs of a compromise can be discerned. Senior Washington officials have become more willing to speak openly about the domestic drug situation. The 1998 Presidential Summit also produced an agreement to "establish an objective procedure for the multilateral evaluation of actions and cooperation (including the United States) to prevent and combat all aspects of the drug problem and related crimes." This is to be accomplished within an OAS framework, a body that has enjoyed some success during the last decade in coordinating regional counterdrug initiatives. Such efforts demonstrate U.S. awareness of the region's sensitivities and indicate a new willingness to compromise.

Adapting U.S. Policy to Contemporary Regional Trends

A National Security Strategy for a New Century (October 1998) advocates shaping the security environment. This strategy "enhances U.S. security by promoting regional security and preventing or reducing the wide range of diverse threats. . . . These measures adapt and strengthen alliances and friendships, maintain U.S. influence in key regions and encourage adherence to international norms. . . . Our shaping efforts. . . aim to discourage arms races, halt the proliferation of weapons of mass destruction, reduce tensions in critical regions and combat the spread of international organized crime."

Understanding how to adapt the shaping function wisely is crucial to realizing U.S. interests in the Western Hemisphere. As suggested earlier, one of the greatest dangers in the coming era is that the United States will fail to understand the region's unfolding strategic context and how to deal with it. Washington could shape the environment in ways that contribute to problems, rather than solutions.

Fitting U.S. shaping efforts to the Americas begins by recognizing weaknesses in the traditional policy implementation and by being willing to think creatively to improve it. Washington

should evaluate past assistance programs and military activities for their contribution to U.S. policy. A determination can then be made regarding whether to retain, modify, or drop them. Many initiatives have fallen short of policy objectives. Military assistance programs, for example, have not provided Washington with powerful political leverage. Unless desperate for aid, governments often have chosen to do without rather than acquiesce to U.S. pressure. On occasion, military-to-military programs have been developed without the knowledge of civilian officials, undercutting their control. U.S. professional military education courses, other than Latin programs, are designed for U.S. students and do not focus extensively on such topics as human rights and civil-military relations. This can give foreign students the impression of indifference toward policy-relevant subjects. In sum, past policy implementation needs to be examined closely and creatively to discover how to influence professional cultures not predisposed to accept democratic norms.

The United States should acknowledge the fundamental differences between Anglo-American and Iberic-Latin political and military cultures. Latin societies are not transitioning to a model that looks North American (U.S. or Canadian). The Iberic-Latin culture is hierarchical, based on class, social ranking, and the existence of functional corporations, such as the armed forces, municipalities, and the Catholic Church, each possessing charters set in law. Within the state, specific responsibilities and powers have been established. These societies have strong executives and weak legislatures. Venerated Iberic-Latin traditions remain influential, although Latin nations have proven to be permeable and flexible. They have assimilated such modern developments as free trade and economic liberalism without losing their characteristic cultural features. The region's reform-minded governments see the need to introduce wide-ranging institutional changes, but they want to remain as true as possible to traditional culture.

Washington should broaden its concept of defense engagement. While a U.S. unified command is the primary military actor in the region, other elements of the Defense Department also perform shaping functions. Latin American and Caribbean relationships with the Office of the Secretary of Defense, the Joint Staff, and Defense Department agencies and schools are equally important and influence long-term stability. An

association with the Pentagon often is better suited to collaboration on issues affecting regional policy and defense management. The Defense Department has developed an unprecedented capacity to educate civilian officials and build functional expertise in such areas as resource management, public affairs, and emergency management. Its activities tend to fall into five categories: high-level contacts, staff talks, sharing professional expertise, developing an understanding of defense issues and requirements among civilian defense officials, and research support.

Finally, defense engagement in the Americas should be expanded to encourage the development of military interoperability among forces in the hemisphere. This will facilitate further multinational communication among military and civilian officials and improve effectiveness and efficiency in dealing with transnational problems.

Net Assessment

Far-reaching changes over the last 20 years have enabled Latin nations to achieve greater autonomy in world affairs. As long as it remains stable, the region's weight in the world economy and in international politics should increase. Today, Latin American states are integrating economically and seeking free-trade agreements with other regions. Hemispheric governments desire harmonious relations with Washington, the partner of choice, but not at any price. Resentment about the past U.S. policy and style lurks just below the surface. Like Canada, many Latin American and Caribbean states today have options. They are seeking partners in economic terms, and perhaps political and security terms as well. The European Union is exploiting this reality.

The customary U.S. security relationship in the Western Hemisphere is changing. The region's transformation has introduced serious anomalies in U.S. relations that present policies did not anticipate and cannot overcome. New economic, political, and security conditions require a broader strategic response. Latin America and the Caribbean states have new significance for the American leader. Washington has an interest in rethinking what its traditional regional interests—stability and cooperation—mean in a new security environment and what strategies are required to achieve them.

In this new setting, the United States must contemplate its policy responses carefully. Two fundamental alternatives are possible. A narrow and more conservative approach would try to preserve as much of the traditional strategic framework as possible. It would minimize multi-lateral solutions, partnerships, and the region's role in international affairs. A more progressive alternative would recognize that recent changes in the hemisphere are the result of unprecedented globalization. In this case, the ongoing transformation demands forward-looking U.S. goals and policies that end ambivalence toward the hemisphere and begin a new commitment to the region through partnership. It is not clear which way the strategic relationship will evolve.

NOTES

¹ Canada, the United States, and Mexico, along with the 32 countries in Central America, South America, and the Caribbean constitute the Western Hemisphere, which is synonymous with such terms as "the Americas," "the continent," and "the inter-American region." The historical and cultural differences among 19 Latin American states and among 14 non-Spanish-speaking Caribbean countries make generalizations suspect. There are, nonetheless, certain similarities that make it possible to discuss the region as a whole.

² Over the last 4 years, uncontrollable forces have badly distorted one or more of these trends. Damaging weather patterns linked to the "El Nino" phenomenon, unusually destructive seasonal storms, such as Hurricanes Georges and Mitch, and the economic turbulence of volatile financial contagion worldwide linked to unpredictable perceptions and moods of investors have slowed and complicated the pace of economic development and social reform. Similar powerful forces may impact regional trends unexpectedly beyond 2000.

³ Bernardo Vega, "The Second Cold War: U.S. And Caribbean Law and Order" (Washington: CSIS American Program, September 9, 1998), 1-2.