

38. Latin America

SINCE September 11, 2001, America's support for electoral reforms, free trade, and security in Latin America has been supplanted by the global war on terrorism and liberating Iraq. Time is running short for governments that are ill-equipped to deal with expanding populations, crime, and globalization. Seeing little change in their daily lives as a result of half-implemented reforms, voters in Latin America's poorest countries are choosing populist authoritarian leaders who think confronting the United States is the solution to lagging prosperity. If economies falter, the exodus of migrants will rise, transnational crime will spike, and markets for U.S. exports will shrink.

by *Stephen Johnson*

Notes

Recommendations

1. Encourage greater support for better governance. Elections now choose leaders in every country except Cuba, but reforms are still needed to put citizens in the driver's seat. Elections can be more competitive if voters, not party leaders, choose candidates to run in general elections. Legislatures and judiciaries need to be strengthened so that they can curb the excesses of powerful presidents who impose agendas without consulting citizens. Provincial and municipal governments should handle matters of local importance instead of national ministries out of touch with the grassroots. The United States can help through diplomatic advocacy, public diplomacy, and prioritizing of scarce aid dollars to support civic education and grassroots organizations already pushing these changes in their own countries, but U.S. interests must be paramount in any strategy toward countries where governance is ineffective.

2. Beyond free trade, promote free economies. Since the 1990s, America has negotiated free trade agreements with major commercial partners Canada and Mexico, as well as with Chile, the Dominican Republic, and four Central American states. Talks are underway with Panama, Colombia, Ecuador, Peru, and Bolivia. Such agreements lower the cost of commerce and open the door to opportunity. However, most Latin American economies are still manipulated by the state to shield public or family-owned monopolies while placating the poor with social programs. Beyond trade, most Latin American nations need to ease

complex regulations that block small enterprise start-ups, strengthen the rule of law to enforce contracts, establish competitive banking to reduce the cost of credit, and promote property rights so that small businessmen can title property and use it for collateral to raise capital. Diplomatic advocacy, public communication efforts, and support for grassroots advocates can help to effect these changes.

3. Promote regional collaboration against transnational crime and terrorism. To counter today's transnational threats, the United States should encourage regional partnerships based on day-to-day military-to-military and law enforcement-to-law enforcement cooperation to promote common standards and protocols. Congress should amend Section 660 of the Foreign Assistance Act of 1961 to allow targeted U.S. support for training and assisting foreign police to ensure their inclusion in a broad range of programs. U.S. Northern Command, in concert with our traditional partner Canada, should invite Mexican defense forces to participate in continental security, while U.S. Southern Command should promote cooperation among the military forces of friendly governments in the Caribbean and in Central and South America. The Department of Homeland Security, now a coordinating agency, should help to improve liaison between law enforcement agencies from border security to community policing.

4. Eliminate self-imposed roadblocks to better relations. First, U.S. government efforts should mesh. U.S. Agency for International Development and other federal programs should align with U.S. foreign policy goals by supporting institutional reforms that will help countries achieve freer political and economic systems. The U.S. Broadcasting Board of Governors should fund radio and television programming toward Latin America that might enhance USAID development programs. Second, the Administration's Millennium Challenge grants should be streamlined so that awards can be made as countries undertake liberal reforms, not years after the fact. U.S. lawmakers should amend congressionally mandated sanction regimes to give the White House discretion in deciding what assistance to withhold when countries adopt policies against American interests. Finally, Congress should avoid earmarking aid measures to give the Administration more flexibility to implement immediate policy priorities.

Facts and Figures

■ Latin America is important economically. Total merchandise trade between the United States and Latin America was \$409 billion in 2004, up from \$301 billion in 1999 and accounting for about 17 percent of total U.S. world trade.

Notes

■ Trade provides opportunities. In the three months following the entry into force of the U.S.–Chile Free Trade Agreement in January 2004, total U.S. exports to Chile increased by 24 percent compared to the same period of 2003, growing from \$617.29 million to \$766.79 million.

■ However, the Economic Commission for Latin America and the Caribbean reports that 44 percent of all Latin Americans live under the poverty line. Some 81 percent of the estimated 10.3 million undocumented migrants living in the United States in 2004 came from Latin America, according to the Migration Policy Institute.

■ The region's population is growing. In 2005, an estimated 559 million people lived in Latin America. The Population Reference Bureau projects that the population will grow by 200 million by 2025. Millions of new workers will need jobs that only a free-market economy can provide.

■ Elections have produced a growing number of hard-left regimes where the majority of voters are poor and undereducated. Venezuela and Bolivia are examples, with populist presidents like Hugo Chávez and Evo Morales suspending civil liberties and aligning their nations with Cuban president Fidel Castro to oppose U.S. policies in the hemisphere. The United States must remain actively involved with Latin American allies to avoid loss of influence and growing instability in the region.

This chapter can be read online at issues2006.org/latinamerica.

Notes

Additional Reading

Stephen Johnson, "U.S.–Latin America Ties Need Commitment and Strategy," Heritage Foundation *Backgrounder* No. 1920, March 13, 2006, at www.heritage.org/Research/LatinAmerica/bg1920.cfm.

Marc A. Miles, Kim R. Holmes, and Mary Anastasia O'Grady, 2006 *Index of Economic Freedom* (Washington: The Heritage Foundation and Dow Jones & Company, Inc., 2006), at www.heritage.org/research/features/index/.

Corporación Latinobarómetro, "Informe–Resumen, Latinobarómetro 2005," October 29, 2005, at www.observatorioelectoral.org/documentos/data/info-latinba-2005.pdf.

Stephen Johnson, "Balancing China's Growing Influence in Latin America," Heritage Foundation *Backgrounder* No. 1888, October 24, 2005, at www.heritage.org/Research/LatinAmerica/bg1888.cfm.

Alvaro Vargas Llosa, *Liberty for Latin America* (New York: Farrar, Strauss and Giroux, 2005).