SPECIAL PRESENTATION

"THE STATE OF THE AMERICAS"

KEYNOTE ADDRESS BY:
JOSE MIGUEL INSULZA, SECRETARY GENERAL,
ORGANIZATION OF AMERICAN STATES

MODERATOR:
DAN RESTREPO,
DIRECTOR, THE AMERICAS PROJECT,
CENTER FOR AMERICAN PROGRESS

PANELISTS:
CYNTHIA ARNSON,
DIRECTOR, LATIN AMERICA PROGRAM, WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

MARCELA SANCHEZ,
THE WASHINGTON POST

ARTURO VALENZUELA,
DIRECTOR, CENTER FOR LATIN AMERICAN STUDIES, GEORGETOWN UNIVERSITY

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MR. DAN RESTREPO: Good morning, everyone. I'm Dan Restrepo. I'm the director of the America's Project here at the Center for American Progress. On behalf of the Center and all those who work here, I'd like to welcome you to "The State of the Americas," an event we hope will look beyond the tired stereotypes that tend to define the little attention that is paid to the Americas in Washington, D.C. and deepen the understanding of the dynamics that are reshaping the Americas and U.S. relations with our hemispheric neighbors.

The mission of the Americas Project is to examine the United States' relationship with and place in the Americas. To do that effectively, we must give voice to an understanding of a current reality that transcends the Fidel Castro death watch and the Hugo Chavez provocation of the week that have come to define Americas' related headlines. During the past 15 months, the vast majority of the people of the Americas had the opportunity to express their desires through free and democratic presidential elections. From Bolivia to Nicaragua and most points between and beyond, people throughout the hemisphere have participated in a historic round of presidential elections that have reshaped the political, social, and economic landscape throughout the Americas in interesting and often unexpected ways.

For the United States to effectively navigate change in the hemisphere, advance its interests, and support democracy with economic and social development, it is imperative that we have a full understanding of that reshaping landscape. Thankfully, this morning we are honored and privileged to have a distinguished group of experts gathered before us to assist us in this important endeavor: OAS Secretary General Jose Miguel Insulza, Dr. Cynthia Arnson, Dr. Arturo Valenzuela and Marcela Sanchez. Following Secretary General Insulza's remarks, I'll more formally introduce our panelists who will focus on the implications of the current state of the Americas for the United States.

But first, a moment of background about our featured speaker this morning, Secretary General Insulza. Were I to lavish you with a full account of even the highlights of his illustrious career, you'd spend your morning listening to me rather than learning from the secretary general, so I will be as brief as possible. Jose Miguel Insulza became secretary general of the Organization of American States in May, 2006, and has pledged to strengthen the noble institution's political relevance in its capacity for action. As a crucial participant in Chile's consolidation of democratic governance, Secretary General Insulza's career as the longest continuously serving government minister in Chilean history certainly prepared him well for that task.

Prior to coming to Washington, Secretary General Insulza served in various senior capacities in the government of his native Chile. He served as minister of the interior and vice president of the republic under President Ricardo Lagos, for whom he also served as minister and secretary general of the office of the president. Prior to that, under President Eduardo Frei, he served as Chile's foreign minister. Before that, the list of posts he held is as impressive as it is long. Beyond the obvious depth of talents and experience

Secretary General Insulza brings to this task and his thoughts on the state of the Americas today, it's a distinct pleasure for me to introduce him for two additional reasons: one, a function of movement politics, if you will; the other deeply personal.

As the Americas Project and more broadly the Center for American Progress seek to advance a progressive agenda to guide our country's future, it's important to highlight shining examples of successful progressive governance. As a member of Chile's socialist party, formed in the central part of a moderate coalition of democratic parties that has governed Chile for 17 years and through four successful presidential elections, Secretary General Insulza is just such an example.

On a more personal level, Secretary General Insulza today guides an institution to which I will always have a deep personal attachment, as my late father spent 35 years working at the Organization of American States, dedicating his career there to enhancing the very relevance and capacity for action that Secretary General Insulza has identified as his mission.

Señor Secretary General, thank you for being here with us this morning. We look forward to learning from your views on the state of the Americas today.

OAS SECRETARY GENERAL JOSE MIGUEL INSULZA: Thank you very much and thank you for the invitation, and for this real opportunity of speaking for (unintelligible) 20 to 25 minutes (unintelligible) not something usual. I will try, therefore, to limit my comments to that so we can have a good time for the panelists and for questions.

I think the first thing I have to say, and I've been saying it a lot in the recent days, is that looking at the state of the Americas, Latin America and the Caribbean, in this case in the last few years, we have reasons to be optimistic as the ECLAC or CEPAL recently reported in its preliminary overview of the economies of Latin America and the Caribbean, regional gross domestic product in last year grew 5.3 percent meaning a per capita increase of 3.8 percent. And this was the fourth consecutive year of growth and the third in a row that growth exceeded 4 percent. And although it's expected to slacken a bit next – in 2007 – probably will be around 4.7 percent according to forecasts – that means that we will have a cumulative growth between 2003 and 2007 close to 16 percent, and that for Latin America and the Caribbean is very good news.

Of course, you can always compare with other regions of the world. I would rather compare with Latin America and the Caribbean themselves who have grown very little, less than around 2.2 percent in the last 25 years, and that is certainly a real improvement. We're happy for them. That's important. Regional exports also grew by 8.4 percent last year and that, combined with the higher prices for principal export products, translates into an improvement of over 7 percent in the regional terms of trade. And most countries in the region also saw inflation declines from 6.1 percent to (unintelligible) in that range to 4.8 percent.

At the same time, if you take political developments, we should also take note of the strengthening of certain important trends. A couple of decades ago, we did not have 13 democratic governments ruled by elected presidents in Latin America and the Caribbean. This year we elected 13 of them out of 21 countries in the region that have presidential governments. We had 13 presidential elections, which were generally conducted in accordance with democratic rules. And in addition to that, we had 12 parliamentary elections, two referendums, one constituent general assembly election. Certainly, this is also a novelty for the region in terms of decades of (unintelligible) has been happening. We had nine elections in 1989. This has been happening every time more often and that's also good news.

To answer the question about anticipating the threats to democracy to begin (unintelligible), we should say the current situation in the Americas is one of growth and democracy and start from there. We're entitled to optimism, but at the same time we have to be careful. We have to mix this optimism with a more fuller view and see what the problems are.

Let us (unintelligible) the real problems are, not the political problems that arise from the real problems, but what the real problems are. If we look at the recent Latino Development Report, which was just presented in Washington a few days ago at the OAS and other places, the percentage of the population of Latin America considers that – and I quote from the poll, from the survey: "Democracy may have its shortcomings, but it's still the best form of government." Average 74 percent in 2006, and that is a sharp increase over the 68 percent of the population that felt that five years back in 2002 that democracy may be – may have its shortcomings, but is still the best form of governance.

So undoubtedly democracy is strong in Latin America in these days, but let us not forget, and the poll also shows, it shows that when you have elections, people come to believe more in democracy and we have several elections, so we will have to look at the figure again. This year (unintelligible) is really true. But the same survey shows that although the percentage of those (who believe?) that the country that – shows that although the percentages – although there is a large number for democracy, still a handful of powerful – people agreed with a large – the proposition that a handful of powerful groups are out for their own gain in democracy and are gaining from it, and that's really high.

It's also telling that most people feel really that in spite they love democracy, they feel that democracy is to a certain extent limited by the existence of some really important (unintelligible) really doing their own in democratic (unintelligible). So this and there are several other signs in this poll that show us a contrast between a general faith in democracy and the mistrust in politics and government, which is certainly a sign of failure for democratic governance. Of course, it's a world trend. I mean, in all the world the politics tends to be – to have a much more negative image than a few decades ago. This is true. We shouldn't exaggerate this. It's strange that people in Latin America vote in clean elections and vote every time more in clean elections and at the same time believe that those elections are not clean by about half of the response. Those

are all certainly things to think about, but it's not as big a problem as the ones at our school – as the ones we find when we see who are the most mistrustful of the citizens of Latin America.

And the more distrustful citizens of Latin America and the Caribbean are the ones who feel that democracy is not giving them their due. Certainly, those that have more reasons to disbelieve which are those who live in poverty and bear the brunt of inequality and who in the same – in the current period of growth with democracy wonder if this is the moment in which they are finally going to get their share of the economic bonanza. What happens?

They seemingly virtuous trilogy of democracy, economic growth, and globalization creates an explosive situation. Many people don't share the benefits of integration to the world economy, of their votes in democracy, and on their economic growth of countries is on the (unintelligible). Poverty is still very much the main problem of Latin Americans. Some people usually in a way will say, "No, the social big problem so far, for example, environmental problem." That's true, but if you hear a very important panel we had at the Organization of American States with the Smithsonian Institution. The main source of environment or environmental problems in Latin America is poverty.

Of course, we have problems of deforestation and we have problems of global warming and all that, but the main source of pollution in Latin America, environmental destruction continues to be poverty: lack of sewage systems, lack of running water, garbage around the streets, destruction of the infrastructures.

Poverty continues to be the major problem with Latin America and poverty and U should add – first I should say that poverty has also declined in the last two years according to ECLAC – it did decline by 19 million in extreme poverty which is an important figure. We shouldn't lose sight of it. So – but poverty – but poor people in Latin America are still stand at a little bit less than 200 million, and that is very much – too much for a continent that's by far not the poorest in the world. You can look at Latin America from two points of view. I mean, it's a developing region, but it's not a poor region. Well, Latin America (unintelligible). Increased levels of inequality are very high, of course. Different – they differ from – they're differ from one country to the other.

We have, for example, in countries like Bolivia, and that is strengthening other problems Bolivia is having now, (unintelligible) the poorest 20 percent of the people in that region, but (unintelligible) 20 percent of the people of Bolivia, which is one of the poorest countries in the region. This is the 20 percent poor in one of the poorest countries. They take home 2.2 percent of national income – 2.2 percent. If you compare that with a country in the region, like Uruguay for example, the richest quintile in the country, the poorest quintile takes home about 9 percent of the gross national income. So it's not the same for all Latin Americans, but the fact is that we have 43 percent – over 40

percent of the region of Latin America poor. And you mix up this with another factor, which is discrimination.

What are the three main, I would say, correlations you can make between poverty and other factors? First, Afro-American population – large segment of that Afro-American population, which is really large in Latin America. We usually talk about indigenous population. Actually, Afro-American population is much larger than indigenous population. Second, of course, indigenous population. Most of the original peoples or the indigenous population are poor. And third, single parent households headed by a woman and that explains a lot. I mean, this correlates with a large majority of the Latin American poor.

So it's not only poverty. It's poverty, inequality, discrimination. These three elements are really the time bomb of Latin America and Caribbean and the 13 governments are just – were just elected certainly may have different ideologies, may have different problems, but are faced with this big challenge, and this big challenge together of course with strengthening democracy because people want democracy and with keeping economic growth because economic growth is not – I mean, without economic growth, there's no distribution. A lot of people say, "Why has such a distribution of income grown in the last – improved in the last 25 years?" Because we have grown at around 2 percent a year, and you cannot distribute – I mean, unless you go into really radical reform, which you can also do, but has not happened – unless you go into really radical reforms of economic and social systems, you will not get a better distribution because you don't have a good economic growth.

So the main threat really for democracy in the Americas would be first that we have to keep the growth we have and, if possible, increment. Second, we have to tackle the big problem of poverty, inequality, and discrimination. And third, we have to improve the quality of politics and government in the Americas and I think that's really important. I will refer to that (unintelligible).

What are the biggest problems that we face in this direction? I think to begin with we have to discuss the matter of the quality of government. In Latin America, the notion that that politics is a means to improve the condition of our societies is not – has not been the ruling (sentiment?). We have a very fragmented, (unintelligible), inefficient political systems. Political systems in Latin America have certainly damaged (inaudible) also. In the 1990s, Latin American leaders '80s and '90s tended to stick to the notion that the state was part of the problem and not a part of the solution. State activity declined very much in the Americas.

In Latin America, we saw in some countries the decline – the deterioration of social services, an attempt that was completely failed – a completely failed attempt to transfer many of these – of social activities to the public sector. We didn't have a public sector capacity to take charge of those, and therefore a loss of protection of the citizens that (they already had?). Good news is that that has changed. The good news is that when you interpret what's going on in Latin America today, one thing that you have to

accept and you have to start from is that the old notion of a small state as an efficient state is out, and that people are beginning to think that after all public activity and public policy have a lot to do with improving the condition of it.

I am not speaking about – I mean, I'm not trying to set a general recipe for this. I mean, you have to have a big state as before you have to have a small state, but you cannot say this as you're going to do everything Denmark does with the taxes that Chileans pay because Chilean pay about 20 percent taxes and Danes pay 53 percent. So if you want to have a really big, good, et cetera, social services, you have to have a larger state. I mean, if you want to pay increased more taxes, you can probably not do the – you cannot carry out the social tasks that the society demands. And I think that there's an understanding of this in Latin America. There's an understanding if you want to really develop better social services and improve the condition of the poor and have better education and improve the quality of housing and improving health and cleaning the cities, you have to have public policies that are up to the task.

But then you must remember that in those countries in which public policies are developed, I will say, in a social democratic way have developed over several decades. (And sadly?) the situation in Latin America seems a little bit more urgent, and that's where we fall into the trap of thinking that we might – that we can take shortcuts and thus some of those shortcuts can be fed into the (inaudible). It's not – when some people talk about populism in Latin America and the Caribbean today, they are not really pointing out to all the old-fashioned populism in which you distributed what you didn't have and had about three or four years of bonanza for the people just by handing out gifts.

We are probably talking not about the notion – the old notion also, but a different notion – that there's a shortcut to progress and a shortcut to development and that that can be done only through strong leadership and by concentrating power in a few hands. In Latin America we have a history of that kind of rule and that rule, by the way, is also – if you look at the Latinobarómetro poll, you'll find the – well, not the one of this year, but the other one before or the year before in which a lot of people will say that they will be willing to trade a part of their democracy in order to have a better life. So the promise of a better life out of the concentration of power is certainly still very attractive to a Latin American population and they're right. I mean, after all, if democracy is not delivering, maybe some leader, some strong hand can deliver for them. That is a big threat. It's not ideology.

I mean, some people tend to believe that these are the old ideological problems of the '60s and the '70s. No, it's not that. It's the fact that faced with an apparent – with a false, but apparent choice between, I will say, fragile and non-delivering democracy, and strong-handed rule that promises change, better distribution, and a better life, many people will tend to pick the last one. The answer for that is not certainly to reject the need for change. It's not certainly to reject the possibility of a better rule and better public policy, et cetera, but comes with the strengthening of democracy and further strengthening of democracy and government institutions.

The big problem of what's called the new populism in Latin America is that it faces a very inefficient – it's confronted (unintelligible) confronted with not strong-arm institutions, non-functioning institutions, non-functioning governments, fragile political parties, and political systems that the people feel are not really representative enough for them. If we want to improve that, we have to strengthen government institutions in order to strengthen the capacity of the government to deliver as a democratic system.

And at the same time, we have to – at the time we improve government institutions, social services, central banks, financial systems, taxing systems, all the reforms that we have not made, we have to be able to correct political systems in order to create political systems that will tend to stable political majorities.

If you look at the crisis we've had the last three – the last four or five years, well, when I came to the OAS, we had four political crises going on and several more before that. And usually they came, of course – it's true – from discontent of the people for the inability to solve their problems or from corruption problems, or perhaps from other things, but the fact that this led to the falling of the government was the inability to form stable political coalitions. We have to create political systems in which stable political coalitions can exist and that is not happening in Latin America.

I remember our friend Andres Oppenheimer was really upset by the fact that he was invited to a panel among the Ecuadorian presidential candidates (unintelligible) election a few months ago. He had to head the panel, and he thought that the question was really pertinent and he made that question. The question is: what would you do to strengthen the stability of your government to all the presidents to the countries that were there – all the hopefuls that were there. And he says, "I will (unintelligible)." This is his story, not mine, that all the candidates responded with better ways to get rid of the president if we lost the majority, and certainly we don't – I mean, this is not the same as a good institution. This has to do with the political system. Unstable political systems are also a big problem. It's not only just a matter of the central bank (unintelligible). It's the matter that the presidential government is essentially fragile. It's not strong enough. The system doesn't lead to stable political coalitions.

If we don't have stable political systems or stable political coalitions, we don't improve the political party systems. We don't have stable government institutions, and we are not – should I mention this, it's been mentioned several times before – we're not able to deal with the big problems of transparency and corruption that have plagued some of our governments if we don't deal – if we don't reach those four conditions.

The flaw in Latin America – this flaw for all economic growth, of democratic politics, and of poverty and inequality and discrimination is open certainly to political adventure, to political shortcuts, which would be different from those that we had before. Well, before we had generals and generals and revolutionaries all set up to throw out the government. Now this new threat comes by following democratic rules. It's a democratic threat in the narrow sense of the word. It's going to come by elections, but by

elections that will tend to concentrate power on the one who promises to do what democracy cannot – has not been able to do.

Thank you very much.

(Applause.)

MR. RESTREPO: Thank you very much, Secretary General Insulza. I'm going to do introductions of the panelists en masse in a cursory fashion again, so you don't have listen to me and you can listen to them. Our first panelist will be Dr. Cynthia Arnson, who's the director of the Latin America Program at the Woodrow Wilson International Center for Scholars. It's always a mouthful. (Laughter.) Her most recent work is focused on efforts to bring about negotiated settlements to internal armed conflicts in Latin America and on issues related to democratic governance.

Dr. Arnson is also a member of the advisory board of Human Rights Watch Americas, where she served as an associate director for the Americas division from 1990 to 1994. Dr. Arnson also adds a U.S. congressional perspective to our discussion on U.S. policy towards the Americas, having served as a foreign policy aide in the House of Representatives.

Following Dr. Arnson will be Dr. Arturo Valenzuela, the director of the Center for Latin American Studies in the Edmund A. Walsh School of Foreign Service at Georgetown University, which takes the cake as the longest title of today's panelists. Of most direct relevance to our discussion today, Dr. Valenzuela served at the White House in the National Security Council during the second Clinton administration as a special assistant to the president and senior director for inter-American affairs. During the first Clinton administration, he served as deputy assistant secretary for inter-American affairs.

Our final panelist will be Marcela Sanchez, a columnist who writes a weekly column "Desde Washington" in the *Washington Post* addressing issues of interest between the United States and Latin America. In addition to her responsibilities with the *Post*, Sanchez appears on a daily news broadcast to a local affiliate of the nation's largest Spanish-language television network and the fifth largest television network in the United States, Univision. For more than seven years, Ms. Sanchez served as Washington correspondent for two major daily newspapers in her native Colombia, *El Espectador* and *El Tiempo*, as well as Colombia's En Vivo and QAP television newscasts.

Each panelist will speak for approximately eight to ten minutes, and then we will have question and answer. Dr. Arnson?

DR. CYNTHIA ARNSON: Thank you, Dan, and thanks to the Center for American Progress for sponsoring this important discussion. It's always a pleasure to listen to Secretary General Insulza and to learn from him, and I'm reminded of a talk that he gave at the Wilson Center almost exactly two years ago when he was still serving as Chile's minister of the interior and was a candidate for the position that he now holds.

Minister Insulza, then as now, noted the public opinion polls that were conducted by Latino Barometro (ph), that showed a decline in popular support for democracy because people's hopes for concrete improvements in their lives under a democratic system had been dashed.

Minister Insulza also noted that the OAS as an institution was viewed by many people in the region as irrelevant because it did not address their key concerns: to combat endemic poverty, to reduce citizen security or citizen insecurity, and improve the quality and the functioning of democratic institutions.

I think most of us in this room would agree that the OAS has made very important strides over the last two years in making the organization more responsive, efficient, and representative, and I think we have the secretary general to thank for his continued – for his leadership in that area.

I don't think that I can address of think about U.S. policy towards Latin America without offering first a few thoughts on what is taking place in the region. The idea that there is a new left has gained currency in the media and in policy circles in light of the 13 presidential elections that have been held in the region between late 2005 and the end of 2006.

The outcomes of the presidential elections in Mexico, in Columbia, and in Peru had demonstrated that this so-called swing to the left is by no means universal, but there is some truth to the perception that an unprecedented number of current presidents or their followers define themselves as leftist or represent parties or coalitions historically defined as on the left: the Chilean Socialists, the Brazilian Workers Party, the Uruguayan (unintelligible), for example. At the same time – and this is relevant for policy discussions here in Washington – the desire to characterize broad political trends has led to what I think are confusing and imprecise comparisons of very distinct phenomenon.

There is a distinction between Hugo Chavez's antagonism toward the institutions of liberal democracy and the kind of political representation in Brazil, Chile, or Uruguay where left parties have moderated over time and are deeply embedded in a competitive electoral system. But even comparisons of supposedly similar regimes – the so-called radical populists of Venezuela, Ecuador, Bolivia, and Nicaragua – fail to capture the unique dynamics of social mobilization in each country or the way that popular discontent translates into electoral outcomes. This means that we should be careful about overly facile characterizations of current political trends or their implications for public policies or for democratic consolidation in the hemisphere.

I don't want to argue, however, that no generalizations are meaningful and quite the contrary. I think it's fair to say and as Minister Insulza has pointed out – Secretary General, excuse me – that electoral outcomes of the past two years reflect two general trends. First is the widespread dissatisfaction with the social deficits that were left in the wake of two decades of neo-liberal reform. Second, as highlighted by Secretary General Insulza and reflected in the polls of Latino Barometro and others, is the discontent with

the incapacity of traditional political elites to respond to growing demands for greater equity, participation, and economic political and social inclusion.

Thus, the rise of the left owes much to core problems arising from the quality of democracy as experienced by the average citizen: the persistence of poverty and inequality, the lack of good jobs and the growth of informality even as economies have grown and desencanto or disenchantment with the institutions of democratic governance, especially political parties; the difficulty of establishing adequate mechanisms of participation, representation and accountability; and finally, dislocations in Latin America as well as in the Untied States related to the domestic effects and foreign policy implications of globalization.

There is probably no issue that more serves as a common denominator defining today's left in the region than the desire to address the massive poverty and social injustice that exists in various degrees of severity throughout the hemisphere. Another idea that unites the left is that addressing poverty is a legitimate function of the state and not simply an expected or down-the-road outcome of market forces.

Once we realize, for example, that one and a half million Bolivians – to continue the example cited earlier – out of a population of a little less than nine million people subsist on 16 cents a day or less – these are World Bank figures – it should be easier to understand the popular enthusiasm for President Evo Morales's nationalization of the gas industry. Or to give another example, Brazil is South America's largest economy, yet only one half of children in Brazil complete secondary school. Fully one quarter of public education expenditures by the Brazilian government benefit the richest 20 percent of the population because they're directed towards the university levels. Only 16 percent of expenditures benefit the poorest 20 percent.

If addressing the social deficit unites governments throughout the region, left-wing government as well as I would argue governments on the right or so-called right-wing populist, what is the U.S. policy response? Rhetorically at least, I think that there is a growing understanding of the growing relevance of poverty and inequality for the consolidation of democratic governance in the region, but the instruments for addressing the region's social agenda are scant indeed.

Rhetoric aside, U.S. policy towards Latin America I think has three main pillars: the promotion of free trade, the funding of counter-narcotics programs, and the support of democracy not just in the policy discourse, but through a limited number of small, but significant programs to modernize judicial systems, protect human rights monitors, and the like.

On the trade issue, I think there has been little willingness to advance the argument beyond the 1990s discourse of pairing free trade and open markets. The failure to consider the secondary policies that are necessary to enhance – I see Dan getting closer, I'm getting my two-minute warning, I'm doing fine. The failure to consider the secondary policies that are necessary to enhance trade's capacity for development is

hurting the case for free trade not only in Latin America, but also in the United States and particularly with this current Congress.

And counter-narcotics – this is not the time – certainly I don't have the time – to engage in a debate about whether the areas of cocoa cultivation are increasing or decreasing in Colombia or elsewhere in the Andes, or whether there are alternatives to supply-side – supply reduction policy such as fumigation, but suffice it to say and the face of across the board budget cuts to make way for the staggering cost of the war on Iraq, the U.S. government now is robbing Peter to pay Paul; that is, to maintain the levels of funding for Plan Colombia and President Uribe's democratic security policy, the Bush administration in this budget is cutting aid to other countries in the Andes. I think it's worth remembering that assistance to Colombia's neighbors has been important in maintaining the congressional consensus in favor of aid to Colombia and as well in addressing the very real ways that the Colombian conflict continues to impact on other countries of the Andean region.

Finally – and I certainly hope in my presentation and in the subsequent discussion to avoid much reference to Iraq, I do think it's relevant for U.S. policy towards Latin America to note that the staggering and ever increasing U.S. budget deficit as a result of funding of the wars in Iraq and Afghanistan will eventually impact the economic future of this country. Budget and trade deficits of the magnitude that we are currently experiencing will continue to contribute to downward pressure on the dollar, and I think we should keep in the back of our minds the ways that the declining value of the dollar will affect our closest trading partners, including Latin American countries.

Thank you.

(Applause.)

MR. RESTREPO: (Off mike) the Iraq comparison and I'm sure a lot of people in the room are aware of this, but this week – and by this week, I mean the previous four days – the United States will spend more money in Iraq than the president has budgeted to spend in the western hemisphere in 2008. So with that, I will turn things over to Arturo Valenzuela.

DR. ARTURO VALENZUELA: Thanks very much. Actually, that is a very appropriate segue for my discussion. I think that what I'd like to say is that the problem that we face in dealing with Latin America in terms of the U.S. foreign policy is that we don't think about the region strategically. We just simply don't think about the region strategically. What does that mean? It's quite obvious, right? When you think about a region strategically, and that's what a country should do, what you do is you identify your vital interests and then you look for ways in which to address those vital interests in order to be able to secure them.

When we don't do this, it means the Latin America policy then becomes second tiered, or derivative. Let me give two examples of that which are rather obvious, but

have had a significant impact on our policy towards the region. The first is the punishment of Mexico and Chile because both countries at the time on the Security Council at the United Nations did not go along with the second resolution which authorized the war in Iraq. The reason why they didn't go along with the second resolution was that they had serious doubts about the claims of the United States had about the existence of weapons of mass destruction in Iraq, after having listened to both the presentation from the United States as well as the presentation from the UN inspectors and others.

And when they did not go along with U.S. position, both countries were then punished and ironically, I say, because probably there were no two countries that were closer allies to the United States at that time than Chile and Mexico. The two countries that we were closest to. We were about ready to sign a historic free trade agreement with Chile and the president had made Mexico the signal innovation of his own policy during the campaign.

And yet President Fox did not get his calls answered for eight months and Chile had to sign a free trade agreement – unlike Singapore in Washington, it had to sign it at the ministerial level in Miami. So you punish a country for not going along with that.

A second example of that is a little closer to home for our discussion today and that is when the United States sought to promote a secretary general of the OAS that replaced President Gaviria, they proposed a president whose credentials – a very fine person. I have a very high regard for him personally, but the reason why he was promoted was because he came from a country that supported the U.S. in Iraq. And that was the fundamental reason we did that. President Flores is a very fine individual, but it did not have a lot of mileage in Latin America.

Fortunately, the countries in Latin America came up with a secretary general that was an alternative to that, but it hurt us significantly in terms of our own credibility, in terms of our own leadership when we were making decisions that were not based on calculations of our own interest – our own interest, our own assessment of our vital interests in the region, but making our policy derivative to a policy elsewhere in the world.

And of course, it would take a lot longer than the eight minutes that Dan has given me to also say that when you don't have a clear identification of your policies as vital, not only do you become subsumed to other crises that you are working on as a foreign policy establishment, it's much more likely that your policies will also be driven by domestic considerations. So they become intermestic (ph) politics and we know this all – a good example of this is – and I mentioned this at the last forum that we had right here – how many of you have heard any discussion of the fundamental vital interest the United States might have with regard to Mexico when we talk about the issue of immigration reform in the United States? It's not on the table. But shouldn't we be worried about the implications of these sorts of issues for a country on our border with 100 million people? So that is where I'd like to come from on this.

Now, what are our vital interests? We do have vital interests. This is the one region in the world where in fact there isn't irredentist politics, where ethnic conflicts are trying to seek to create nation-states. You know, so far – yet – the Maya nation in Central America and southern Mexico hasn't decided that they're going to create the Maya state. And we know that some of the great conflicts of the 21st century – in the first part of the 21st century have stemmed precisely from that. The only really serious irredentist politics threat in the western hemisphere is in Canada and not in Latin America so far.

It's a continent that's preponderantly democratic. It meets all of our objectives in that sense – preponderantly democratic. But it's also a continent that's made huge progress, for example, on such a critical issue – no more important issue perhaps for all of us today than the question of nonproliferation. The western hemisphere outside of the United States is the nuclear free zone because of the decisions that were taken in support of the Tlatelolco Treaty. It's also a continent where boundary disputes have been addressed successfully recently, so there's no real significant threat from that point of view. And of course, then it's an area – and I don't have time in the eight minutes that Dan has very restrictively given me to go into this.

The issue of energy is absolutely fundamental to U.S. interests. Energy self sufficiency in Latin America means that there is a possibility for the United States to be able to meet some of its own energy needs. In addition to the fact that Latin America is the one area of the world where we see some positive trends in terms of production of energy for export in addition to self sufficiency. These are all in the U.S. interest. It's vital for us to be able to make sure that the trends that I've just described continue.

The secretary general has pointed out, however, that we face fragile democracies, that we face a region with enormous inequalities and poverty, where we in fact can identify serious ethnic conflicts, where there could be threats including the break up of countries like Bolivia because of these sorts of things, and for us to just simply not be mindful of the fact that this can happen – that we could have a significant reversal in the western hemisphere is of course against our own vital interest.

Now, what do we need to do, of course, is we need to engage positively and unfortunately we've made some significant mistakes. I don't have time either to go into the mistakes, but we made mistakes in Argentina, we made mistakes in Venezuela, we made mistakes in Bolivia, we made mistakes in Haiti. And I must say and I can't let this go by, and Cynthia referred to it at the end of her remarks, is that there probably is no significant thing that's most difficult for us engaging with Latin America today than the U.S. posture in the world.

In the 40 years that I've been working on Latin America – 40 years, folks – I have never seen a time when there's been such a strong pushback on the U.S. policy and posture in the world as we find today. So U.S. – its moral and political leadership is affected by the war in Iraq, it's affected by the unilateralism of the United States, it's

affected by the perception of a disdain for multilateral institutions, it's affected by our own perceived double standard when we promote human rights and democracy and yet we allow things like Abu Ghraib and so on to happen.

That's a reality and it's much more difficult then for us to then exercise moral and political leadership in this kind of context. What do we need to do in the two minutes that I have allotted? We need to engage more positively with the region. We need to engage not derivatively. We need to understand that we have to engage for our own interests in a positive way and that we need to focus on multilateralism as a venue, as a mechanism. We need to avoid the Manichaeism that demonizes the region.

Cynthia referred to the whole issue of the left in Latin America; it's such a complicated issue. We're not really dealing with good guys on the right and bad guys on the left, or vice versa. That's not what it is all about, and what we need to do, of course, is to try to see how we can engage to identify our interests. I agree with the notion that Cynthia referred to. We used to talk about trade, not aid, you know. Well, now we need to understand trade is not enough either.

One of the significant issues in the region is competitiveness and the strengthening of institutions. What are we doing about that? There's a giant sucking sound that forces resources away from Latin America as this region – as we think that this region is fine. More money was put into trying to observe the Nicaraguan election than the Mexican election out of the U.S. government. We weren't concerned as much about the Mexican election as we were about the Nicaraguan election. Why? I don't know. Did we do a calculus of vital interest? I'm not sure we did.

We need engagement. We need engagement and we also need to put more resources. The Europeans understood this when they went through the process of integration. I celebrate Senator Menendez's efforts, for example, to try to see that there would be some kind of a reversal of the trends away from dismissing the importance of our putting some of our own resources and energy and to work with our partner, not to lead, but also to encourage our partners to work on their problems in Latin America. This is not something the United States is going to resolve. The countries in the region have to resolve it, but we need to work more effectively with them in order to do so, and my two minutes are up.

(Applause.)

MR. RESTREPO: Thank you very much, Arturo.

Marcela?

MS. MARCELA SANCHEZ: Thank you so much. I hope you can hear me. I have a cold, so please forgive me. If you can't, let me know. I'm kind of happy to go last because I can just say that everything has been said and we can go on to questions and answers, which as a journalist is obviously the part that I enjoy the most normally.

But before I do that, I'll try to at least say a few things that I thought useful to share about the situation of the Americas today and the state of the Americas today, and sort of one word that might help summarize in some ways and that word is "interesting." And obviously interesting is a word that I appreciate in English a lot because it can have very different meanings. There is the "interesting" that my mother-in-law gave me when I told her I had pierced the ears of my baby daughter and I said, "Yeah, you know, we do that in Latin America." She said, "Oh, interesting. That's interesting." (Laughter.)

So that's the kind of interesting that you find in some places right now in Latin America and that I think annoy the heck out of Washington in some instances. For instance, obviously in Venezuela – Venezuela or Bolivia. They're doing things that, you know, the U.S. will think: "Well, why isn't Latin America reacting more? Why aren't they doing more? Why aren't they just leaving us to react as the usual? You are destroying your economy. You're destroying your system. You're destroying your democracy." And I would say in part because of – besides that – there's the same reason my stepmother, sorry, my mother-in-law told me "interesting" – it means that she didn't approve, but at the same time she knows we are family and she knows that she has to accept it because maybe culturally it is acceptable in that America to pierce baby's ears.

So here it is the reason why Latin America perhaps does not react the way the U.S. does. Some of the situations that are going on that Washington thinks require more of a reaction from the region, and it is because they realize that they are neighbors, they realize that they are family, and once you start getting involved in judging what others are doing, there is always the concern that somebody else is going to come around and judge what we are doing. And that I know it's an issue that annoys many in Washington – the whole idea of sovereignty and we need to respect each other's sovereignty, otherwise who knows where we'll end up?

So that's one tone of "interesting" that I think – you know, that summarizes the situation in the region today and that really annoys Washington in some respect. But then there is the real, honest interesting things happening in the region and I thought I would just mention three very diverse and very different examples that I think help explain things that can be done where the United States have some room to do something without the billions that are not going to go. I don't think we are going to have the billions that the European Union ever had for Latin America. I think certainly Senator Menendez has had a good idea for a while and I don't think it's gone very far and I don't feel it's going to go very far anytime soon on providing more assistance to the region.

So we have to look at what is realistic. What are the good examples; in other words, things can be done. And there's been a lot said about inequality, which I think it is a major problem in Latin America these days. The difference between how much people make in the upper levels of society and how little those in the lower level make. And some examples – and I've been talking about it for a long time with people in different institutions like the UN, UNDP, like the World Bank – and they are talking about some interesting ideas coming out from the region directly. They are not led by

Washington, they don't come from the Washington consensus; they are actually ideas that come from the region that are drawing something in regards to inequality.

One of them is the conditional cash transfers. Maybe some of you have heard about this. It's a small program so far that could actually do better if they were bigger, that basically require or involve giving an (unintelligible) to a family, particularly the mother of the family because they have realized that if they give it to the father, the father might use it for drinking more than for spending it on the family. And the idea is that as long as you keep your child going to school and you bring him to a healthcare provider frequently, then you'll get some amount of money every month that will help you with basic needs and that's been done in Argentina, and Brazil actually, it's been done in Mexico, it's been done in Colombia. It's happening more and more throughout the region and it's making a difference. Obviously, it's small, like I said, and it could receive a lot more funds and interests from, for instance, the United States if they wanted to help on something that is providing tangible resource toward this important issue of inequality.

Another example of innovation I think that is coming from the region – I wrote about it recently – it has to do with urbanization and the two of us just came back from Bogotá recently – actually this week – and there you see, for instance, development of new ways of transportation and that's a basic issue that has to do with well-being of people in the region. Obviously, if you go to any city in Latin America, you realize the (pollution and confusion?) that it is to have very irregular or disordered traffic and a lot of cars with not enough room for them on the highways and on the roads.

So out of an example also that came out of Brazil, Colombia or Bogotá has specifically developed a system called the TransMilenio System, which is just a bus system – you know, one lane dedicated to one bus, that does not get stopped by all the cars and taxis that are on the road and that has actually become such a good example of promoting well-being for citizens in the region. That is being copied by others in Latin America, even the United States. Now New York City is thinking about doing a bus lane in New York, and also in Los Angeles they're thinking about something like that.

And then one other tiny example that I used a long time ago like last year or something, that is interesting in regards to the small things that the United States can do to help make a difference on important issues. It is one that came out of Guatemala with the U.S. AID supporting it and had to do with the gang violence, another huge issue, particularly for Central America and also for the United States, and people in the Washington region obviously know about this issue because there is a lot of gang violence also in this region and obviously in Los Angeles and New York, too. And it had to do with a small program created by an NGO that created some form of reality show with former gang members. It gave them an idea or an opportunity to find a job, to develop skills, to figure out what would be the kind of future for them after having been gang members and made a reality show out of it.

And it was an incredible opportunity for these young guys that had had no chances before to actually develop their own skills and have a job. One of them, I remember, created a – basically started a business to wash cars and it had some assistance from the United States. It didn't require billions. He had little money, but he was making a difference on a huge issue that has to do with security or insecurity, which in the U.S. if you look at any polls in the region it says that's a key and important issue for many people in the region, so now it's the sense of insecurity – a feeling that they can even go out in the streets until (inaudible).

So there is something where the United States could provide some assistance. It doesn't require a lot, but that can help make a difference. And I know have a two-minute warning and I don't really need the two-minute warning, so I rather give it to you guys and start the discussion about whatever your questions are and whatever we can provide as answers, so thank you so much.

(Applause.)

MR. RESTREPO: Thank you very much. Thank you to all the panelists.

I'm going to take the moderator's prerogative before turning it over to the room and ask the first question. Actually, it's built off of where Marcela ended. I was struck until Marcela got to it that I hadn't heard the word insecurity in presentations.

I've heard the Secretary General previously discuss the problems of insecurity in the region – of physical insecurity in the region; obviously an issue throughout Central America, Colombia, Brazil, Mexico – there's a long list of places where physical insecurity is a problem. How big a threat is it to democracy? And for those who wish to comment on U.S. policy approaches, what can the United States do about it?

And we can start with the Secretary General on the broader question.

SEC. GEN. INSULZA: Well, yes, I am sorry I did omit that thing that I have it written here. Well, crime is a big threat. If we look at the polls, insecurities, crime, murder, drug traffic, I mean, all those varieties appear very closely there with jobs as the first problem for Latin Americans.

I should have said first also when I was talking about poverty that to keep the levels of employment today that Latin America has today, we'll have to create five million jobs a year. We are not creating (unintelligible) so that's a big challenge. And on the matters of crime – well, crime has a problem that it's an issue that is really dramatic for the poorest people and the low middle classes. I mean, with the degree of inequality that you have in Latin America, you will imagine that the most scared would be the ones that are locked up in their mansions in some isolated areas of town waiting for all these criminals to come and get them. No, that's not it.

The fact is that if you have a – and I had the chance of directing a poll, very important when I was minister of the interior of Chile. Chile is not a big crime society and asked the people what were they most scared of. And of course when you look at the upper levels of income, they will say, to be assaulted in my home. But they were not scared of that. I mean, the level of fear was less than in the poorest people and what they may be most feared is the drug traffickers dealing in the corner of my home when my child goes out to school.

I mean, in some – I pretty much agree with most Marcela. In some places in the region when raising a son or a daughter is really a very difficult thing from the point of view of security. You live in insecurity and the drama of helplessness or what we call in Spanish "desamparo" is very high and that's really appealing also for somebody who comes from, say, someone to – the hard line against the criminals lets return to all kinds of penalties, disregarding the fact that what really counts in fighting crime is the certitude that crime will be punished more than the size of the punishment. But if it's the size of the punishment (unintelligible) calls for the death penalty. We have had it in some countries a lot of lynching even. And certainly it's a threat to democracy because it goes to middle classes and the poorest which are the ones that are the most fragile in their democratic views and because it makes authoritarian government much more appealing than it would (inaudible).

MS. SANCHEZ: If I may add that there's a – and I'll break to my own embargo, because my column for tomorrow actually refers to one interesting example that's going on in the region right now, which is Mexico. And I'm sure you've heard about President Calderon going all out trying to fight the drug (talks?) in his country. He's sending out troops, he's sending out police, but I know the troop issue is very much of a concern for NGOs, particularly in the United States – the use of military to provide security within their own territory. And I know Colombia, which is my country, has done it all along to fight the drug war.

But what's interesting in what I'm trying to say in the column is that by doing what Calderon is doing in Mexico, he might have found a very interesting common ground with the United States. Dealing with the security priorities that the United States has been asking for for so long from the region, and at the same time he is doing it because of an economic interest, which is what the region has always said. And the economic interest is in order to have more investment, which is what Calderon has said he wants for his country – he wants to make Mexico one of the best countries to invest in the world, he realizes that unless he has a more secured country, people are not going to want to go and invest.

So he is finding a way to actually have a very interesting dialogue with the U.S. and I'm not sure if you followed, but a lot of high-ranking officials have been going down to Mexico precisely because of how satisfied they are of the fact that Calderon is doing so much to deal with the issue of security and obviously the drug issue is one important aspect of this, and are maybe even going to have President Bush going down at some point – it's very probable – to maybe find – you know, finding new common

ground that was lost in 2001 because of the 9/11 and that meant that the U.S. and Mexican relations were in very bad shape for many years and that now maybe today because of the fact that Calderon is dealing with the security issue, but with the reason of economic progress, then maybe the U.S. is finding some common ground to work with Mexico. So that's an interesting example of something that could be happening.

MR. RESTREPO: Arturo?

MR. VALENZUELA: Just real quickly because I know there are a lot of other questions. The United States can't drop its commitment to working with countries in the region on the narcotics, on the drug threats, and I agree with Marcela in her assessment that Calderon has done a fairly good job in trying to respond.

But the challenge is huge. The challenge is enormous and it is a direct threat to democracy. We would be pollyannaish if we did not understand the degree to which the Mexican democracy itself is under the threat by illegal forces and very powerful illegal forces, and you find this in other places as well. And we have a responsibility for that. It's not only in our interest to make sure that something like this does not unravel in Mexico, we also have a responsibility because we're part of the problem, and this has always been a discussion on the issue of narcotics. It's a demand. As a consuming country, we have a significant responsibility to address this issue.

And then common crime, as the Secretary General said, is an enormous problem throughout the region, and unless that can be addressed – and this is what this is mean more than anything else. It means finding better ways of strengthening the capacity of local governments. And here we get back to the issue of trying to build stable institutions. I don't think we have enough policy tools to do that.

MS. ARNSON: If I could just add very briefly, there is a tendency and an understandable tendency to want to address the problems of gang violence and common crime with sort of law and order solutions, with the iron fist, and I don't think we should lose sight of the examples in Latin America where anti-gang strategies have a social and an employment component, and once again I would use Colombia as an example. In conjunction with the demobilization and reintegration of paramilitary forces in Medellin, the municipal government has adopted a very, very broad policy aimed at reintegrating not only the combatants, but dealing with the social conditions in which gangs and paramilitarism and drug trafficking in the poor neighborhoods of Medellin has taken place and I think that that's certainly an example.

And then finally I think in terms of what the United States can do, there needs to be a far greater degree of cooperation and collaboration between immigration forces in this country and police and security forces in the region, particularly with respect to the deportation of gang members – of violent gang members who are illegally in the United States, many of them from El Salvador, who are sent back either before or after having served time for crimes committed in the United States with little or no notification of the

police and security forces. And I think that this is an area that just cries out for improvement.

MR. RESTREPO: Excellent. I'm now going to turn it over. There will be a mike circulating. Just a couple of quick reminders: if you can identify yourself and if your question could be in the form of a question rather than a comment, I'd greatly appreciate it. We're going to take a handful of questions and then allow the panel to react. Paige, we'll start at that end.

Q: Yes, my name is Patricio Ricardo and I would like to find out from the panel what is – on the state of the Americas, what is the role or how do you see Cuba in this – in all this problematic and all the problems that the Americas are facing, and how the United States is also facing this issue, especially with Fidel's illness?

MR. RESTREPO: Anyone else? I'm going to take a couple of questions.

Q: Hi. My name is Jennifer (Sherwood?). I'm from the Center for International Policy and my question was also in relation to Cuba. I know you mentioned at the beginning that the U.S. foreign policy towards Latin America should not focus on Cuba, but with the possible transition of government happening in Cuba, how do you see the role of Venezuela and also the role of the United States in this transition and what should U.S. foreign policy be towards Cuba? How involved should we be? And what role could the other nations in Latin America take in this process?

Q: Hi. I'm Jessica Martin from the National Endowment for Democracy. Secretary General Insulza, you mentioned the Latinobarometro polls and I specially wish now that I could have attended that event when they were presented, but I was curious if there were – I don't know if Latinobarometro has done any polling regarding what Latin Americans associate with democracy. Do they tend to associate things such as the rule of law or political freedoms with democracy rather than social equality or higher employment rates? I think that would definitely be an interesting poll or statistic if there were any available.

MR. RESTREPO: I'll just take one more question if – there's a hand just right back there.

Q: My name is Eduardo Moreno. I'm a consultant and my question is regarding transnationalism. How do you see the panel – the future of the relations, political, economical with communities, diasporas and Latin America diasporas? How this dialogue is going take place and what's the challenge for the future?

SEC. GEN. INSULZA: Well, on both questions about Cuba, I think that the most distressing element of the Cuban situation for Latin America and Caribbean people – and I have discussed this with that some of the leaders recently, is the enormous – and I mean enormous – disparity of views that exists about Cuba and about the Cuban leadership in each (side in?) United States vis-à-vis Latin America. I have this feeling that

(unintelligible) two or three experiences of referring to Fidel Castro, I myself, to an example of charismatic legitimacy. I said the problem with Cuba is that when Fidel Castro goes, they will lose one very important source of legitimacy. It's just the charismatic legitimacy, in the Bavarian sense of the word, that he provides. I mean, aside from the technical scientific lack of knowledge of that – I mean this caused real distress. I was saying that this man had some kind of legitimacy –

Q: (Off mike.)

SEC. GEN. INSULZA: Well, (in this sense?) that's heresy. I mean, the Cuban system is completely legitimate and it will fall down as soon as Castro goes, and that is really dangerous because that is not going to happen. I truly believe that when there is a change of government in Cuba, there will be some changes certainly because of the loss of this source of – of course, Fidel Castro has been in the continent for the last 50 years, but to think that that will fall down and we will come – and everybody will come as a liberator from abroad and be cheered in the streets – has a dramatic similitude to something else that's going on in this country. (Laughter.)

So I sincerely hope that Cuba will be able – will be given a margin to sort out their own problems by themselves, and I fear that that might not happen. I am stating these views very frankly because I believe it is the view of all Latin Americans. All Latin American governments, all Caribbean governments have only one source of concern and that's not Venezuela. (Laughter.) About Cuba. That is not Venezuela.

Of course, some don't like certain – what they see as a certain attempt to take Fidel's mantle, revolutionary mantle – nobody believes that Venezuela wants to govern Cuba. My God, that would be impossible. (Unintelligible) that President Chavez will take the role of Fidel Castro in Cuba. No, no, Cuba will go its own way. Some things are going to happen in Cuba, some others, but certainly some people are distressed by the fact that he's like a – that sometimes he's presented as the continuator of Fidel Castro at the hemispheric level, but not at the Cuba level.

What is (a realistic?) concern is what are you going to do with the reactions here, and frankly the views that we have – we have to start a dialogue, not – I'm very much a part of the OAS and our institutions and developing some kind of a dialogue with Cuba – begin working with Cuba – with all Cubans, of course, but first with the government. This is because it exists. I mean, this whole idea that you can work and discuss Cuba and leave the Cuban government aside is crazy. We have to have that dialogue, but we also have to have some time of an internal dialogue. Let's face it. Let's be frank. I mean, Latin Americas have never been satisfied with the policy towards Cuba. The time to put that on the table has come and let's discuss it very frankly. And that's my view on the Cuban situation.

It can be more important than it should be because of this misunderstanding, because it can become a crisis. If we take a view of Cuba can have a normal transition towards different forms of government as much – the more we will respect the timing of

the Cuban processes, the further we are from a crisis and the less interesting that can become as a problem (unintelligible) to have a major crisis. I mean, if we have a clash between Latin America and the United States on the problem of Cuba, that will certainly be a major crisis. That will be my main concern.

Now, about what do Latin Americans identify with democracy that varies very much, but I can tell you what they feel is lacking is democracy. I think they do refer very much to social and economic affairs, jobs and the social systems and some education. But what I would suggest is the worst – this strongest evidence in most of the polls has to do with the rule of law or if you want equality. I have seen polls all over the region in which the question is, do you think in your country everybody is equal under the law? And you get really funny results. Almost nobody believes that everybody is equal under the law. And I think that, therefore, access to justice systems, independent – equality under the law is very much associated with democracy in Latin America with the shortcomings of democracy. I mean, with the things that democracy should provide and is not providing in Latin America.

Aside on the social justice and all that, I don't think that some other issues are that much identified with democracy. I think the view and probably that question I said at the beginning that people will leave some part of their democracy in exchange for a better life is because that's a challenge, because actually it means that if democracy – democratic (unintelligible) were able to deliver a life that's a little bit better, they would probably go – I mean, the democratic strength – the strength of democracy would be much higher.

Finally, I wanted to say something about immigration to the diaspora. I think that the U.S. does need new immigration laws definitely, but we must not confuse a new immigration – all immigration, even all Latin American immigration, with the big problem because the big problem from my point of view is – I mean, because we do have immigration from South America, but there are over a million Paraguayans in Buenos Aires, which is about 30 times as many as there are in the United States, and there are still many more Peruvians in Latin American, in South American countries than there are in the United States, and Ecuadorians more certainly in Spain than in the United States.

I mean, immigration from South America is normal by U.S. standards. It's not a big problem. The big problem in this country is a problem of the large economic space you have created to yourself, which is Mexico, Central America, and the Caribbean. And if people migrate in America – if the population in Detroit is declining and the population in North Carolina is growing, I don't see why it shouldn't grow from an economic point of view. It shouldn't be declining in Oaxaca increasing in Arizona. People go where the jobs are and the jobs are still there and the jobs are quite – if the jobs are there, they would still continue to go to that place.

I think that there's different solutions to different problems and I think that the big problem of immigration from the upper part of South America, of Latin America is really the big crisis that - because of the sizes and because it's actually linked, as I said, to an

economic space that is very much a – every time more integrated and will need more jobs as the baby boom generation begins to retire. I think that for that region, that's a permanent feature.

A large number of nationals of those countries will continue to live in the United States. I mean, they won't go back for this generation or many more generations until probably the job market brings them back. I mean, there was a piece yesterday in some other newspaper I read. I think it was the *New Herald*. It was – I didn't like it too much. It was like a mixture of politics, of bad politics and economic (unintelligible) it's like saying why we don't go back and the purpose of writing the article admitted that he had come from Bolivia for a year as he had been for 24. And it would solve the bad things that happened to immigrants in the U.S., but then he says, but we live much better and we are going to continue living much better for a long time. And, of course, governments and societies and the countries from which they come have to take into account this fact that half the population – not half, but one-third of the population will continue to live abroad.

Now, some will decide that political and decisions that I would not comment, but it's a permanent diaspora. It's a permanent feature at least of the upper part of Latin America (off mike).

I would like to comment – just one thing – just one comment I want to make. There are more poor in India and China than in Latin America. In China, they have 700 million poor. If you divide that by three, which is more or less the relation to Latin American population, that's still more than 200 million people.

In India, malnutrition is higher than in sub-Saharan Africa. The problem is – I'm not trying to say anything bad about the other countries – is that we have political and social systems that cannot stand those degrees of problems. That's the problem with Latin America. We are pushed or pressed to do things that other countries of other regions do in another way and do for generations, but everybody wants this region to be democratic, to take care of their poor, to create equality, to reduce crime, et cetera. It's a much larger – so the challenges are much larger.

That's why I don't like too much comparisons between China and India. They have different systems. We are forced to do things differently and probably that has some costs, that creates some problems, that increases the tensions and that reduces investment in the (unintelligible) like to say. People like stable democracies to invest, and then they want stable autocracies. If you have fragile democracies, that's not a good place to invest. That's a fact. We're probably faced with that, but that's the way things are. So this comparison sometimes we make between China, India and saying (to you?), why don't you do it like India? Well, because we cannot have the problems that India has and continue growing? It's not acceptable in Latin America political systems.

Thank you.

MR. RESTREPO: Obviously, no sense of disrespect and for a fear of taking the last word from the secretary general, I'm going to throw it to the panel in terms of anybody wants to wade into the oh so exciting issues of Cuba policy, what it means for the U.S. and for the hemisphere, and then obviously the transnational issues as well?

Arturo?

MR. VALENZUELA: Well, obviously this is a very complex subject that requires much more time than to just simply answer the questions, but the United States does have – to go back to my scheme – vital interests and it has a vital interest in a stable and ultimately democratic Cuba. And by democratic Cuba, I mean a Cuba that represents the will of the people of Cuba. That is the essence of legitimacy and we want to deal with legitimate governments and the legitimacy should come from the people and that's reality number one.

Reality number two is Cuba policy in the United States has failed. If we've had this as an objective for the last 40 years, we certainly haven't reached that objective. Three, yes, you know, the death of Castro is going to lead to a significant change in Cuba. There is a difference in the – to go back to the Weberian concept, there is a difference in the kind of authority that, you know, we're going to move from charismatic authority to a different kind of authority.

Does that mean that there is going to be a collapse of the regime immediately and that people are going to go out in the streets to celebrate? No, I don't think so. And in fact – but, you know, there will be change in this regime and the question is how do we engage with Cuba generally so that the outcome will be some kind of a soft landing that will achieve our interest? And I think we need to have some significant shifts in policy. Certainly the move recently of trying to isolate Cuba more, of trying to cut off including travel of relatives to Cuba, is just absolutely counterproductive to those ends. And there's a – you know, we understand when we deal with countries like Vietnam and China how we need to behave in order to advance our interests. We haven't understood properly how we need to deal with Cuba in order to advance our interests.

I would like to echo what the Secretary General of the OAS said, and that is that U.S. policy cannot be alone in the world on this issue. We typically are – when votes on Cuba come up in the UN, typically there are four votes there, you know, United States and two or three other countries. And in the hemisphere, there is a different kind. We need to work with the consensus in the hemisphere and we need to be able to build an adequate policy.

Let me just say one other thing. I am encouraged by the fact that there is more reflection in this town of this issue. I am encouraged that there is more reflection in the Republican Party on this issue. I am encouraged that there is more reflection in the Cuban-American community on this issue, so I don't think that this is – we should not go into this with the kind of blinders of the past.

MS. SANCHEZ: Yes, obviously, you mentioned a term that is perhaps the only thing I would add about the problem with the U.S. policy toward Cuba is the intermestic problems. It's been obviously an issue of domestic issues and domestic politics and why they had built this policy, but I agree with Arturo that there's been an office, there's been a whole institutional organization dedicated for some time to figure out what the U.S. is going to do in the transition. I mean, in that way I guess the U.S. has to be commended for certainly trying to prepare for what is going to happen sooner or later. And out of that there have been interesting documents. I don't know how much they're going to be viable or they're going to be respected when things happen, but among those commitments that you read released from this government is that they are going to make sure that private property in Cuba is respected, at least the property of the people there will be respected.

That's one of the most interesting things that has come out of this office is that they really recognize that if things happen, they are sending a message to the Cuban-American community that they cannot just go and expect to get their property back. They are going to try to make sure that whatever is there will be respected and whoever is living in a house will have that house, you know, for a while. So I think, yeah, that is an important issue that the U.S. government is certainly at least debating what the transition will be.

Now, I also want to ask the Secretary General, if there is going to be such debate that you talked about the Latin America and the U.S. debating the policy toward Cuba, I certainly want to know when and what time because I would love to witness that debate. I mean, it's true that the two regions have had such different views about Cuba and it would be interesting to have a chance for this debate to happen sometime soon.

And now about the transnational issue, which I think is such an interesting aspect of what's going on in the Americas today, I think there are so many things that can be said, but one that is of obvious importance to me is that by the fact that there are more and more Latin Americans living in this country, I think that in the long term that's going to mean a change also for the U.S. interests toward the region. It's got to happen. You know, the more people get into government that are of Latin American descent, the more they get elected to Congress, the more they are reading papers and they are asking the newspapers to write more about the region, the more that we're going to have this city particularly interested in what happens (the other?) side of the Rio Grande.

MS. ARNSON: Very briefly, to answer Jessica's question, I just happen to have here with me a Xerox of Latinobarometro's report or the summary of their presentation to the OAS (unintelligible) and there's a table that reflects the answers to the question, "what does democracy signify?" Aand by far the highest percentage – 42 percent of those almost 200,000 people polled – defined democracy as civil liberties or civil or individual liberties. Equality and justice came in at 13 percent, the right to vote 8 percent, the rule of law 2 percent. Okay? So I think it reflects somewhat of the expectations of people as to what democracy is going to deliver.

Finally, I'm actually delighted to hear from Arturo that there is some kind of debate within the Republican Party and Republican circles in this town about the Cuban transition because I think the greatest danger is that both in Washington and in the Cuban-American community there is a belief or a fervent desire for the collapse scenario. As you pointed out, that people – the regime falls apart, Cubans go into the streets and celebrate. You know, much as the collapses took place in Eastern Europe and then the United States will come in and Cuban-American families will go back and invest and whatever. And I think that that is – from what I understand from people that have traveled there and scholars that have been doing work, is a gross misrepresentation of the dynamic within the Cuban leadership and also the grave concern among the Cuban public as to the way their country will be subjected to these kinds of international pressures when Castro dies.

MR. RESTREPO: Thank you. Unfortunately, the hour obviously has drawn late. This is the first of – this is part of a conversation obviously. We can't cover the state of the Americas in one hour-and-a-half session. The Americas Project is dedicated to looking at these very questions. We work on them regularly. Transnationalism is obviously in my heart as the son of a Spaniard and a Colombian who met in Philadelphia who works on these issues.

In that vein, the next event of the Americas Project will be on "Latino Voters: Misconceptions and Reality" which will be held in this very same room next Friday, hopefully, Friday from 9:00 to noon. Hopefully, you all have received invitations to continue this conversation because, as Marcela said, as the Latino population in this country grows and grows in political importance, the importance of the region will grow with it.

I want to thank all of you for coming and particularly want to thank Secretary General Insulza and our panelists for what was a truly insightful conversation about the state of the Americas today. Thank you very much.

(Applause.)

(END)