

# KEEPING DEMOCRACY ON TRACK: HOTSPOTS IN LATIN AMERICA

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## HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED NINTH CONGRESS FIRST SESSION

SEPTEMBER 28, 2005

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## **KEEPING DEMOCRACY ON TRACK: HOTSPOTS IN LATIN AMERICA**

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**WEDNESDAY, SEPTEMBER 28, 2005**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 1:50 p.m., room 2172, Rayburn House Office Building, The Honorable Dan Burton (Chairman of the Subcommittee) presiding.

Mr. BURTON. Good afternoon, a quorum being present, the Subcommittee on Western Hemisphere will come to order. I ask unanimous consent that all Members' and witnesses' written and opening statements be included in the record and without objection, so ordered. I ask unanimous consent that all articles, exhibits and extraneous or tabular material referred to by Members or witnesses be included in the record and without objection, so ordered. I ask unanimous consent that any Member who may attend today's hearing will be considered a Member of the Subcommittee for the purposes of receiving testimony and questioning witnesses after Subcommittee Members have been given the opportunity to do so and without objection, so ordered.

Before we have opening statements today, we are going to start off with, since we have a guest from the other side of the Capitol, Senator Norm Coleman, a good friend of ours. Senator Coleman is the Chairman of the Western Hemisphere Subcommittee of the Senate Foreign Relations Committee and is a very good Senator from the great State of Minnesota. He and I have worked together in the past and we have a great working relationship and I really appreciate you coming over here today, Norm.

He has traveled to Colombia, Mexico, Brazil, Argentina, Uruguay, Chile, Venezuela, all within the last year and he is really working hard on his Subcommittee, dealing with the same problems that we are facing on this side of the aisle. I would like to talk to you when we get some time about some of the problems we face in Venezuela and Central America that you have a mutual concern about.

Senator Coleman was sworn in as a United States Senator on January 7, 2003. He is highly regarded in both Chambers and across party lines as one of the hardest working and most thoughtful of legislators. Senator Coleman chairs, as I said, the Senate Foreign Relations Subcommittee on Western Hemisphere and he is also a Member of the Senate Small Business and Entrepreneurship Committee. He is a co-Founder and is now co-Chairman of the Bi-

partisan Senate Biofuels Caucus and has led the effort to expand national renewable fuel initiatives, which is very important right now. He also serves as the Chairman of the Senate Governmental Affairs Committee's Permanent Subcommittee on Investigation.

So, Senator Coleman, thank you very much for being here and we are going to change our procedure so you can testify, because I know you have business on the other side of the Capitol. So, Senator Coleman.

[The prepared statement of Mr. Burton follows:]

PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

Over the last several months, the Western Hemisphere Subcommittee has convened hearings on topics ranging from democratization, diplomacy, transparency and the rule of law, gangs and crime, the rise and influence of China in Latin America, and oppression and human rights violations in Cuba. From these hearings and this hearing today, we hope to achieve a better understanding of the opportunities to strengthen U.S. foreign policy in the region.

Today we are convening a follow-up to our first hearing on Democracy in Latin America back in March 2005, to take stock of the state of democracy and dynamics in some of the hotspots. Your testimony today will help the Subcommittee in making an assessment of U.S. policies to advance and reinforce democratic reforms and institutional capacity within Latin America and potential threats to stability.

Over the last ten months, Members of this Subcommittee have closely monitored political developments in Bolivia, Ecuador, Venezuela, and Nicaragua and other countries which are witnessing transitions marred by violence, erosion of freedom, and extra-constitutional mechanisms for succession.

Our friends in Latin America face problems ranging from high unemployment, high crime, narcotics trafficking and related violence, and other social problems that threaten stability. Reducing these problems while at the same time boosting economic output and attracting new trade and investment is essential to creating conditions that foster stable development of democratic institutions and societies. In some Andean countries, political institutions are extremely fragile, the courts are in shambles, there is a lack of political leadership, no contract sanctity, no enforcement, no legal certainty, and no predictability. These conditions allow for the erosion of political freedoms and further weakening of democratic institutions. Conducting democratic elections in this environment is fraught with difficulty.

President Chavez of Venezuela, although democratically elected, is seemingly and deliberately moving away from the democratic principles he once claimed to espouse. Colombia continues to be threatened by drug trafficking organizations and by guerrilla groups. Argentina, Bolivia and Ecuador have had turbulent, extra-constitutional successions of their presidencies since 2000. And Nicaragua is not trailing far behind.

This week I introduced H. Con. Resolution 252 condemning the recent actions of the Nicaraguan Congress. One week ago, the Nicaraguan Congress stripped three Cabinet members, including Interior Minister Julio Vega and Agriculture Minister Mario Salvo, of their legal immunity from criminal prosecution, due to alleged campaign fund irregularities, dating back to the 2001/2002 elections. These latest developments continue to demonstrate the deteriorating political landscape in Nicaragua, between President Bolaños and his supporters, and the opposition "Pact" Members in Congress.

Elsewhere in Central America, in El Salvador, Honduras, and Guatemala, political corruption and a growing outbreak of violent crimes, especially by gangs, have posed serious challenges to these young democracies. Drug trafficking, HIV/AIDS, poverty, lawlessness and crime are straining resources in the Caribbean, already stretched thin by hurricane reconstruction.

Security, democratic reform, and long-term prosperity are becoming elusive goals—yet we must continue to look for ways to rally behind and support our neighbors in Latin America to address the challenges of poverty, political and economic instability, and the many other ills which threaten to undermine the future course of democracy in our hemisphere.

Some observers say the United States is pushing too hard in countries like Venezuela, Haiti, Bolivia, and Ecuador. Others who have testified before the Subcommittee have argued it is a lack of leadership in Latin America, not U.S. inter-

vention or benign neglect, that is to blame. I believe there is some fine tuning to be made in our approach, and I believe this Administration is making progress to better engage in the region's democratic and economic growth.

Within the last two weeks I met with President Uribe of Colombia, President Toledo of Peru, President Chavez of Venezuela, President Maduro of Honduras, and President Bolanos of Nicaragua. Many of my colleagues joined in these and other meetings with heads of states in Latin America visiting the United States on the occasion of the UN General Assembly. From these meetings I believe we have many common social, economic, and security interests. From these meetings I fully appreciate that we must communicate and cooperate more effectively to realize opportunities to mobilize support of Latin American nations to further democracy and economic progress in the region. When we return from the recess in mid-October, we plan to conduct an oversight hearing of U.S. policy in the Caribbean region. We also intend to conduct oversight travel to Haiti in advance of critical elections scheduled there. I understand Secretary of State Condoleezza Rice and Deputy Assistant Secretary Shapiro visited Haiti yesterday. I look forward to hearing your assessment of the situation there.

In meetings with numerous Heads of State over the last two weeks, I received assurances that they are all committed to political and economic stability. There were also warnings about political and ideological opponents to democracy and free markets.

At our hearing today, we should remember the troubled past in the region, and address potential slippage where it is occurring. One important track that I advocate in this regard, is Congressional passage of the Andean Free-Trade agreement to boost economic activity and opportunity, fuel exports and foreign investment and help to alleviate poverty.

#### **STATEMENT OF THE HONORABLE NORM COLEMAN, A UNITED STATES SENATOR FROM THE STATE OF MINNESOTA**

Senator COLEMAN. Thank you very, very much, Mr. Chairman. I thank you for your graciousness in accommodating my schedule and for giving me the opportunity to be here, and Ranking Member Menendez, thank you very, very much.

The genius of our constitutional system is not only the interaction among the branches of government, but the dialogue within the Legislative Branch. It is a complicated world and a big government. Our only hope for doing a good job for the American people is for the 535 of us to share with each other the lessons we have learned in our particular areas of focus. I look forward to reciprocating the Chairman's invitation, inviting him to share his thoughts with my colleagues in the Senate. And we should do that soon.

I am pleased to report to the Committee some of my first-hand impressions about democracy in the region. I applaud the President's focus on democracy around the world, particularly in the Middle East, which so desperately needs it. By comparison, Latin America is a great success story. Democracy exists in every country but one. But I think we are wise to resist the temptation to view democracy in Latin America as "mission accomplished." As we follow the President's lead in extending democracy around the world, we need to be as concerned about keeping nations in the democratic fold as we are about adding new states to it.

During my travels, I have had the opportunity to visit some of the hotspots for democracy in the region. I traveled to Cuba in 2003 as someone who had serious doubts about the effectiveness of our embargo in encouraging change on the island. I still believe the embargo has not hastened Cuba's transition, but neither would lifting it. At a time when Castro has locked up dissidents for such offenses as having an independent library or belonging to Doctors

Without Borders, I think it would be a mistake to open trade or travel with Cuba unless we get a serious commitment on human rights in return, and certainly we have not seen that to date.

I returned this spring from my visit to Venezuela and meeting with President Chavez. After spending a couple of hours with President Chavez, I returned concerned as to where the country is now, but even more concerned as to where it is going. There is a growing polarization of the society. Non-governmental groups like Sumate are on trial for accepting small grants from the United States. Let me give you my fear and then I am going to give you my hope. My fear is that Venezuela is like boiling a frog. If I had a frog in my hand, Mr. Chairman, I could put it in this pitcher of water and if this pitcher of water was boiling hot, it would jump out just like that. But if I put it in the pitcher of water like it is, cold, and simply turned up the heat, that frog would be boiled to death. It would never jump out.

As I look at Venezuela, you have a President who has been elected and if the election were held today, I think would probably be reelected. And if there is another election in 2008, probably reelected again. We are seeing a growing militarization, in terms of members of the cabinet, in terms of the governors of the various areas in Venezuela. When you talk to American business, they worry about the day-to-day interactions with military in the smallest of affairs and that causes me great concern. It causes me concern.

But my hope is that we somehow overcome the rhetoric and overcome the fears and find ways to find some common ground, see if there is hope. We are an energy partner with Venezuela, in spite of some of the rhetoric. President Chavez, in fact, at one point said to me, "We could cut off Citgo tomorrow." Well, you know, my comment was, "You could cut off your left arm, too, but, you know, it would not make you feel any better. China is a long way away from Venezuela. We pay top price. It is a lot cheaper to ship it here." So in spite of the harmful rhetoric and other issues which cloud our bilateral relations with Venezuela, I truly believe we would make a mistake to feed a negative situation by demonizing President Chavez. We need to be engaged so we both have a clear sense of what is happening and respond to changes at the margin. I want to try to encourage a positive and I want to work with other countries in the region and that is important to shine a light on the negative.

Brazil has a stake in stability in the region and President Chavez is out selling instability. That is going to affect the region. Colombia has a stake, Spain has a stake. And so what we need to do is work with others in the region who have an interest in the region, to lessen the tension and reduce the opportunity for discord and instability.

Brazil's Government is also on the rocks. We should pay attention to events here, because the future course of Brazil will have a major impact on the region. Half the continent's people, half the continent's resources are in Brazil. One quarter of the continent's population is in Sao Paulo alone. Corruption charges against President Lula could have brought down the government or thrown the economy into disarray. The fact that they have not, I think, illus-



trates Brazil's political maturity. We are fortunate, also, that the scandal has fallen near the end of his term and the calendar can remove him from the office. But I think it is fair to say in Brazil that economic stability has trumped political advantage. President Lula will stay in office and that is a good thing, that is a good thing.

The United States clearly has an important leadership role to play in supporting democracy in Latin America. But we also need to understand that one skill of good leaders is their ability to listen. In my travels and relations with people in this hemisphere, I have always tried to go with an open mind and open ears, to learn more than to teach. With that in mind, permit me to reflect on three other hotspots I have not yet visited, but remain of concern to me.

In my judgment, the Andes region is a special concern. Democracy has weakened Bolivia and Ecuador. And President Toledo in Peru does not have much support. He was here last week, he is a very impressive man. But he does not have much popular support. In many ways, it is a question of giving the positive results of democracy a chance to ripen in the face of indigenous movements that often work outside the democratic system.

Moving north to Nicaragua, President Bolaños is in a political squeeze play between Daniel Ortega and the former President Alemán has created an odd dynamic of uniting outsiders who do not agree on anything but the desire to get back on the inside. President Bolaños' courage to expose the corruption of the previous administration was important for official integrity and accountability, but he is paying a heavy price for sweeping it out from under the rug.

And the instability in Haiti continues. Haiti remains polarized and violent. We can look to the elections later this year with some hope, but the reality is that progress in Haiti is going to require some considerable attention for years to come. What was uplifting about my most recent visits in Brazil and Uruguay and Chile was the commitment of other members of the region to continue to stick it out in Haiti, to be there with troops on the ground and understanding the election is not the end of the process, but simply a step along the road of the process to stability.

A number of factors help explain democracy's weakness in these hotspots. First is economic disparity and poverty. Latin America has the widest income disparity of any world region. A study by UNDP found that half of Latin American's would trade in their democracy on an improvement in their pocketbooks. I worry about unfulfilled expectations, that we are building up democracy, the latest trade agreement, to equal the end of poverty. These things are important but should not be oversold.

The second hurdle is illegal drugs and the criminal culture they create. Crime impedes economic development and causes people to lose faith in their governments. Corruption eats away at the whole government and makes the country inhospitable for business. Weapons add fuel to the fire.

The third issue is learning the right lessons of history. The legacy of the strongman casts a long shadow. If people expect their Presidents to be all powerful caudillos, you deprive them of the real

powers to get things done. They are setting themselves up for disappointment. The inability of leaders to seek re-election makes them instant lame ducks and contributes to the problems of unfulfilled expectations. All these unmet expectations are fertile ground for the empty promises of populism.

How might the United States support democracy in Latin America? I would like, Mr. Chairman, to offer eight policy recommendations.

One, we need comprehensive relationships. U.S. policy needs to be broadly focused in support of the institutions and economic growth, not just focused on counternarcotics.

Two, we need to engage in exchanges where parties in the region gather as equals to listen and learn. We need to make student visas more accessible. We need to engage with young, rising political figures. We need to add flexibility to the American Service Members Protection Act so that foreign military training in Latin America is not cut off over differences over the International Criminal Court. Is it not better for Latin military leaders to get training by Americans, who will instruct them in democracy, civilian control, and human rights, rather than leaving them to learn the tools of oppression from China?

Third, we need to support the Millennium Challenge Account. It will boost democracy and economic growth by supporting poverty reduction in countries that are making an investment in democratic institutions, the rule of law, and the education of their people.

Four, we need to encourage fair elections. Election monitoring must begin months before the election. The U.S. should not take a side, but must insist on fairness. Elections also need to be a true reflection of the will of the people, not the result of a backroom deal by leaders of a political party. Political parties must become more democratic within themselves.

Five, we need to reach out to responsible leftists like President Lula of Brazil, President Lagos of Chile, or President Vasquez in Uruguay. The United States needs to engage and cooperate with people who are democratically elected, regardless of their ideological stripes, as long as those leaders are committed to democracy and rule of law. Democracy is a process, not an outcome.

Number six, we need to encourage private property ownership. We know that if you give a man a fish, you feed him for a day. If you teach him to fish, he feeds himself for a lifetime. But real change in society happens when you help him to buy the pond. Ownership is a powerful tool in fighting poverty and crime and gives people more of a stake in their societies.

Number seven, we need to hold up positive developments in the region. Latin American states may not be able to relate to the United States' experience. But if Chile can progress from Pinochet to a stable and prosperous country with elections coming up, why not everyone else?

And finally, number eight, we need to forge listening relationships. We need to recognize even as the world's superpower that Brazil has a lot more influence with Chavez than we do. One of the things we will no doubt hear is that the best way to combat populism is by showing that democratic leaders care for the poor and

have a plan for them. And we have to do it not just because it works to build democracy, but because we actually have a heart for those who are crushed by poverty and injustice.

Emerging leaders in the region are not looking for a lecture. They are hoping for an example of democratic values at work and that is what should guide us. And that, in the end, I believe, will build a stronger Latin America, and in the end for us, Mr. Chairman, a stronger region. And we have a stake in that region being very strong as we look to the future.

Thank you for the opportunity to be with you, Mr. Chairman.  
[The prepared statement of Senator Coleman follows:]

PREPARED STATEMENT OF THE HONORABLE NORM COLEMAN, A UNITED STATES  
SENATOR FROM THE STATE OF MINNESOTA

I'm pleased to report to the committee some of my first hand impressions about democracy in the region. I applaud the President's focus on democracy around the world, particularly in the Middle East, which so desperately needs it. By comparison, Latin America is a great success story—democracy exists in every country but one.

Yet I think we are wise to resist the temptation to view democracy in Latin America as "mission accomplished." As we follow the president's lead on extending democracy around the world, we need to be as concerned about keeping nations in the democratic fold as we are about adding new states to it.

During my travels, I have had the opportunity to visit some of the "hot spots" for democracy in the region.

I traveled to Cuba in 2003, as someone who had serious doubts about the effectiveness of our embargo in encouraging change on the island. I still believe the embargo has not hastened Cuba's transition, but neither would lifting it. At a time when Castro has locked up dissidents for such offenses as having an independent library or belonging to Doctors Without Borders, I think it would be a mistake to open trade or travel with Cuba unless we can get a serious commitment and action on human rights in return.

I returned hits spring from my visit to Venezuela and meeting with President Chavez concerned as to where the country is now, but even more so about where it is going. There is a growing militarization of the society. Non-governmental groups like Sumate are on trial for accepting small grants from the U.S.

I fear that the state of democracy in Venezuela may be like boiling a frog. If you put a frog in a pot of boiling water, it will jump right out. But if you put a frog in cool water and slowly increase the temperature, the frog will eventually boil to death. Now President Chavez was elected democratically, and if elections were held today, I think he would probably be reelected. But my fear is that he is taking steps to slowly squeeze out democracy in Venezuela.

But I am an optimist, and here is my hope—that the U.S. and Venezuela can overcome the rhetoric and the fears and build on the strong commercial ties we still have. When I met with President Chavez he commented that he could shut down Citgo tomorrow. I said, "Well, yes, but you could also cut off your right arm. Would that feel good?" The reality is that China is a long way away, and for the time being, it makes sense for Venezuela and the U.S. to continue being energy partners. I also think we would make a mistake to feed a negative situation by demonizing President Chavez. We need to be engaged, both so we have a clear sense of what is happening in Venezuela, and respond to changes at the margin—encouraging the positive and working with other countries in the region, like Brazil, Colombia, and Spain to shine a light on the negative.

Brazil's government is also on the rocks. We should pay attention to events here because the future course of the Brazil will have a major impact on the region—half of the continent's people, half of the continent's resources are all in Brazil. One quarter of the continent's population is in Sao Paulo alone.

Corruption charges against President Lula could have brought down the government or thrown economy into disarray. That fact that they have not illustrates Brazil's political maturity. Economic stability has trumped political advantage. We are also fortunate that this scandal has fallen near the end of his term and the calendar may remove him from office.

The United States clearly has an important leadership role to play in supporting democracy in Latin America. But we also need to understand that one skill of good

leaders is their ability to listen, and in my travels and in my relations with people in this hemisphere, I have always tried to go with an open mind and open ears, to learn more than to teach. With that in mind, permit me to reflect on three other hot spots I have not yet visited, but remain of concern to me.

In my judgment the Andes region is a special concern. Democracy is weak in Bolivia and Ecuador, and even President Toledo in Peru does not have much support. In many ways it is a question of giving the positive results of democracy a chance to ripen in the face of indigenous and cocalero movements that often work outside the democratic system.

Moving north to Nicaragua, President Bolaños is in a political squeeze play between Daniel Ortega and the former President Aleman. It's created an odd dynamic of uniting outsiders who don't agree on anything but their desire to get back on the inside. President Bolaños' courage to expose the corruption of the previous administration was important for official integrity and accountability, but he is paying a heavy price for sweeping it out from under the rug.

And the instability in Haiti continues. Haiti remains polarized and violent. We can look to the elections later this year with some hope, but the reality is that progress in Haiti is going to require considerable attention for years to come.

A number of factors help to explain democracy's weakness in these hot spots:

First, there is economic disparity and poverty. Latin America has the widest income disparity of any world region. A study by UNDP found that half of Latin Americans would trade in their democracy on an improvement in their pocketbooks. I worry about unfulfilled expectations—that we are building up democracy or the latest trade agreement to equal the end of poverty. These things are important, but should not be oversold.

The second hurdle is illegal drugs and the criminal culture they create. Crime impedes economic development, and causes people to lose faith in their governments. Corruption eats away at the whole government and makes country inhospitable for business. Weapons add fuel to the fire.

A third issue is learning the right lessons of history. The legacy of the strongman casts a long shadow. If people expect their presidents to be all-powerful caudillos, yet deprive them of the real powers to get things done, they are setting themselves up for disappointment. The inability of leaders to seek reelection makes them instant lame ducks, and contributes to the problem of unfulfilled expectations.

All of these unmet expectations are fertile ground for the empty promises of populism.

How might the U.S. support democracy in Latin America? I would like to humbly offer eight policy recommendations:

1. We need comprehensive relationships. U.S. policy needs to be broadly focused, supportive of institutions and economic growth, not just focused on counternarcotics.
2. We need to engage in exchanges where parties in the region gather as equals to listen and learn. We need to make student visas more accessible. We need to engage with young rising political figures. We need add flexibility to the American Service Members Protection Act, so that foreign military training in Latin America is not cut off due to differences over the International Criminal Court. Isn't it better for Latin military leaders to get training by Americans, who will instruct them in democracy, civilian control, human rights, rather than leaving them to learn tools of repression from the China?
3. We need to support the Millennium Challenge Account. It will boost democracy and economic growth by supporting poverty reduction in countries that are making an investment in democratic institutions, the rule of law, and the education of their people.
4. We need to encourage fair elections. Election monitoring must begin months before the election. The U.S. should not take a side, but must insist on fairness. Political parties must also become more democratic within themselves. Elections need to be a true reflection of the will of the people, not the result of a back room deal by party leaders.
5. We need to reach out to responsible Leftists, like Presidents Lula, Lagos, or even Vasquez in Uruguay. The U.S. needs to engage and cooperate with people who are democratically elected, regardless of their ideological stripes. Democracy is a process, not an outcome.
6. We need to encourage private property ownership. We know that if you give a man a fish you feed him for a day. If you teach him to fish, he can feed himself for a lifetime. But real change in society happens when you help him

to buy the pond. Ownership is a powerful tool in fighting poverty and crime, and gives people more of a stake in their societies.

7. We need to hold up positive developments in the region. Latin American states may not be able to relate to the United States' experience. But if Chile can progress from Pinochet to a stable and prosperous country with elections coming up, why not everyone else?
8. And finally, we need to forge listening relationships. We need to recognize, even as the world's superpower, that Brazil has a lot more influence with Chavez than we do.

One of the things we will no doubt hear is that the best way to combat populism is by showing that democratic leaders care for the poor and have a plan to help them. And we have to do it not just because it works to build democracy, but because we actually have a heart for those crushed by poverty and injustice.

Emerging leaders in the region aren't looking for a lecture: they're hoping for an example of democratic values at work.

Mr. BURTON. That was one of the best statements I have heard on Central and South America and the Caribbean in a long, long time. It was very insightful and we in the House normally have a little concern about the views of our fellows in the Senate. But in this case, I think we will use that as maybe a guide to solving some of the problems that we feel are very important. So thank you very much for that. We will take everything you said to heart and will now release you to go back to the lower—oh, did you want to make a comment? Yes, Mr. Menendez?

Mr. MENENDEZ. Yes, I would like to make a comment. I appreciate the Senator coming and sharing his views as the Chair in the Senate Foreign Relations Committee of the Western Hemisphere Subcommittee. I just want to take an opportunity, as someone who has sat on this Committee for 13 years, to say that there are several things in your presentation that I fully agree with and I hope that you will use your leadership to try to make them a reality. When we talk about income disparity, when we talk about those within Latin America willing to change democracy for an improvement in their pocketbook, and when you say that our policy cannot simply be counternarcotics, you know, it is music, it is like a symphony to my ear, because this is exactly what I have been espousing here for quite some time.

I hope that in addition to the Millennium Challenge Accounts, you will look at legislation that we have been pursuing for several years which is a Social Investment and Economic Development Fund that the Chairman and some of the Members of this Committee have signed onto and passed out of Subcommittee. Hopefully we will get an opportunity within the Full Committee. While the Millennium Challenge Account is good for some countries within the hemisphere, there are very few who actually benefit from it. And we are not going to change any of the dynamics, I believe, in the hemisphere, because we have some serious challenges as we move to a hearing on democracy here, our second hearing in this regard in 6 months. Things have gotten, in many respects, worse in many of these countries, not better.

So I really would hope that you would consider that and look at that in the future. And we would love to work with you on that and we appreciate your views. The last point I just want to make is that sometimes, in being a beacon of light to the rest of the world, it is important to start shining at home. And poverty and injustice in this country, as the result of Hurricane Katrina that came viv-

idly to the Nation's attention, is something we need to work on, as well, as we move toward alleviating poverty and injustice in this hemisphere. Thank you very much for your presentation.

Mr. BURTON. I want to make sure I am polite with all my colleagues. Mr. Weller, Vice Chairman, do you have a comment you would like to make? Mr. Mack, Mr. Delahunt?

Thank you, Senator. We really appreciate your comments and will take them to heart. We will go ahead and have our next panel come forward, but before we start with the next panel, I want to go ahead and move a bill, have a mark up on a bill that we think is very important, very timely. So let me go ahead and do that and then we will get started with our panel real quickly here.

[Recess.]

Mr. BURTON. Be seated. Over the last several months, the Western Hemisphere Subcommittee has convened hearings on topics ranging from democratization, diplomacy, transparency and the rule of law, gangs in crime, the rise and influence of China in Latin America, and oppression and human rights violations in Cuba. From these hearings and this hearing today, we hope to achieve a better understanding of the opportunities to strengthen United States foreign policy throughout the region.

Today we are now convening a follow up to our first hearing on democracy in Latin America back in March 2005, to take stock of the state of democracy and dynamics in some of the hotspots and we just talked about one. Your testimony today, gentlemen, will help the Subcommittee in making an assessment of United States policies to advance and reinforce democratic reforms and institutional capacity within Latin America and Central America and potential threats to stability. Over the last 10 months, Members of this Subcommittee have closely monitored the developments in Bolivia, Ecuador, Venezuela, and Nicaragua and other countries which are witnessing transitions marred by violence, erosion of freedom and extra constitutional mechanisms for succession.

Our friends in Latin America face problems ranging from high unemployment, high crime, narcotics trafficking and related violence and other social problems that threaten stability. Reducing these problems while at the same time boosting economic output and attracting new trade and investment is essential to creating conditions that foster stable development of democratic institutions and societies. In some Andean countries, political institutions are extremely fragile. Right now we see real problems. The courts are in shambles, there is a lack of political leadership. No contract's sanctity, and my colleague has been working on that. No enforcement, no legal certainty and no predictability. These conditions allow for the erosion of political freedoms and further weakening of democratic institutions. Conducting democratic elections in this environment is fraught with difficulty.

President Chavez of Venezuela, although democratically elected, is seemingly and deliberately moving away from the democratic principles he once claimed to espouse. Colombia continues to be threatened by drug trafficking organizations and by guerilla groups. Argentina, Bolivia and Ecuador have had turbulent, extra-constitutional successions of their presidency since 2000 and Nicaragua is not trailing far behind.

This week, I am introducing this resolution condemning the recent actions of the Nicaraguan Congress or the majority of the Nicaraguan Congress. And 1 week ago, as I said, they stripped three cabinet members, including Interior Minister Julio Vega and Agricultural Minister Salvo, of their legal immunity from criminal prosecution due to alleged campaign fund irregularities, dating back to 2001 and 2002 elections. These latest developments continue to demonstrate the deteriorating political landscape in Nicaragua between Bolaños and his supporters and the opposition PAC members, Mr. Ortega and Mr. Alemán.

Elsewhere in Central America, in El Salvador, Honduras and Guatemala, political corruption and a growing outbreak of violent crimes especially by gangs have posed serious challenges to these young democracies. Drug trafficking, HIV/AIDS, poverty, lawlessness and crime are straining resources in the Caribbean already stretched thin by hurricane reconstruction. Security, democratic reform and long term prosperity are becoming elusive goals, yet we must continue to look for ways to rally behind and support our neighbors in Latin America, to address these challenges of poverty, political and economic stability, and to many other ills which threaten to undermine the future course of democracy in our hemisphere.

Some observers say the United States is pushing too hard in countries like Venezuela, Haiti, Bolivia and Ecuador. Others who have testified before the Subcommittee have argued that it is a lack of leadership in Latin America, not United States intervention or benign neglect, that is to blame. I believe there is some fine-tuning to be made in our approach and I believe this Administration is making progress to better engage in the region's democratic and economic growth.

Within the last 2 weeks, I met with President Uribe of Colombia, President Toledo of Peru, President Chavez of Venezuela, President Maduro of Honduras, and President Bolaños of Nicaragua. Many of my colleagues joined in these and other meetings with the heads of states, including my colleague from Massachusetts, in Latin America who were visiting the United States on the occasion of the UN General Assembly.

From these meetings, I believe we have many common social and economic and security interests. And from these meetings, I fully appreciate that we must communicate, open a dialogue with all of these countries and cooperate more effectively to realize opportunities to mobilize support of Latin American nations to further democracy and economic progress in the region.

When we return from the recess this coming October, we plan to conduct an oversight hearing of United States policy in the Caribbean region and Mr. Meeks has been working on that for some time. We also intend to conduct oversight travel to Haiti in advance of critical elections scheduled there. Mr. Meeks, I hope you will join us in that endeavor.

I understand Secretary of State Condoleezza Rice and Deputy Assistant Secretary Shapiro visited Haiti yesterday and so I look forward to hearing your comments on that. In meeting with numerous heads of state over the last 2 weeks, I received assurances that they are all committed, everyone we talked to, to political and eco-

conomic stability. There were also warnings about political and ideological opponents to democracy and free markets and we are very concerned about that, and on both sides we are working to try to figure out a way to make sure that we do not see some deterioration in these democracies.

At our hearing today, we should remember the troubled past in the region and address potential slippage where it is occurring. One important track that I advocate in this regard is congressional passage of the Andean Free Trade Agreement to boost economic activity and opportunity, fuel exports and foreign investment to help alleviate poverty throughout that region.

I want to thank you both for being with us today and I look forward to your testimony. And I want to thank my good friend, Ranking Member Bob Menendez, and his staff for their support in preparing for this assessment of the state of democracy. Mr. Menendez, if you have a comment, we would be happy.

Mr. MENENDEZ. Thank you, Mr. Chairman, and thank you for your continuing effort in moving in this direction. I hope at some point we will go beyond these reviews and move to certain actions that could actually enhance democracy in the hemisphere and some of the root causes that address it. As we look back over the last 6 months since our last hearing on democracy, I have in my mind two questions. First, has the overall democratic stability improved over the last 6 months since we first had this discussion? And second, has U.S. policy improved?

In response to the first question, I am reminded of the old saying that the more things change, the more they stay the same. When you look at the hemisphere since last March, our crisis areas remain in crisis, from Haiti to the Andean region. While the details have certainly changed, the overall problems have not. Many countries in the region still lack strong political institutions and stable political parties. They suffer from weak judiciary systems and the negative impact of corruption, poverty and inequality.

In the Andean region, for example, we find ourselves constantly wondering which is the next government that will fall? Since our last hearing on this topic, two Presidents were forced to leave; one from Bolivia, one from Ecuador. To put things in perspective, we must remember that Bolivia has lost two Presidents in the last 2 years and Ecuador has lost seven Presidents over the last 9 years.

In Venezuela, President Chavez, who was elected, is not acting in ways that I would generally think are democratic. In fact, he is in the process of eliminating structural checks and balances on his power while trying to suppress the power of the opposition. As we have already talked about in Nicaragua, the Legislative Branch is trying to usurp the power of the Executive Branch. In Brazil, a massive corruption scandal has eroded confidence in the government. In Haiti, a country with virtually no elected leaders, it is dubious whether conditions will allow for truly safe, free and transparent elections to take place as planned.

Many of us believe that we must address democratic instability by attacking the root problems. Unfortunately, strong regional economic growth has not translated into a reduction in poverty and inequality. Last year on average, the region's economies grew by almost 6 percent. We expect 4 percent growth this year. But the



money from economic growth is not making it into the hands of those very individuals in Latin American society who need to be lifted. According to a recent report by the Inter-American Dialogue, "The gap between rich and poor remains worse here than in any other region of the world." Than any other region of the world. Because of that gap, Latin America has to grow twice as fast as Asia to achieve similar reductions in poverty.

So in response to my first question, while some countries have strong and vibrant democracies and we celebrate those who do, overall, democratic stability in the hemisphere has not improved. In fact, in many countries, the democratic crises are worse and we still have not addressed the root causes of democratic instability.

As a result, I see an even greater need to improve U.S. policy on democracy. Six months ago, when we started out on this endeavor, I laid out a clear vision for what I thought we should do. Looking back at those recommendations, I feel positive about some steps we have taken but we still have a long way to go. First, we have to stop cutting core development funding. I am tired of fighting for a spending floor when we should be fighting for a spending ceiling. I am glad that a bipartisan group was able to restore core development funding for the region for the Fiscal Year 2006 budget in the House Appropriations Bill, but I really cannot believe that we have to go through each appropriation year battle again and again.

I do hope that when we are facing all of the statistical reality before us, that we can begin to build upon what we do in the hemisphere, not fight over simply sustaining what is, in essence, life support. And I hope that we can work with the Administration on this issue. And even though he is leaving us, I got Secretary Noriega to give me some positive statements, but I guess maybe he knew he was going when he finally said them to me. And I hope I do not have to wait for other people to leave before they give me the same positive statements.

But I want to thank him, belatedly as it was, for saying, you know, we have to do more in that regard. And I hope I can get our good friend the administrator to help work with us and move in that direction as well.

Secondly, I strongly believe we need to actively re-engage the hemisphere by either the appointment of a high profile special envoy or the new Assistant Secretary who will be appointed, and our new Under Secretary, Karen Hughes. I hope they will take immediate action to renew public diplomacy with our neighbors and look at this hemisphere as part of their focus. I know that Karen Hughes has talked a lot about the Middle East and that, of course, is very important. But we ignore this part of the world, our front yard, our closest neighbors, our physical closest contact, at our own peril.

Thirdly, at our last democracy hearing, I stated that we have to give the Inter-American Democratic Charter some teeth to deal with democratic crisis. And from what I can see, we have not achieved that goal. I hope the new OAS Secretary-General will engage Members of Congress as we work with other countries on this issue.

Fourth, let me emphasize what I said 6 months ago, that we must enhance the role of the National Endowment for Democracy

and its core Institutes in the Americas, so that new funding is fairly distributed among the regions around the world and not exclusively focused on the Middle East.

And finally, 6 months ago I called for us to pass the Social Investment and Economic Development Fund. We have. It was an important first step and I want to thank the Chairman and my colleagues in a bipartisan way for their support. I hope we can work with the leadership of the Full Committee to move in this direction. Getting it through the Subcommittee is certainly an achievement, but ultimately getting it through the Full Committee after years of this advocacy is something I hope we can give our collective effort.

In closing, let me say that I think we can do much more to stabilize democracy in the hemisphere. I believe we have a window of opportunity to actually take advantage of this. The OAS has a new Secretary-General who can take the lead on the Democratic Charter. The United States will have a new Assistant Secretary who can start by listening and working with our neighbors, and we are about to hold the next Summit of the Americas with a focus on fighting poverty and improving democratic governance. The confluence of all of that gives us a very unique opportunity to move in a much better direction.

Let us be sure that we take advantage of this window of opportunity so that 6 months from now, at next year's hearing on democracy, we will not once again have to rail against cuts to core development accounts, we will not once again have to hear that the U.S. failed to engage with our neighbors, we will not once again have to lament the weakness of the Democratic Charter, we will not once again have to list numerous elected leaders attempting to eliminate democratic structures in their own interests, and we will not once again have to read the list of names of democratically-elected leaders who have been removed from office. By next year I hope we can throw away the cliché that says the more things change, the more they stay the same. Thank you, Mr. Chairman.

Mr. BURTON. Thank you. I would just like to say to my colleagues and to the panel, we have another event in this room at 5 p.m. and the room has to be cleared by security, because we have the Secretary of Defense coming in to give a top secret briefing. So with that, I would just tell my colleagues, be as brief as you can. I know it is difficult. Mr. Mack?

Mr. MACK. Thank you, Mr. Chairman. I want to thank you for holding this meeting today and I also want to thank our guests for being here. And I would also like to take this opportunity to thank the other Members of the Committee because we do not always agree on a lot of these issues, but this is why we have the hearings and we talk about the ideas. And I appreciate the passion and commitment that all of us have on this Committee for trying to find solutions for very difficult problems.

Twenty years ago, President Ronald Reagan and the United States and, I might add, you, Mr. Chairman, were very active in encouraging the adoption of democracy and free markets as political and economic models to promote freedom, security and prosperity throughout Latin America. These ideas helped to feed the insurgents and the submissive Communist influence advanced by the former Soviet Union and Cuba. However, in the decades that have

passed, the United States has witnessed a growing storm that is brewing in Latin America. Freedom is slipping away as anti-American leftist leaders continue to amass power and erode democratic institutions. Several nations and millions of people in Latin America are vulnerable to this alarming loss of freedom, including Venezuela, Bolivia, Ecuador and Nicaragua. In each of these countries, the rule of law is giving way as the freedoms of many are systematically challenged and eliminated by the few.

There is perhaps no greater example of this than in Venezuela, where President Hugo Chavez continues to snuff out dissent and rattle his saber while lining his pockets from the proceeds of higher oil prices. Chavez has openly called for his countrymen to join his march toward socialism and he continues to forge an alliance with Castro, and his growing ties with Iran and China should give us all great pause and concern. Chavez, together with the likes of Castro and Nicaragua's Ortega, is spewing a populous, leftist and strongly anti-American brand of politics that is spreading throughout the region.

On that note, I would like to take a moment to thank my colleagues for their unanimous support of my amendment to the Formulations Authorizations Act, which would initiate broadcasts to Venezuela, to counter Chavez. Hugo Chavez knows that if he controls the media in Venezuela and in Latin America, then he dictates what is broadcast and written. We must not let this anti-American, anti-freedom sentiment win the day. We cannot turn our backs on those in Latin America, and Mr. Chairman, I appreciate you holding this meeting and I look forward to hearing from our distinguished panel today and what we may do to be able to move Venezuela back toward the ideals of democracy and freedom. Thank you.

Mr. BURTON. Thank you, Mr. Mack. Mr. Delahunt? Well, I was going to go by who got here first—no, who was the oldest, I am sorry.

Mr. DELAHUNT. That would be Mr. Meeks.

Mr. BURTON. Okay, Mr. Meeks, we will let you go next.

[Laughter.]

Mr. DELAHUNT. You know, we are here talking about democracy hotspots. I think it was Mr. Menendez that provoked my thinking when he used the phrase "beacon of hope," meaning America. And he went on to discuss the role of Secretary Hughes. I, for one, genuinely welcome Secretary Hughes. Clearly she has the ear of the President. I think that her learning curve will be short, and I think she will bring considerable skills to this.

She has a tough job ahead of her. There was a report in the *Washington Post* this past Saturday where excerpts taken from an advisory panel to the Department of State was quoted. I am sure both you, Adolfo, and Ambassador Shapiro are familiar with that, regarding cultural and public diplomacy. Their conclusions and, by the way, this was an advisory panel that was comprised mostly of Republicans, professionals, so I dare say it would have some validity to the Members of this Committee. One excerpt was the U.S. is viewed as less a "beacon of hope" than a "dangerous force to be countered."

Another quote: "America's image and reputation abroad could hardly be worse." And that considerable majorities in Egypt, Morocco and Saudi Arabia view President Bush as a greater threat to world order than Osama bin Laden. Some say that the Administration's promotion of democracy, while simultaneously supporting autocratic governments and I can think of a few, I will not enumerate them, but let us throw one out, Uzbekistan is seen as hypocritical in the world.

The problem, I would suggest, is that this is not just limited to the Middle East. It impacts Latin America, because this week, a piece by Andres Oppenheimer in the *Miami Herald* was entitled "Latin American Elite is No Big Friend to the U.S." Now, this is not about Fidel Castro and Hugo Chavez and all those leftists out there and populists, too, I guess, because that seems to be the new term, populists. I would like one of you explain to me what that term means. But these are the economic elites in Latin America. Presumably, they would be supportive of the United States. They would be clearly supportive of free enterprise, free trade and other priorities of this Administration. Yet, this poll that was done by a polling service and was commissioned by the *Miami Herald* and the School of Business at the University of Miami, revealed that when posed the question as to whether Washington managed world conflicts well, including the Bush Administration handling of Iraq, the Middle East, and the war on terrorism, 86 percent of the Latin American elites said they disagree.

I guess there has not been much of a change because a similar poll was commissioned back in the year 2003 where 87 percent of the Latin American elites—and let us remember now, this is not the Chavistas or the leftists or the populists, this is the Latin American elites—rated that 87 percent viewed the Bush Administration negatively.

Mr. BURTON. Mr. Delahunt?

Mr. DELAHUNT. Can I have an additional minute?

Mr. BURTON. I will give you an additional minute.

Mr. DELAHUNT. Thank you. The head of the polling firm concluded that the disdain of the elites was because many United States-initiated economic policies in Latin America have not worked and because the declassification of documents about the United States involvement with Latin American dictatorships in the 1970s impacted their viewpoint. I do not know whether that is true or not. That is their particular view.

But if we are sincere and genuine about promoting democracy, and I think that everybody on this panel and everybody in this room shares that view, but we have to recognize that something is not working. It is an ugly truth. There is anti-American sentiment that is out there in Latin America and all over the world. You have seen other polls and that is a concern that has to be addressed. We have to start here and be introspective. And with that, Mr. Chairman, I yield back.

Mr. BURTON. Thank you, Mr. Delahunt. Mr. Meeks?

Mr. MEEKS. Thank you, Mr. Chairman. You know, when I first came to Congress, one of the desires that I had was to get on the International Relations Committee. And I had some thoughts and I really wanted to get on the Subcommittee on the Western Hemi-

sphere. And the hearings that we have been conducting and traveling with you, Mr. Chairman, and other Members of this Committee, has really been enlightening.

I have heard Ranking Member Menendez say for years since I have been here that we do not pay enough attention to Central and South America. He says that it has been one of the things that he stands on a bannister, yelling and screaming, We do not do enough. And if we do not, we are going to be sorry one day because democracies will not thrive in those countries.

As I am moving around I see that the question is we must engage and we must preserve democracies in Central and South America. The question is, how do we engage? I think Mr. Delahunt is right in that the world is looking at us to see what we are doing and whether or not we are doing it fairly and equitably. Or are we picking favorites? We like this leader, but we do not like that leader, so we will do our policies, we will favor this place, but not that one.

The issue that I think we talked about, especially talking about it earlier with Nicaragua, is poverty. For many of those individuals who are impoverished, for the poor, democracy is just theory. In fact, for many of them, when you are trying to feed your family and trying to stay healthy, as indicated, they do not care whether it is a democracy or a dictatorship, if it is going to make their everyday reality a better reality.

Now surely on my side of the aisle, I recently kind of put my neck in a noose because I am thinking and hoping that the Administration's move toward trade with Central America, I voted for CAFTA, because I am hoping that it will begin to help the poor and create opportunities for some. But how we implement it and how we continue to go about it is really going to make, as far as I am concerned, is going to determine whether or not democracy thrives or not.

I have concerns. I mean, I am with the bill that we marked up earlier today on Nicaragua, because I do not believe that a democratically-elected President should be removed. But yet I still scratched my head on the other side, because when there was a coup of a democratically-elected President in Venezuela, we were silent. Now there has been a lot of time that has come and gone by, but we were silent. We did not say anything about democracy at that particular time. When there was a question with reference to Haiti, another democratically-elected President, we said, let us remove him, unlike what we are doing in this case with Nicaragua, where we are saying we have to keep a democratically-elected President.

So the world is watching us, see, are we really meaning what we say? Or are we picking and choosing leaders that we like and that makes it easier for us to then even support autocratic governments as Mr. Delahunt has talked about, because it happens to be somebody we like? We have got to make sure we engage fairly and equitably, that we are talking about promoting democracy and that democracy stands and that we help the poor. Because in doing that and only in doing that will we be able to have the moral ground to go other places to help. Other than that, we lose the moral ground and once we lose the moral ground, we have lost the fight,

we have lost the war of promoting democracy. I yield back because I heard you clicking there.

Mr. BURTON. Thank you, Mr. Meeks. Very interesting statement. Would my other colleague, Don, would you like to make a statement?

Mr. PAYNE. I will just be brief. I like the mix of representatives from the State Department, but also we certainly have a very outstanding group of Ph.D.'s on panel three. Hopefully some of us will still be here when that comes, because I am sure you have a great deal to say.

Let me just kind of amplify one or two points that I think Mr. Meeks made. We have a problem of poverty. As long as abject poverty is still with us, we are going to have continued problems. I have heard Mr. Menendez talk repeatedly over the last decade about the lack of a real comprehensive plan for Latin America, Central and South America, and the Caribbean. It still continues. Hopefully the new Assistant Secretary for Western Hemisphere will come up with a bold plan where we are really looking for that.

I would certainly like to say that I was disappointed at the UN, when we talk about poverty that 5 years ago, the UN approved the millennium goals that said by 2015 we will try to cut abject poverty in half. Of course, our new Ambassador to the UN, when he went there, there was a denial that we should be involved in that goal and many of the other goals, 715 amendments were changed by Mr. Bolton, on something that had been worked on for the last 6 months. It was very disheartening. The President did mention the goals, though, in his speech, so perhaps we are back on board. But a number of issues bother us. We saw us move away from the right to protect those who are being confronted with genocide and crimes against humanity. Finally, we did squeeze them back in and so I would just hope that we can look at abject poverty as a cause for disrest.

If we could look at some of the problems that are underlying, I kind of agree with the other speakers in regard to Mr. Chavez. He was duly elected twice. He had brought in thousands of doctors to deal with poor health. He has opened up literacy centers, but we still say he is a bad guy because he talks to Fidel Castro. If we weigh on what is happening with his people, people who have never had the opportunity to have any kind of education, that literacy centers are being held. People who lived in the barrios who have never had any healthcare now have some opportunity to see a position. So, you know, I think we need to look at how people govern their people rather than maybe what kind of ideology they talk about. I think people are usually last and hopefully we can hear some positive plans from the honorable panels that you have.

Thank you again, Mr. Chairman, for calling this important hearing.

Mr. BURTON. Thank you, Mr. Payne. In July 2005, Charles Shapiro assumed responsibilities as Principal Deputy Assistant Secretary of the Department of State's Bureau of Western Hemisphere Affairs. He was formerly the U.S. Ambassador to Venezuela and Deputy Assistant Secretary for Andean and Caribbean Affairs earlier. He joined the Department of State in 1977.

Adolfo Franco has served as Assistant Administrator for Latin America and the Caribbean of the U.S. Agency for International Development (USAID) since January 31, 2002. He has testified on numerous occasions before our Subcommittee and we are glad to have you both back. Let me just say before I yield to you for your statements, we really have to be out of here by a quarter to four, otherwise we are going to have the Defense Department moving us out. I am teasing, of course, but we want to make sure we get out of here so the people can sweep the room for intelligence purposes.

So with that, I would like for you to make your statements as brief as possible and then we will get to questions. Ambassador Shapiro?

**TESTIMONY OF THE HONORABLE CHARLES A. SHAPIRO, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. SHAPIRO. Thank you very much, Mr. Chairman, Members of the Committee. It has been fashionable of late to cite polls that suggest the people of the Western Hemisphere have lost faith in democracy as an ideal. I believe that while such concerns are real, they need to be tempered by historical context. The struggle for democracy in Latin America and the Caribbean that characterized the 1980s is thankfully now a mutual effort to deliver the benefits of freedom to every individual in every country. The vast majority of Latin Americans and their Caribbean neighbors live under leaders of their own choosing. Free elections and peaceful transfers of power are the norm. Former adversaries compete not on the battlefield, but in the democratic arena of electoral politics.

There will be 10 Presidential and 15 legislative elections in this hemisphere during the next 12 months. Political progress has gone hand in hand with economic reform. Many of the old demons are gone. Inflation is largely tamed. Countries are increasingly open to foreign trade and investment. While economic setbacks still occur, no longer do they lead inevitably to crises affecting the entire hemisphere.

Most of the region's leaders recognize that democracy and the free market must be part of any sustainable plan for development. The paradigm that has been so successful in guiding the expansion of the hemisphere and economic growth to Latin America over the past 20 years remains firmly in place. Indeed, most recently elected leaders, whether they are from the right or the left, are, in fact, governing their nations responsibly within that framework.

Underscoring this transformation last June was the OAS General Assembly in Fort Lauderdale. That gathering advanced our agenda of delivering the benefits of democracy to ordinary citizens, urging governments to be more effective, transparent and accountable. The "Declaration of Florida" strengthens the Secretary-General's ability to raise with the OAS Permanent Council situations that might lead to action under the provisions of the Inter-American Democratic Charter. It also provides the Secretary-General with a mandate to develop timely and effective proposals for promoting and defending democracy. The declaration also affirms that adherence to the Democratic Charter is the standard for member states' full participation in the Inter-American process.

There is little doubt, however, that many individuals in this hemisphere are frustrated by the perceived inability of democracy to deliver benefits to all of its citizens in equal measure. Some are turning in increasing numbers to politicians who promise populist solutions to the region's persistent problems or else entertain thoughts of a return to authoritarianism. That is to say, we continue to confront challenges in the workings of democracy in this region.

What the polls show is that Latin Americans by and large do not trust their governments or their institutions. The survey numbers suggest that overwhelming majorities in virtually all countries have "little" or "no" confidence in their executive, judiciary, legislature, political parties, armed forces or police. This can be attributed to the fact that, in many cases, political elites in the region are perceived to exhibit an aloofness from the people they are supposed to represent and serve. That gulf is often reinforced by legal immunity granted legislators and the de facto impunity afforded many other governmental and political actors.

The mistrust between voters and government encourages corruption, as citizens resort to one of the few ways to persuade government officials to actually work on their behalf, by paying them directly.

Many formal democratic institutions in Latin America are weak and overly politicized. In some countries there is not a single body, not a Supreme Court, not an electoral commission, not a regulatory board, that can be relied upon to routinely make impartial, apolitical decisions in accordance with the law.

Many political parties in the region are not doing their job well. They are often bereft of new ideas, too focused on patronage and too dependent on the skills of one charismatic leader. This spoiled mentality is too often reinforced by electoral systems which favor legislative candidacy via party slate and which over-represent rural areas. Politicians therefore owe too much allegiance to the party and too little allegiance to their constituents. Entrenched anti-reform opponents are granted too large a voice in policymaking.

Poverty and the inequality of income and wealth which characterize much of the region make it difficult for democracy to thrive. Underfunded states lack the resources to apply the rules of the game fairly, even if leaders have the political will to do so. That unfairness is sharpened by some governments' tendency to overlook minority rights, the rights of indigenous peoples, ethnic minorities, women, children and the disabled. High crime levels, present in many nations of the hemisphere, dampen voters' enthusiasm for democratic rule. These challenges to democracy are daunting. I am convinced they can be overcome by strong leadership, a willingness to make tough decisions, the forging of national consensus and the active implementation of a reform agenda.

The hemisphere's democratic agenda must be advanced by the daily toil of governments. It is hard work, as you know. Sustainable economic growth and political stability are only possible if governments consciously extend political power and economic opportunity to all of their citizens, especially the poor. Democracy and free enterprise economics are about inclusion, not exclusion. It is only through the inclusion of all sectors in both political and eco-



conomic decision-making that the countries of the region will make permanent the gains of the past decade. Trust, transparency, effectiveness, inclusiveness, public safety, political consensus on the need to have decision-making framed by national welfare and cooperative civil military relations are what enable vibrant democracies to withstand political and economic shocks to this system. They are the cornerstones of viable states.

The hemisphere's most successful democratic leaders understand what is needed to make democracy work. They reach out to the opposition, to civil society and to minority groups. Dialogue builds trust. Trust is the key element in encouraging real political participation and keeping the political pot from boiling over.

Good leaders recognize the importance of working with and cultivating responsible media. Good governments are vigorously prosecuting corruption cases and institutionalizing procedures that promote transparency.

Mr. BURTON. Ambassador Shapiro, if I might interrupt, we want to make sure we get to questions, so if you could sum up, we would really appreciate it. I am sorry that we did not know about this other hearing that is coming up, so I apologize.

Mr. SHAPIRO. I will cut it short. I will skip a lot of this and get right to the end.

Mr. BURTON. Thank you, sir.

Mr. SHAPIRO. What people have to understand is that the world has changed dramatically in the past two decades. U.S. policy has changed dramatically with it. History has proven to be a most reliable guide as to how nations can best expand prosperity and better the lives of their citizens. Open economies and political systems, outward-looking trade regimes and respect for human rights are the indisputable requirements for a 21st century nation state. We do not want to impose this model on anyone. We are committed to helping out, but for those countries that will not open their economies and political systems, there is little we can do to help. No amount of assistance or moral support can keep them from failing.

We have the Millennium Challenge Account and it is important and we are working hard on it. And let me conclude quickly by saying this Administration believes strongly that hemispheric progress requires continued U.S. engagement. In trade, in security and support for democracy and across the board, we are deeply involved in expanding peace, prosperity and freedom in this hemisphere. Democracy is, indeed, an essential element of our foreign policy. Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Shapiro follows:]

PREPARED STATEMENT OF THE HONORABLE CHARLES A. SHAPIRO, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman and Members of the Committee:

It has been fashionable of late to cite recent polls that suggest that the people of the Western Hemisphere have lost faith in democracy as an ideal. I believe that while such concerns are real, they need to be tempered by historical context.

The struggle for democracy in Latin America and the Caribbean that characterized the 1980s is thankfully now a mutual effort to deliver the benefits of freedom to every individual in every country. The vast majority of Latin Americans and their Caribbean neighbors live under leaders of their own choosing. Today, free elections

and peaceful transfers of power are the norm and former adversaries compete not on the battlefield, but in the democratic arena of electoral politics.

Political progress in the region has gone hand in hand with economic reform. Many of the old demons are gone: inflation is largely tamed; countries are increasingly open to foreign trade and investment; economic setbacks still occur, but no longer do they lead inevitably to crises affecting the entire Hemisphere.

Most of the region's leaders recognize that democracy and the free market must be part of any sustainable plan for development. The paradigm that has been so successful in guiding the expansion of freedom and economic growth in Latin America over the past twenty years remains firmly in place. Indeed, most recently elected leaders, even those characterized by some as "populist," are in fact governing their nations responsibly within that framework.

Underscoring this transformation, last June a key multilateral event took place in Fort Lauderdale, Florida, when the United States hosted the OAS General Assembly. That gathering advanced our agenda of delivering the benefits of democracy to ordinary citizens, urging governments to be more effective, transparent, and accountable. The "Declaration of Florida," approved at the General Assembly, strengthens the Secretary General's ability to raise with the OAS Permanent Council situations that might lead to action under the provisions of the Inter-American Democratic Charter. It also provides him with a mandate to develop timely and effective proposals for promoting and defending democracy. The Declaration also affirms that adherence to the Democratic Charter is the standard for member states' full participation in the Inter-American process.

There is little doubt, however, that many individuals in the hemisphere are frustrated by the perceived inability of democracies to deliver benefits to all citizens in equal measure. Some, in their frustration, are turning in increasing numbers to politicians who promise populist solutions to the region's persistent problems or else entertain thoughts of a return to authoritarianism.

That is to say, we continue to confront challenges in the workings of democracy in the region.

What the polls show is that Latin Americans by and large don't trust their governments and their institutions. The survey numbers suggest that overwhelming majorities in virtually all countries of the region have "little" or "no" confidence in their executive, judiciary, legislature, political parties, armed forces or police.

I believe this can be attributed to the fact that, in many cases, political elites in the region often are perceived to exhibit an aloofness from the people they are supposed to represent and serve. That gulf is often reinforced by legal immunity granted legislators and the de facto impunity afforded many other governmental and political actors.

The resultant mutual mistrust between voters and the government encourages corruption, as citizens resort to one of the few ways available to persuade government officials to actually work on their behalf—pay them directly.

Many formal democratic institutions in Latin America are weak and overly politicized. In some countries there is not one single body—not a Supreme Court, not an Electoral Commission, not a Regulatory Board—that can be relied upon routinely to make impartial, apolitical decisions in accordance with the law.

Many political parties in the region are not doing their job well—they are often bereft of new ideas, too focused on patronage, and too dependent on the skills of one charismatic leader.

This spoils mentality is too often reinforced by electoral systems that favor legislative candidacy via party slate and over-represent rural areas—politicians owe too much allegiance to the party structure and not enough to constituents; entrenched anti-reform opponents are granted too large a voice in policymaking.

Poverty and the inequality of income and wealth which characterize much of the region make it difficult for democracy to thrive. Under-funded states lack the resources to apply the rules of the game fairly—even if leaders have the political will to try.

That unfairness is sharpened by some governments' tendency to overlook minority rights—the rights of indigenous peoples, ethnic minorities, women, children, and the disabled.

High crime levels, present in many nations of the hemisphere, dampen voters' enthusiasm for democratic rule.

These challenges to democracy are daunting—but I am convinced they can be overcome by strong leadership, a willingness to make tough decisions, the forging of a national consensus, and the active implementation of a reform agenda.

The Hemisphere's democratic agenda cannot be advanced solely by the poetry of verbal commitment to its principles, it must be advanced by the daily toil of governments.

Sustainable economic growth and political stability are only possible if governments consciously extend political power and economic opportunity to everyone, especially the poor.

Taken together—trust, transparency, effectiveness, inclusiveness, public safety, political consensus on the need to have decision-making framed by the national welfare, and cooperative civil-military relations—are what enable vibrant democracies to withstand political and economic shocks to the system.

They are the cornerstones of viable states.

The Hemisphere's most successful democratic leaders understand what is needed to make democracy work.

They reach out to the opposition, civil society, and minority groups. Dialogue builds trust, and trust is the key element in encouraging real political participation and keeping the political pot from boiling over.

They understand that public relations matter. Citizens need to know when their government is effective—when new schools are inaugurated or inoculation programs are undertaken.

Good leaders recognize the importance of working with and cultivating responsible media.

Good governments in the region are vigorously prosecuting corruption cases and institutionalizing procedures that promote public transparency—including electronic procurement, freedom of information legislation, and the establishment of ombudsman offices to monitor allegations of corruption.

Successful leaders are promoting legal or constitutional reforms that link elected officials to their constituents better. Politicians will never behave if they cannot be held accountable easily by the voters from a defined district or are officially shielded from prosecution.

Successful democracies are closing the gap between politicians and voters by decentralizing political power and revenue collection—granting municipal governments both real responsibility and revenue can tamp down corruption and give people a greater sense of direct participation in the political system.

Responsible leaders are spearheading legal or constitutional reforms that foster impartial, professional, and apolitical judiciaries. Some countries in the region have enjoyed great success in judicial reform by streamlining civil code procedures; introducing computerized case tracking systems; staggering the appointment of Supreme Court justices; and naming judicial councils that oversee hiring, firing, and disciplining judicial employees.

Successful leaders understand the link between democracy and individual economic opportunity. The path to prosperity is built upon affording individuals the chance to pull their own weight and create personal wealth—by reducing the red tape of business registration, encouraging the broader provision of bank credit, harnessing remittances for productive purposes, providing wider access to education, and accelerating property titling.

Good governments must have good police forces. Not only is public safety a crucial function of government, but police officers are often the most visible personification for most citizens of the power of any administration—so they must act with efficiency and respect.

Successful leaders in the region also value multilateral engagement as a tool to shore up the Hemisphere's democratic institutions. The work of the Bolivia Donor Support Group, OAS election observation in Venezuela, and regional contributions to MINUSTAH in Haiti are but three recent examples of how multilateral engagement can help speed the progress of democracy.

Our assistance programs are also lending a hand. We are providing democracy building support in the Hemisphere ranging from legal code reform and judicial training, to anti-corruption projects and conflict resolution.

But our assistance, in and of itself, cannot guarantee the deepening of the Hemisphere's democratic roots.

There is simply no substitute for strong local leadership willing to make tough decisions and embrace civil society as a key contributor to policy debates.

We support the Rodriguez administration in Bolivia and its efforts to advance that nation's interests at the same time that it prepares for presidential and legislative elections later this year, and a constituent assembly election for constitutional reform scheduled for next year. But on a day-to-day basis it is the Bolivian people and Bolivian democratic institutions who must reach a consensus on key domestic issues such as how to exploit the country's vast natural gas resources in a way that best supports the common good; on how to include the aspirations of indigenous people within the country's democratic framework; or on how to address regional calls for autonomy.

We support the presidency of Enrique Bolaños in Nicaragua and are pleased that his government has made the effort to combat corruption—to the point that Nicaragua and the Millennium Challenge Corporation concluded a compact on July 14, opening the way for that country to receive \$175 million in much needed assistance. Challenges remain, especially the dramatic politicization of that country's judiciary and the damage done to both the presidency and the National Assembly by the tug of war between two political *caudillos* (strongmen)—one of whom remains enamored with the obsolete politics of the 1940s and another with a bankrupt leftist ideology from the 1970s. The USG remains committed to strengthening democratic institutions in Nicaragua and to supporting free, fair, transparent and inclusive elections, scheduled for November 2006. At the same time, we want to ensure that undemocratic forces do not prevent President Bolaños from completing his legitimate term. The USG has supported OAS efforts to resolve the political crisis. These include resolutions supporting democratic order and sending a special envoy to facilitate a national dialogue to reach agreement among the political parties that will maintain the governability of the country.

In Cuba, the President's message to democratic reformers facing repression, prison, or exile is clear: "When you stand for your liberty, we will stand with you." We are implementing the recommendations of the President's Commission for Assistance to a Free Cuba designed to hasten a democratic transition, and the regime is being pressured as never before. We will continue to prepare to support a rapid, peaceful transition to democracy. And, we will assist Cuba's democratic opposition and civil society as it seeks to organize itself for the coming transition.

Supporting Haiti's slow ascent from a decade as a predatory state is an enormous challenge, but we are determined to stay the course as long as the Haitians themselves remain engaged in fashioning the truly democratic government they so deserve.

In Ecuador, we have been vocal in our support for constitutional democracy and its institutions. We have good relations with the Palacio administration on issues ranging from protecting the environment, to fighting global terror, to making progress towards an FTA. But it is the Ecuadorians who must work to strengthen and safeguard their fragile democracy against political self-interest that threatens to weaken and fracture it and paralyze any attempt at much needed reforms.

Peru looks ahead to a future that is brighter than it has been in recent memory. After the turmoil of the 1980s and 90s, Peru's market economy reforms have turned things around. Under President Toledo's watch, the country has developed at unprecedented levels, finally beginning to reduce poverty and improve the life of ordinary Peruvians.

Venezuela, frankly, does not present a promising picture. We have no quarrel with the Venezuelan people, but despite the United States' efforts to establish a normal working relationship with his government, Hugo Chavez continues to define himself in opposition to us.

The United States works with leaders from across the political spectrum in a respectful and mutually beneficial way to strengthen our democratic institutions, build stronger economies, and promote more equitable and just societies. Our neighbors know that we are good partners in fighting poverty and defending democracy. We do more than respect each others sovereignty: we work together to defend it by promoting democratic ideals and by fighting terrorism, drugs and corruption.

But President Chavez has chosen a different course, and he has a six-year track record that tells us a thing or two about him. His efforts to concentrate power at home, his suspect relationship with destabilizing forces in the region, and his plans for arms purchases are causes of major concern.

Our policy is very clear: We want to strengthen our ties to the Venezuelan people. We will support democratic elements in Venezuela so they can fill the political space to which they are entitled. We want to maintain economic relations on a positive footing. And we want Venezuela to pull its weight to protect regional security against drug and terrorist groups.

We also want Venezuela's neighbors and others in the region to understand the stakes involved and the implications of President Chavez's professed desire to spread his "Bolivarian" revolution.

Many of them are fragile states without the oil wealth of Venezuela to paper over their problems. They are striving hard to strengthen their democratic institutions and promote economic prosperity for all.

Should the United States and Venezuela's neighbors ignore President Chavez's questionable affinity for democratic principles we could soon wind up with a poorer, less free, and hopeless Venezuela that seeks to export its failed model to other countries in the region.

Mr. Chairman, before concluding, I want to address one other point that has somehow become part of the conventional wisdom: that the United States is “ignoring” the Western Hemisphere.

I think that what people have to understand is that the world has changed dramatically in the past two decades, and U.S. policy has changed with it.

During the Cold War, strategic considerations dominated our policy and U.S.-Soviet tensions turned the region into a giant chessboard whereby forestalling the creep of totalitarianism necessarily trumped all other considerations. That approach was not always appreciated. In those days, we were not accused of ignoring the hemisphere, but were accused of being too heavy-handed, further enforcing the historic perception of a “paternalistic” United States approach to the region.

Today, that has changed.

History has proven to be a most reliable guide as to how nations can best expand prosperity and better lives for their citizens. Open economies and political systems, outward looking trade regimes, and respect for human rights are the indisputable requirements for a 21st century nation-state.

So those who would inveigh against U.S. “paternalism” in the Western Hemisphere have lost their essential talking point, because we seek to impose this model on no one. For those countries seeking to follow the same path, we are committed to helping, but for those countries that will not open their economies and political systems there is little we can do to help them, and no amount of assistance or moral support can stop them from failing.

This is the basis of President Bush’s Millennium Challenge Account, his historic new assistance program that rewards countries making the tough decisions to help themselves.

To be eligible for MCA funds—amounting to \$1.5 billion for fiscal year 2005—nations must govern justly, uphold the rule of law, fight corruption, open their markets, remove barriers to entrepreneurship, and invest in their people.

Three countries from our own hemisphere were among the first 16 to be declared eligible for MCA assistance: Bolivia, Honduras, and Nicaragua—and Honduras and Nicaragua have already signed compacts with the Millennium Challenge Corporation. Two additional countries were recently selected as “MCA threshold countries” for FY05—Guyana and Paraguay. These countries will receive assistance aimed at helping them achieve full eligibility.

By placing a premium on good governance and effective social investment, the MCA approach should help countries attract investment, compete for trade opportunities, and maximize the benefits of economic assistance funds.

But let us recognize, again, that no amount of external aid will substitute for governments making the tough decisions for themselves to open up their economies, to make their governments more effective and accountable, to make themselves more competitive in a global economy, and to extend the most basic services and opportunities equitably.

To their immense credit, most of the leaders of this region recognize these obligations and are working hard to fulfill them. And as they do so, they have found in the Bush Administration a creative partner, reinforcing the forces of reform.

The good news is that this Hemisphere has many leaders with ambitious social agendas who are adopting sound economic policies and seeking mutually beneficial relations with their neighbors, including the United States. There is a solid consensus in favor of representative democracy and respect for human rights in this Hemisphere.

To conclude, this administration believes strongly that hemispheric progress requires continued American engagement in trade, in security, in support for democracy, and across the board we are deeply involved in expanding peace, prosperity, and freedom in this hemisphere. Democracy is indeed an essential element of our foreign policy agenda.

Thank you very much and I look forward to answering any questions you may have.

Mr. BURTON. Thank you, Mr. Ambassador. I am sorry. We will take your entire statement for the record. Thank you, sir.

Mr. Franco.

**THE HONORABLE ADOLFO A. FRANCO, ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Mr. FRANCO. Thank you very much, Mr. Chairman. I will be brief, I know your time constraints. I appreciate the opportunity, Mr. Chairman and Members of the Committee, to appear again before the Committee on a timely theme of democracy and the progress that many leaders in the United States are making to solidify the gains of the last 20 years that have been so eloquently expressed by Members of the Committee. I last appeared before the Committee in March on the state of democracy in the region. I think Ranking Member Menendez is right that it is fair that we take stock of where we are and where the challenges remain. So I appreciate the opportunity today to talk about a few of the hotspots. I do not have time for all of them, but I will try to be as responsive as I can to some of the particular issues and the particular countries that Members of the Committee have expressed concern about.

Beforehand, I must agree very much with what Ambassador Shapiro has said, that we have made real progress in many of the countries of the region in the past 20 years, certainly on the economic front, inflation, and on many other things. As Ranking Member Menendez mentioned, the more things change, the more they look the same. Some things have changed dramatically.

Prior to 25 years ago, we had almost daily governments in Bolivia, as you might remember, Mr. Menendez. And we had 5,000 percent inflation and runaway inflation in Argentina. So I think it is important to take stock. I am not trying to score points, but many of the good policies that enlightened leadership of the region has been taken to heart and implemented.

I certainly agree with my good friend, Congressman Meeks, who I am glad voted for CAFTA based on our discussions about a year ago. I hope I had something to do with this. Free trade is not a panacea, but it is the engine for economic growth. I think if anything demonstrates the studies that have been quoted over the last 20 or 30 years, it is that poor countries that had steady growth over a sustained period of time in their GDP that have actually graduated. We hope to have Latin American countries graduate as we had in the case of Chile and Costa Rica and countries in Europe and Asia.

So by creating that environment for investment, by creating the environment for the right transparency and policies in budgeting and the government's responsibilities, I think we will see the type of private sector and national and international investment in these societies that will make it possible to solidify and help democracy.

Now we have done the same polls, and we have looked at the same polls. We have commissioned them, actually, at USAID on where we are in this progress on democracy on the economic front. I have to agree with Members of the Committee that they are disturbing. Only 43 percent of Latin Americans are fully supportive of democracy, while well over a half would trade it in for an improvement in their pocketbooks. That is why I prefaced my re-

marks earlier about the need to create those economic opportunities, because they are going to be the underpinnings. I have said it before this Committee, people cannot eat democracy. So we need to have the right economic and the right, I think, political policies in place in the region to solidify the democratic institutions that we all want to support.

Unfortunately in the region, as you all know, you travel extensively, these institutions are weak. Simply 25, 30 years ago, we keep saying one country has a non-elected leader today—25 years ago, we were talking only one or two had elected leaders. So these institutions are fragile, they are young. They need to be developed. Resources and training need to be provided by the countries themselves and by external donors.

I think it is important for the Committee to know what we are doing at USAID to support during the coming months, because of the difficult situations they confront. One is Bolivia. As you know, we have elections in Bolivia in December. It was rightfully noted by Mr. Menendez and other Members of the Committee that Bolivia has gone through two Presidents in the last few years, so we are working hard to build coalitions, monitor the election process, support indigenous education campaigns and facilitate debate among political parties, having accessibility as we have in our own country, creating that level of confidence within Bolivian society that is desperately needed.

Ecuador, as well, we had a change of government in Ecuador that was not constitutionally planned. We have a very similar process ongoing in Ecuador. We have in Ecuador a political vacuum with no clear leader for the future, for the next election, so we are doing everything possible to reach out to civil society organizations and provide everything we can for that election support.

Just very briefly on the Nicaragua situation, I first of all want to commend Chairman Burton and the Committee for the markup today, the adoption of House Resolution 252. I think it is extremely important. I did speak with Ambassador Stadthagen this morning. There are six ministers here today. They arrived here in Washington because of this very serious situation. Not only the National Assembly, Mr. Chairman, but the judicial system in Nicaragua is being manipulated, which is undermining democracy in that country. So we are very, very concerned about that.

In response to what Congress has called for, what you have called for, Mr. Chairman, USAID is working with non-governmental organizations. I want to dispel any notion here that we are supporting any candidate or any particular party. I want to make that very clear, Mr. Delahunt. However, we do have an elected government that we do work with in Nicaragua and it is democratically elected. I will be happy to answer questions about that and the CSE as well.

Lastly, on Venezuela, since many Members are very engaged and interested in this, we continue to do everything we can with Members of the Committee that are here today to promote dialogue within that country, with civil society organizations with both parties, with mayors, everything we can to create a climate to lower the tension and address the serious polarization in that country.

The last country I want to mention, Mr. Chairman, is Haiti. The Secretary of State was there yesterday with Ambassador Shapiro. We are doing everything we can to work with MINUSTAH, the security forces, and the electoral administration there to insure that registration is at a proper level. We can discuss it more fully during the questions, but we want a level playing field and we have an election that can own up to the expectations of the Haitian people, and that we will be working very diligently in the next 2 or 3 months to make that election a success.

And with that, Mr. Chairman, I would be happy to answer any questions you or Members of the Committee might have for me.

[The prepared statement of Mr. Franco follows:]

PREPARED STATEMENT OF THE HONORABLE ADOLFO A. FRANCO, ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman, Members of the Subcommittee, I am pleased to have this opportunity to voice USAID's concerns for Latin America and Caribbean (LAC) democratic progress and draw your attention to the "hot spots" in our region. In March, I was able to speak before this very same Subcommittee on the "State of Democracy in the Western Hemisphere," the region's challenges and the United States Agency for International Development's (USAID) democracy assistance programs. I greatly appreciate the opportunity to appear before you again today to update you on these critical issues.

President Bush remarked in November 2004 that "in this century, countries benefit from healthy, prosperous, confident partners. Weak and troubled nations export their ills—problems such as economic instability and crime and terrorism. Healthy and prosperous nations export the goods and services that help stabilize regions." The strong economic, cultural, and geographic ties between the United States and the countries of the Western Hemisphere make their political and economic stability of vital interest to the United States and underscore why USAID remains committed to promoting strong and prosperous democracies in Latin America. Democracy serves as the foundation necessary to facilitate hemispheric security, trade, and development.

Over the last two and a half decades, Latin America has made real progress toward democratic consolidation. Twenty-five years ago, only three countries in the region had democratically elected leaders. Today only one country, Cuba, continues under a dictatorship. The rest of Latin America has mainstreamed the practices of elected civilian governments, peaceful presidential transitions, relatively free and independent media, and basic civil liberties. Nevertheless, USAID believes that corruption, weak public institutions, and inequality and poverty undermine this progress as demonstrated in public opinion polls that show that citizens in Latin America are losing their confidence in the democratic system.

As a region, LAC is second only to Africa in poverty. LAC countries also have some of the highest crime rates in the world. Despite recent prosecutions, corruption among political and economic elites, political parties, and public and private sector institutions remains a cause for grave concern. These problems, coupled with the inability of governments to provide basic services to its people, have led to an erosion in democratic gains and are beginning to foster radical populism.

This is well documented in the 2004 USAID funded national-level surveys on attitudes toward democracy that show citizens frustration with rising levels of crime, corruption, and poor service delivery and a concomitant decline in their support for democracy and democratic institutions. Similarly, a 2004 United Nations study of the entire LAC region revealed that only 43 percent of Latin Americans are "fully supportive" of democracy while frighteningly more than half, 54.7 percent, say they would support an authoritarian regime if it could resolve their economic problems. Moreover the least trusted democratic institutions in Latin America are also among the most important institutions in a democracy—political parties, the justice system, legislatures, and the police.

This challenge to democracy comes as no surprise given the vast levels of inequality and poverty in Latin America. Unfortunately, the region's classification of mostly middle income status disguises the harsh realities of its economic disparity. According to the United Nations, 43 percent of the population or about 222 million people in Latin America are poor, and 96 million, 18.6 percent, live in extreme poverty.



Furthermore, inequality in Latin American is higher than any other region of the world, despite increases in per capita income over the last decade.

Many LAC countries are held back by the powerful elite, weak government institutions, and self-protecting political parties wielding unchecked authority fortified through amended constitutions, legal immunity, porous regulations, and corruption. This contributes to the inability of Latin American countries to create opportunities for its citizenry and to provide the services needed to enable them to take advantage of these opportunities, and it makes the rhetoric of undemocratic, populist campaigns very enticing.

I believe that USAID's work is critical to meeting the challenges ahead and consolidating democratic gains in the hemisphere. Some of the complex challenges ahead will surface in the upcoming elections of Bolivia, Ecuador, Nicaragua, Haiti, and Venezuela.

#### *Bolivia*

In Bolivia the registration of candidates for the December 2005 general elections closed on September 5. Eight parties confirmed their participation in the presidential elections with three candidates serving as early frontrunners, including a candidate from the Movement to Socialism party who has a six percentage point lead according to a Latin American polling agency. The race remains close, and national divisions into east-west camps suggests little likelihood of a united Bolivian electorate. Constitutional challenges to the electoral process could postpone the vote, but the President and all leading candidates are pressing to remain on schedule.

USAID will support the December Presidential and Congressional elections and the July 2006 Constituent Assembly elections (to choose representatives that will rewrite the Bolivian constitution), and the July 2006 referendum on autonomy. This will include providing technical assistance and training to a network of civil society organizations in coalition building, monitoring, and voter education campaigns, with a focus on indigenous populations. Intensive civic education activities will be supported, including technical assistance to the media to improve professional reporting of electoral processes, and national public opinion polls and surveys will be conducted to gauge political perceptions and candidate support. Debates will be facilitated among political parties, citizen groups, and indigenous communities to discuss key issues related to electoral processes. Additionally, USAID will assist civil society organizations to strengthen their ability to advocate and inform the debate about controversial issues related to revisions to the Constitution and regional autonomy.

Our previous electoral support for the November 2004 municipal elections had a highly significant impact. USAID trained over 1,000 future women leaders, contributing to the increase of women municipal candidates from 46 percent in 1999 to 56 percent in 2004. The political party development activity also made progress in civic education, including developing a manual on democratic values for high school students that has been approved by the Ministry of Education for nationwide use. About 25 percent of high school social science teachers were trained in the use of this manual. USAID also initiated a coordination effort among governmental and private institutions that play roles in civic education.

USAID is also supporting economic growth in Bolivia through programs that aim to increase the income of the poor. Economic programs will provide technology services to increase production and marketing of agricultural commodities, increase access to financial services in urban and rural areas, access to technology and market services, and micro-irrigation.

#### *Ecuador*

Elections in Ecuador are not until October 2006, but there is already debate about the current electoral environment. Ousted President Lucio Gutierrez is barred from returning to the country and current President Alfredo Palacio is not eligible for reelection leaving no clear front-runners. In addition, the Congress is considering making drastic legislative changes that could alter the entire political environment and process.

USAID is intensifying efforts to work with civil society to promote democracy, advance political reforms, and provide election support for the 2006 Presidential and Congressional elections to ensure vulnerable groups such as youth, women, indigenous and Afro-Ecuadorians can participate fully in the electoral process. The programs with civil society will promote poverty reduction activities for micro and small enterprises, support a public consultation in connection with a free trade agreement, improve competitiveness, strengthen financial sector services, and improve fiscal and tax management.

Despite political and economic uncertainties in Ecuador, USAID's programs have been successful to date. USAID support has been key to free and fair elections for

the 2002 National and 2004 sub-national elections. In addition to providing international observation and technical assistance to the Electoral Tribunal, USAID provided assistance to a local nongovernmental organization that served to mobilize thousands of young volunteers nationwide to observe the elections, and conduct statistically accurate and independent “quick counts” on election days. USAID also provided assistance to nongovernmental organizations to monitor campaign spending, develop civic education campaigns, and demand accountability of elected officials. It was the first time in Ecuador’s history that a process of such a grand scale of domestic observations and general democratic accountability had been undertaken.

Additionally USAID support is having a positive impact on citizen trust in local government. Nationwide, citizen confidence in municipal governments increased from 46.7 percent to 51.4 percent from 2001 to 2004. In contrast, confidence in central government institutions, over the same period, increased less than 1 percent, from 30.5 percent to 31.4 percent. In 15 of the 47 cities where USAID has been working with the municipal governments, citizen satisfaction with local government exceeded the national average, reaching 53 percent in 2004. The assistance USAID has provided to municipalities through its democracy and Northern and Southern border programs has been instrumental in strengthening Ecuadorians belief that democracy can indeed deliver concrete benefits.

#### *Nicaragua*

In Nicaragua, Sandinista Leader and ex-President Daniel Ortega, who retains an anti-U.S. worldview and recently made a deal with Venezuela for supplies of oil to Sandinista-controlled municipalities at preferential financing rates, has announced that he will run for president in November 2006. Considering that Sandinista and Liberal parties control the Supreme Electoral Council (CSE), there is a lack of public confidence in the CSE and the fairness of the upcoming presidential elections. Moreover, based on a review of previous electoral assistance and international observation missions from the 1990 elections onwards, it is clear that Nicaraguan elections face several recurring problems such as a lack of public confidence in the electoral framework, mistrust in the party primary elections, inaccurate voter registration lists, and weak election monitoring and organizational capacity. Opinion polls show a dramatic lack of confidence in the government and public institutions. About 80% of Nicaraguans said they would prefer to live outside of the country and a high percentage also believes the electoral authorities will commit fraud in the coming election.

USAID is working to address these challenges. The Agency is focusing on election monitoring as a key function for effectively promoting democratic elections. These efforts are designed to reduce the opportunities and incentives for electoral fraud; identify and address problems with the electoral process; and legitimize a peaceful transfer of power. USAID is working on electoral law reform, voter registration and voter list updates, massive civic education campaigns, technical assistance to the CSE, and donor coordination. In Nicaragua, the two strongest political parties are working together to block the entrance of smaller parties to participate in the 2006 elections. Some parties may lack the organizational capacity to campaign nationwide, present viable candidates, and recruit and train poll watchers. USAID will provide assistance to strengthen the role of underrepresented parties and will support improvements throughout the electoral process.

USAID also continues to support economic growth to reduce the impacts of poverty and income inequality. Currently USAID is working with the Government of Nicaragua and private sector agencies to implement trade-based economic growth by reducing structural, policy and regulatory constraints to national competitiveness. In addition, USAID support has provided 116,000 farmers with technical assistance and training aimed at encouraging crop diversification, promoting higher-value crops, and introducing environmentally sustainable farming methods and improved marketing techniques.

#### *Haiti*

Thanks to an improving security situation, a timetable has been set for elections in Haiti with a first round of presidential and legislative elections set for November 20, local elections scheduled for December 11, and run-off elections planned for January 3. On September 17, the United Nations General Assembly reaffirmed that the elections in Haiti are one of the nation’s highest priorities. USAID will play an active role in the process although some USAID personnel are still under evacuation status. Next month in Brussels, key donors, including USAID, will meet to discuss their concerns in Haiti. It will be critical that the electoral process is transparent, free and fair; that the United Nations Stabilization Mission (MINUSTAH) remains vigilant and further improves the security situation; that Haiti’s development and

consolidation of the rule of law and reform of the Haitian National Police continues; and that post-election, long-term commitment to Haiti's political and economic development remains.

USAID is implementing over \$30 million for electoral administration, registration, observation and monitoring, as well as assistance to legitimate political parties and civil society organizations in preparation for the elections. Additional details on USAID's work in Haiti will be presented in the October 19 hearing before this committee where we will present an overview of U.S. Policy in the Caribbean.

#### *Venezuela*

This administration is greatly concerned by the rise of radical populism in South America and with President Hugo Chavez's strident anti-American posture which has left Venezuela bitterly divided. His opponents point to his authoritarian tactics reflecting Communist Cuba, while his supporters praise his expansion of social programs bolstered by oil revenue surplus. There were enough citizens in opposition to petition for a mid-term Presidential referendum in August 2004. However, there were not enough votes to remove President Chavez from office and thus he will remain in office until the next Presidential elections in 2006. Meanwhile, the projection of Chavez's interests and his brand of populism only serve to further undermine democracy in the region.

USAID's work in Venezuela is handled through our Office of Transition Initiatives. Our objectives are to enhance civil society dialogue; support constitutional processes; and strengthen democratic institutions while promoting a constitutional, peaceful, and democratic solution to the current political crisis in accordance with Organization of American States Permanent Council Resolution 933. USAID's social impact programs reinforce the favorable impression that most Venezuelans have of the American people and demonstrate the USG's solidarity with the global fight against poverty. Specifically, these projects support inner-city day-care centers, centers for street children, and cancer hospices for children of low-income families. USAID also works to expose Venezuelan human rights organizations and practitioners to successful strategies employed by human rights defenders in other countries, and to increase their institutional capacity through training in Latin American countries with a history of strong human rights activism and respected human rights organizations.

USAID's election-related activities in Venezuela include training candidates, campaign managers, and other political party workers on the mechanics of electoral campaigns. Training topics include candidate profiles, message development, get-out-the-vote, day-of-the-vote activities, and understanding relevant electoral laws. USAID also works to strengthen political parties in message development, citizen responsiveness, and outreach. For example, prior to the referendum and local elections of 2004, USAID worked with political parties to train party-affiliated election observers from both sides in the rules and regulations associated with electoral events. During the elections of 2004, USAID also supported the institutionalization of a non-partisan, domestic electoral observation organization.

#### *Other Hotspots of Interest*

In addition to the aforementioned, other areas of concern in the Hemisphere are the follow on to Plan Colombia and gang violence in Central America.

#### *Colombia*

The elections in Colombia next year may be in the hands of the nine members of the Colombian Constitutional Court. The court has been asked to uphold recent legislation that would allow a sitting President to run again. President Uribe has expressed a desire to run again and has an approval rating near 70%. No matter what the outcome is, he continues to work with the United States to address the major security and political issues of the country.

On August 4th, President Uribe of Colombia and President Bush met in Crawford, Texas to discuss the future of U.S. support for counterdrug programs in Colombia. USAID is already engaged in its fifth and final year of assistance under Plan Colombia and continued USG support will be provided through the annual appropriations process, primarily through the Andean Counterdrug Initiative account. Starting in FY 2006 and over the next several years, USAID will begin implementation of its revised country strategy which seeks to achieve increased sustainability of development results by focusing programs in key economic growth corridors of the country; emphasizing greater program integration and inclusion of Colombian institutions; and incorporating trade capacity building to support a new free trade agreement under negotiation with the United States. All of these development activities are in place with the intent of eliminating the drug trade in the country.

### *Crime and Gang Violence*

Finally I would also like to note my on-going concern with gangs and crime in Latin America, and especially Central America. Polls show that gang violence is one of the greatest concerns of citizens in Honduras, Guatemala and El Salvador—countries which now have some of the highest murder rates in the world. It is very clear that gang violence poses a direct threat to security, economic growth, and democratic institutions, and it spills across our borders to affect our own communities in the United States as well. Gang violence is now a transnational phenomenon and most observers believe that contact between gang members in different countries is increasing.

USAID efforts to reduce crime are intricately linked for a need to strengthen and reform justice systems. Moreover, USAID has also worked on the preventive side—collaborating with the Department of Justice (ICITAP) to create a community policing program in some 200 municipalities in El Salvador and implementing an innovative community crime prevention program in Guatemala.

We are looking to do more—especially in prevention. USAID is now conducting a gangs assessment in Central America and Mexico and meeting with key stakeholders here in the United States. This study will inform future USAID programmatic decisions and enhance USG inter-agency collaboration.

### *Conclusion*

Despite progress, much remains to be done and USAID will continue to promote democratic reforms that reflect the complex realities each country confronts. Given the trends and challenges in our Hemisphere, USAID will sharpen its focus to address the rising crime and violence, attack the impunity and immunity of political and economic elites, and better address the inequality between people. USAID will work to reduce poverty and inequality through the promotion of economic prosperity through job creation, employment expansion, and economic growth. Additionally, USAID will also strengthen government institutions via decentralization and local governance, legislative strengthening, electoral assistance, policy reform, and anticorruption programs. And we will work with civil society and improved civic response for better governance, inclusion, transparency, and accountability for all people regardless of status.

We cannot realistically expect to solve the problems of Latin America's democracy in the short term. In fact, it will require a long-term, sustained, and collaborative effort. By working together with host country governments and other U.S. government agencies to implement effective multisectoral measures that reduce corruption, strengthen institutions and build local capacity, we can—and will—have an impact.

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you today. I welcome any questions that you may have.

Mr. BURTON. Well, thank you, Mr. Franco and Ambassador Shapiro. I do not have any questions. I mean, I do have some questions, but I will submit those to you and you can answer them for the record because of the time constraints. I just want to say that that polling data that you just cited, that less than half of the people down there support democratic institutions because of their economic plight, that is something that is very disturbing. Because as we have all said here, if people cannot put food on the table for their kids, they do not care what kind of a government they have. Anybody that will promise them anything, they will support. So we will just have to work together to make sure that we solve those problems.

As you said, I believe CAFTA was a step in the right direction, as will be the Andean Free Trade Agreement. Mr. Menendez?

Mr. MENENDEZ. Well, thank you, Mr. Chairman. I will try to be succinct in the interest of the time, but I do not always have these opportunities to have the distinguished Administrator and the Deputy Assistant Secretary, so let me just start off with, you know I have personal admiration for you, Mr. Administrator.

Mr. FRANCO. Thank you, sir. Likewise.

Mr. MENENDEZ. Having said that, when you make statements referencing the last 25 years, when Bolivia was constantly chang-

ing its President, I would point out that the world was much different 25 years ago, not just Bolivia. The United States was different 25 years ago. And certainly the region and the world was dramatically different. So when you make statements like that, I get disappointed, because our benchmark cannot be 25 years ago. I reject, as a Member of this Committee, our benchmark being, you know, what was happening a quarter of a century ago as the standard for moving forward for success. So that is a major problem.

The second thing, I just simply make a request, if someone could send me the report that establishes trade as having helped reduce income and equality in any Latin American or Central American government, as the vehicle by which we have reduced income and equality, I would like to see it, because I certainly would want to read it.

And lastly, I guess until I either leave this Body, retire or do something else, I am going to continue to pursue this next issue. We are all aware, you know, we have had a disagreement on this, but because you are so good with the numbers, I decided to bring in some firepower and get CRS to look at the numbers, an independent entity. And when I finally went through this step by step with CRS as it relates to the impact of United States foreign aid to Latin America and our cuts, I came to some very clear understandings. That you know the 12 percent cut to core development funding for Latin America is even worse when we look beyond the surface and beyond the macro numbers, that those cuts are even more severe.

For example, over the past 2 years, funding has been cut dramatically in every category except economic growth. The Administration cut agriculture and basic education programs by 28 percent, environment programs by 20 percent. So the only category that has actually grown is economic growth with an increase in trade funding. And this type of under-the-table funding-cutting exists across the board. For example, the overall numbers for global health programs in Latin America indicate a 12 percent increase in funding. But when we look below the surface to that 12 percent increase, we find this is only because of an increase for HIV/AIDS programs, which are very commendable and we support. However, you increase HIV/AIDS programs but you do it by cutting the funding for other infectious diseases by 30 percent, when most HIV/AIDS patients die of infections from other diseases. So the increase for HIV/AIDS also masks a 37 percent cut to funding for vulnerable children. In my view, these are the wrong set of priorities.

So we can take the macro numbers and try to spin them all we want, but this is the wrong set of priorities.

Finally, Senator Coleman, the Chairman and most Members of this Committee seem to have the same view on this, even though we do not agree on everything, but we agree on a lot. And it always seems to be a different view, with all due respect, Mr. Secretary, than what we get from the State Department. I listened to Senator Coleman's presentation, I listened to his recommendations. I listened to what Members of this Committee have said, including its Chair, and we get a different vision than that which the State Department has. So obviously somewhere here there is a disconnect between the Legislative Branch and the Executive Branch about

our vision of what we need to do and what is really happening in this hemisphere. And I know none of those are questions, but nonetheless, I just felt compelled to make them as statements for part of the record along the way. If you have something to say, I am happy to relinquish what is left of my time.

Mr. FRANCO. May I respond very quickly, Mr. Chairman?

Mr. BURTON. Sure.

Mr. FRANCO. While you are still in the House, Senator Menendez, I would request that we have an opportunity to meet to discuss budget allocations. Let me start off with the numbers, if we can, to go over them quite seriously. Because there really is not the time here for me, from my perspective, from the Administration's position, to do justice to some things. I do not know what CRS provided you with. We do have overall agency earmarks that make problems for us in terms of how we allocate money. For example, in the environment, the biodiversity earmarks, some countries cannot use that money in our region and they are channeled to other regions. So with all due respect, it requires a little longer explanation as to how the overall allocations are made for the agencies. I would really request that opportunity, if I could do that.

Mr. MENENDEZ. Absolutely, absolutely.

Mr. FRANCO. And on trade capacity-building, and I told Mr. Meeks this a year ago, I am proud of that, funding for that area was upped with an emphasis on the poor and the small- and micro-enterprise sectors that we need to support to make that a reality. If the President's vision for the region is a free trade zone and those expectations are quite high that incomes will rise, the people who need it are the poorest. So our trade capacity focus is to address those sectors that are unable, unlike the big industries, to address the challenges in access markets and comply with the new rules of the game.

I would be happy to supply trade data that we have on Chile and Mexico. Could I elect to do that?

Mr. BURTON. Maybe you could submit those to us so that the Members would have a chance to look at those?

Mr. FRANCO. Certainly.

Mr. BURTON. Mr. Meeks?

Mr. MEEKS. Thank you, Mr. Chairman, and I will be brief. I just want to ask my good friend, Ambassador Shapiro, just a few questions about his trip yesterday. I know that interim President Alexandre has stated that there are bouts of violence. In my district, I have a lot of Haitians and they say there is violence every day. They say it is violence and people being abducted, etc.

But I just want to know from your trip, they say that the elections are still going to go forward. Does it look like a situation where elections can go forward, where you can truly have a true democratic and honest election based upon some of the things that are going on? And where are the Haitians preparing for the elections?

Mr. SHAPIRO. Thank you, Mr. Meeks. Let me correct what my colleague here said. The Secretary did not go with me, I went with the Secretary to Haiti. I welcome your question. It was a 1-day meeting. The Secretary of State and five Members of Congress met with the President, the prime minister and his cabinet and with

the Provisional Electoral Council of Haiti, as well as with MINUSTAH, the United Nations, including both the military, the police leader and the senior representatives of the Secretary-General of the United Nations.

The Secretary's message at each stop was very clear. It is a key for Haiti to move from an interim government to an elected government. They need to move ahead to make decisions so that those elections can take place as scheduled and power be transferred on the 7th of February. Every Haitian interlocutor we spoke with insisted that that was the date. So if you take February 7 and work back, the things that they need to do to make those elections take place, from setting up polling stations, identifying them, hiring staff, working out what appeals processes there might be, there is a great deal to be done. And they can do it and they must do it.

The next government will be the one that the international community interacts with Haiti. It is an historic opportunity. We think they are going to seize it and make it happen, sir.

Mr. MEEKS. What direct assistance do you see us providing Haiti, you know, to preserve or restore its democracy? Any direct assistance? I agree with you. I know we need organizations like the OAS or CARICOM, but what about us? I mean, I am concerned about us. They are our neighbors 90 miles offshore, basically. What are we doing?

Mr. SHAPIRO. We have already contributed \$31 million for voter registration, political party development, voter education, administration, monitoring of elections, those sorts of things. We are, in fact, the largest donor of assistance to Haiti.

We want an elected constitutional government that we can deal with, as does the rest of the international community. We have economic assistance funds and Mr. Franco can detail how they will be spent to reactivate the economy. We want to make this country move forward. But the first step will be the elections.

The second point, if I can, underlining, it has been 6 months since I have been to Haiti and there has been a difference in the security atmosphere there. The MINUSTAH forces, United Nations forces that are there, are doing a tremendous job. There is a new head of MINUSTAH, a Brazilian general. There is a new head of civilian police component, a Canadian.

Mr. MEEKS. I see my time is about to run out. I want to just get this question, since you mentioned the UN. I also heard that some of the UN troops were part of the degradation of that site. Some of them were raping or part of raping women and looting and things of that nature. What can you report back in that regard?

Mr. SHAPIRO. We do not have any evidence to support that. We want all of these allegations to be investigated completely, to find out if there is any substance to them. What we saw yesterday—and to go back to the issue of Latin America—were Brazilian, Argentine, Chilean, Uruguayan troops from this hemisphere, working together, just in the area of Port au Prince where we were, as well as Jordanian troops. It was tremendous to see troops repressing nations from this hemisphere assuming responsibility for a problem that is a problem of this hemisphere.

Mr. BURTON. Thank you, Mr. Meeks. Mr. Delahunt?

Mr. DELAHUNT. Yes, thank you, Mr. Chairman. A panelist on the next panel, Professor Coppedge, on page three of his testimony, let me address this to my friend, Ambassador Shapiro, makes this statement:

“The Bush Administration, like the Venezuelan opposition, has publicly pursued the short term goal of removing Hugo Chavez from power, whether by initially recognizing the junta that temporarily seized power unconstitutionally, taking sides in the recall effort or lobbying the OAS to invoke the Democratic Charter.”

Is it the policy of the Bush Administration to remove Hugo Chavez?

Mr. SHAPIRO. No, sir.

Mr. DELAHUNT. Thank you. I asked a member of my staff to go back several days and to examine the Venezuelan press, to make an assessment as to its viability. I have handed out a copy to my colleagues here of various columns, news reports, regarding the Chavez Administration. To say that they are critical is an understatement. I am going to provide those excerpts to you and to, well, I will provide them to you, Ambassador. We knew each other well during your tenure down as Ambassador to Venezuela.

From where I sit, and I am going to ask my staff to provide a copy of those statements and those newspaper reports to my friend and colleague from Florida, Mr. Mack, it looks really pretty vigorous and healthy in terms of criticism of President Chavez. Let me just say, I welcome that. I think that is absolutely essential and critical. I would like you both to review them and call me up when you have a chance and give me your own assessment.

Also, let me just say this. I have great respect for both of you, but I was disappointed that in your assessment of Haiti there was no reference whatsoever to allegations regarding intimidation of members of the Lavalas party by the so-called interim government. It is my understanding that the interim government has proceeded against the former Prime Minister Neptune and has arrested an individual who is a member of the Lavalas party called Jean Juste. And that as a result of that, they will not have the opportunity, obviously, to participate in elections.

Now, I remember going to Haiti maybe 4 or 5 months ago. There was no one in the interim government that felt that the former prime minister, who was a positive force in the transition from the former President Aristide, was guilty of anything. And yet, the only conclusion that many, or the inference that many are drawing is that this is an attempt to exclude Lavalas from the process. Let us understand that Lavalas does not equal, you know, President Aristide, like Sandinistas. There are moderate Sandinistas and radical Sandinistas and the same thing in terms of Lavalas. Has the Administration taken any policy in an effort to include the Lavalas element in that society in the electoral process?

Mr. SHAPIRO. Absolutely, and that was a key element of the Secretary of State's message yesterday, that these elections should be free, fair, transparent and open to all. She urged the President and the prime minister to do whatever they can to accelerate the trials



against these two individuals, former Prime Minister Neptune and——

Mr. DELAHUNT. Congratulations, Ambassador, I am glad that you sent that message, because if that does not happen, we are going to be faced with the reality that there will be universally, throughout the international community, a conclusion that these elections were a sham and a shame if that occurs.

Mr. SHAPIRO. If I may make one more point, Mr. Delahunt, and that is that there are 56 Presidential candidates who have registered in Haiti. Four of those are either directly from Lavalas or are former Lavalas and two of the leading candidates appear to have direct ties with Lavalas. So this election is going to be open. The people of Haiti are going to decide, sir.

Mr. BURTON. The gentleman's time has expired. Let me just say that we are probably not going to have time for the second panel. I know that some of you came as far as from Miami, Florida, to be here and I want to apologize to you. The schedule has been jumbled all up today and that is the reason why we have had these time constraints, so I want to apologize in advance. But what we want to get from you is your statements for the record, which we will use and we will contact you again at some point in the future. And I apologize for the problem.

Mr. MENENDEZ. Mr. Chairman, is there no other room that we could adjourn to?

Mr. BURTON. If there is, we can go ahead. If you could just be patient for a minute, we could maybe adjourn to 2200. We are going to check on that and see if that cannot be done, Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman.

Mr. BURTON. Mr. Payne?

Mr. PAYNE. Thank you very much. I hope it is available, since I talked about all those Ph.D.'s we have here, and then not to be able to hear them would be really sad.

Let me just say, too, I hope that elections in Haiti come off fair and transparent. As you know, I have been disappointed that monies that went into the American Development Bank was withheld to get Aristide out, but I have been disappointed with what has been going on there. I hope that this election will be fair and free.

I also think that we need to take a look at our agricultural policies. You know, arguably the most effective policies, I am talking about in Latin America in general, is to spur economic development and would be a combination of elimination of our agricultural cotton and sugar subsidies and the passage of a bilateral fair trade agreement as opposed to free trade agreements, which do not address poverty. And that is what I think we have at this point. It would prevent the practice of export-dumping in poor countries, which drives down prices, leaves workers vulnerable to artificially low-priced foreign commodities. It seems to me that if we wanted less cocoa grown, one thing we have to do is to let these farmers get a livable wage and good prices for their oranges and cotton and coffee or whatever they grow, so that therefore it would not be just one area.

As you know, this whole question of coffee becomes a real problem. Five to 23 percent of the total export revenues from Central

America comes from coffee, but now with the policies in, oh, as far as Vietnam, it is really having an impact. Finally, though, I just have, I guess, a quick question. We are totally aware of United States policy toward Venezuela, but let me just read you something real quickly. I wonder, you know, where we stand on this issue.

Just quickly, "In the past, Venezuela's oil fields benefitted a few," and that is where the problem comes in. When we had these great relations with Venezuela, I wonder why our country did not urge and push so that the government would use those dollars to assist its people. Because here is what happened. Very few benefitted. Today, millions benefit. Some remark on what is happening in Venezuela. The lives of millions of Venezuelans are improving as historic wrongs are being righted. The world's fifth largest oil producer, Venezuela, has long been a country of contrasts. Despite its great wealth, 80 percent of Venezuelans live in poverty. Now for the first time, millions of Venezuelans have access to education, job training, housing, land, clean water, healthcare and something even more precious, dignity. August 15, 2004, referendum Presidential candidate was reaffirmed.

The fact that the government, healthcare is putting tangible human rights, it is a part of their country now. There has been a plummeting of infant mortality rates. Education is putting millions more children into thousands of new schools. High school and college programs are helping children reach new horizons. They even looked at women's programs, indigenous people's programs and Afro-Venezuelan programs. They are gaining power, they are getting land. Say, once again, they have another election. I mean, it seems to me that if this government could do these things, why was our Government not urging previous governments to be able to do the same things? And if you are urging, what seemed to have been the stumbling block? And if any of these points that I raise are incorrect, perhaps you could point them out to me.

Mr. FRANCO. I think both of us should, but can I just address the development part of it one moment, if I can?

Mr. BURTON. If you could, very quickly, both of you.

Mr. FRANCO. On the development programs, we do not have, nor have we had in the past, a development program in Venezuela. Venezuela was and is, in terms of its gross national products, one of the wealthiest, certainly the wealthiest in Latin America, with revenues.

Mr. PAYNE. I was just saying, we were on good, friendly relations. I am not talking about aid. I am just saying it would appear to me that our Government would have urged them to, maybe what, I do not know, to perhaps look at some of those things that are happening now.

Mr. FRANCO. I would be quick here, Mr. Payne, because I know Dr. Shapiro has something to add. I will say this, since there were references to different articles on the current situation of Venezuela, a very good OpEd piece to read from Monday's *Washington Post* is something by Mr. Jackson Diehl that speaks about Venezuela. There is a reference there which is correct and I can certainly supply it to you directly, and that is that the poverty rate in Venezuela has actually increased under Mr. Chavez.

So I would submit to you that the situation of the poor in Venezuela is worse off today under Mr. Chavez than it was in the past. The number of people, despite a dramatic increase in oil prices, has actually lowered the income for the poor. So I would not agree with the data that has been presented to you.

Mr. PAYNE. I would appreciate you sending that to me.

Mr. SHAPIRO. Mr. Payne, let me just assure you that I have been working on Venezuela off and on since the late 80s and at that time, we certainly were working with the government to try to make those things happen. In the end, decisions on how governments work, how they do things, depends on the people of that country itself.

Mr. BURTON. I want to thank this panel and apologize for the abruptness of the conclusion of your testimony, but we do appreciate it. We will submit questions to you for the record, because I have some that I did not get a chance to ask.

I will tell you what we are going to do with the next panel. Would you come forward and what we would like to do is have you submit your statements for the record. We have panelists here who would like to ask some questions of you. Since you are here, we certainly do want to use your knowledge and talent. So if you could come forward and we will accept your statements for the record. Then, Mr. Menendez, Mr. Payne, Mr. Delahunt and myself will ask questions that we think are relevant to the hearing. So, would you come forward? Dr. Valenzuela over here, Dr. Coppedge, Ambassador Daremblum and Dr. Purcell. Would you please stand?

[The prepared statement of Mr. Valenzuela follows:]

PREPARED STATEMENT OF ARTURO A. VALENZUELA, PH.D., DIRECTOR, CENTER FOR  
LATIN AMERICAN STUDIES, GEORGETOWN UNIVERSITY

Mr. Chairman and Members of the Subcommittee I am honored to appear before you today to discuss the challenges that the countries of the Western Hemisphere face in consolidating democratic institutions and practices. Although I am a member of the Board of NDI, the National Democratic Institute for International Affairs, I appear here today in my capacity as a scholar who has focused for the past thirty-five years on the study of the origins, consolidation and reversals of democracy in the Americas.

Mr. Chairman, I was privileged to appear before the Subcommittee on March, 2005 for a hearing that dealt with this same general theme. (And with your permission Mr. Chairman, I would like to include that testimony in the record today, and I have attached it to this statement.) In March, I expressed the view that, despite difficulties and set-backs, the state of affairs in the Hemisphere is still far more auspicious than it was in the decades of the nineteen sixties through the eighties when only three countries in the region, Colombia, Costa Rica and Venezuela avoided authoritarian rule and civil conflicts raged in several countries of Central America. The last quarter century has seen the longest single period in history of continuous democratic rule without sharp authoritarian reversals. The only stark exception to this democratic trend continues to be Cuba.

As I noted in my earlier testimony the single most important change in the region has been the return of the military to the barracks, a pattern that deviates sharply from the overt involvement of armed institutions in the changes of governments in the region. Authoritarian rule ended in part because of the dramatic failure of military led governments to address the economic and social crises that most countries faced, particularly in the aftermath of the sharp economic downturn of the early eighties. The end of the Cold War was also an important precipitating factor as the struggle between competing "utopias", socialist and free market, dissipated and the United States, rather than tolerating dictatorial rule as an antidote for the growth of Soviet influence, sought to promote democratic governance together with like-minded states in the region. Concerted action through the Organization of American

States helped to mitigate crisis while putting down the marker that deviations from the constitutional order would not be tolerated by the international community.

Many observers have pointed to public opinion research to suggest that the hard-won gains of this era have generally evaporated. Perhaps the most widely repeated statistic is the one cited in the United Nations Development Program's report on Democracy in Latin America, where 45% of respondents in a survey taken in 2002 say that they would opt for an authoritarian form of government as opposed to a democratic one, if the former solved the country's economic problems. But, that hypothetical question is a highly misleading one—assuming indeed that authoritarian regimes could solve economic problems. What is remarkable about the question is the fact that over fifty percent of Latin Americans were willing to say that they would oppose an authoritarian regime, even if it solved the nation's economic difficulties—an impressive figure in societies with deep social inequalities. Indeed, the proportion of “non-democrats” do not exceed 30% in the aggregated figures for the region—suggesting that for all the frustrations most Latin Americans understand that democratic governance is a better option, despite disillusionment with particular aspects of democracy, such as parties and legislatures.

And yet, it would be mistaken to assume that the Hemisphere across the board has turned the corner and has embarked on an unhindered path of democratic consolidation. Although military coups have dissipated, in several countries weak governments operating in a framework of weak institutions have had difficulty generating public policies capable of addressing deep-seated social problems. In my testimony in March, I noted that fourteen elected presidents had not been able to finish their terms in office, frequently stepping down in a climate of political instability and social unrest. Unfortunately, in the intervening months a fifteenth president, President Lucio Gutierrez in Ecuador, also had to leave office early in an atmosphere of confrontation and violence.

As I said earlier the institutional deficits in several countries include weak state institutions, deficits in the rule of law and governmental accountability, serious shortcomings in mechanisms of representation, including electoral systems and political parties, and a crisis of governance. The latter phenomenon refers primarily to the difficulties leaders occupying the presidency and those controlling congress have in structuring viable governing coalitions due in part to the weakness of political parties and in part to the fact that governments are frequently divided governments where presidents face opposition majorities in the legislature with few incentives collaborate with beleaguered chief executives.

Failures of government reflect institutional weaknesses but also the severe challenges that democratically elected authorities face in a continent where over forty percent of the people live in poverty and twenty percent in extreme poverty. The problems are circular. Deep seated social problems make it difficult for governments, even those with sound economic policies, to demonstrate concrete and significant results in the short term, particularly if economic policies don't lead to clear employment growth. On the other hand institutional deficits conspire against the adoption and implementation of wise and successful policies. If we have learned one thing from this transitional phase in Latin American politics it is that first and second generation reforms, such as those aimed at achieving macro-economic stabilization, structural adjustment and privatization, market opening etc . . . , may be necessary, but are not sufficient. What are critical for the sustainability of these reforms are the so called third generation reforms including the widespread adoptions of transparent rules and procedures, the implementation of the rule of law and the effectiveness of state institutions and policy making bodies.

In last March's testimony I provided an overall view of the continent and discussed in analytical terms the challenges that democracy faces in the region. I also noted how failings in U.S. policy have contributed to the problem. With the focus of this hearing on “hotspots” in Latin America, my objective is to provide a more specific overview on a country and regional basis of the state of democracy in the Hemisphere. I will again conclude with some reflections regarding the direction of US policy.

#### *A Tour of the Region: Clearing-up Conceptual Confusion*

Mr. Chairman, in developing this argument, I would submit to you that there is considerable conceptual confusion in characterizing the challenges that countries in the region face. The dominant argument one hears, particularly in this town and in the press, is that the failures of democracy in the region have led to a rise of leftist populism that will further undermine democracy and U.S. interests. Both premises underlying this argument can be questioned—that democracies are failing across the board and that leftist populism is on the rise. I will address each in turn.

Perhaps the most important generalization that we can make about Latin America is that one should not generalize about the region. There is no question that in several countries in the region democracy is under stress and that political and social unrest is likely to continue. These countries are all characterized by a very limited history as fully functioning democracies and include Haiti, Bolivia. Indeed, Haiti has never had a democracy. The only transition from one elected leader took place when Aristide turned over the presidential mantle to President Preval, but the underlying legitimacy of the electoral process left much to be desired. And while Bolivia went through a remarkable period of democratic governance beginning in the eighties, the institutional pillars of that transitional period, including political parties and governing agreements have crumbled as the politics of the street—a feature of the Bolivian political system going back for decades—has overwhelmed institutional politics. Even so, it is noteworthy that Bolivia has not fallen back into the throes of military juntas and is searching for an electoral solution for its current crisis. A smooth outcome is unlikely given the increased polarization in the country between regions and the radicalization of opposition groups.

In the Southern Cone of Latin America three other countries present unusual challenges. Like Bolivia, Paraguay has a long history of authoritarianism and one party rule. Public opinion surveys suggest that the authoritarian option continues to be favored by a substantial, though not majority, portion of the population. Ecuador, with its sharp divisions between coast and highlands, its fragmented parties, its unyielding elites and increasingly radicalized indigenous movements will also find it difficult to consolidate democracy despite the absence of overt involvement of the armed forces in politics which characterized its political system throughout the Twentieth Century. The fact that the last three elected presidents did not finish their terms is reminiscent of the fate of President Velasco Ibarra who was elected president five times, only to serve out one full constitutional term.

Venezuela is the only country in the Hemisphere where one can argue that there has been a significant reversal in the democratic process, one beginning before the advent of Hugo Chavez and, indeed, constitutes an explanation for his rise to power. Venezuela, which structured democratic institutions late by comparison with other large countries in the region, built its democratic state and its party system around the distribution to party constituencies of the country's petroleum generated wealth, with both major parties engaging in an elaborate log-rolling strategy that permitted them to benefit while excluding other sectors. The collapse of oil prices meant the disappearance of the political lubricant that kept the system going—leading to the crumbling of political parties and the rise of leaders with populist appeals culminating in Chavez leftist populism. Ironically, rather than attempting to build a genuinely new institutional base, Chavez through demagogic appeals has set out to do exactly what is much vilified predecessors did—attempt to distribute oil wealth to his constituents to the detriment of others—without creating the basis for a political system not fueled by oil. Given the lack of investment in the country and the continued polarization, Chavez runs the risk of collapsing with a significant downturn in the oil economy. Chavez' majoritarian support provides him with the tools to continue to undermine the fundamental architecture of a democracy political system, one in which the rule of law prevails in favor of the protection of minorities and future majorities.

But if the countries just listed are facing serious challenges and democracy is imperiled, it is notable that the picture is far more positive in other countries of the region. Chile stands out as a country that went through a wrenching polarization that brought down one of the oldest democracies in the world, but has managed to rediscover its democratic roots while promoting strong pro-growth policies with policies designed to reduce poverty. Along with Costa Rica and Uruguay, Chile stands out as a country with consolidated institutions, where governments are accountable and the rule of law prevails.

At the same time the largest countries in the region have achieved notable success. Brazil, despite the corruption scandals of the current administration, has remained on a decidedly democratic path while following generally sound economic policies. Argentina after the most devastating collapse of its economy since the great depression has been able to turn things around within democracy restoring the flagging faith of citizens in democratic leaders and institutions. Colombia, challenged by several armed groups, including powerful criminal organizations involved in the drug trade, has managed with U.S. support to strengthen the institutions of the state, reverse a downward economic trend and restore the faith of citizens in civilian leadership. Mexico, perhaps undergoing the most complex transition of all—from a highly institutionalized one party state to a competitive democracy—faces serious challenges in avoiding institutional deadlock and moving a public policy agenda forward, but faces no significant danger of authoritarian reversal.

Finally, Central America and the Caribbean, with the notable exceptions of Haiti and totalitarian Cuba, in part due to the increased integration of the region into the American economy and the important role that remittances play (as they do elsewhere) have made strides in strengthening of democratic institutions, with Nicaragua and Guatemala facing the greatest challenges as corruption and personalism continue to hold sway. In sum, Mr. Chairman this is a survey where the glass is half full, not half empty. The greatest challenges lie primarily in the Andean region and in the Caribbean with Haiti and Cuba.

What about the second underlying assumption—that the region is inevitably moving towards the embrace of leftist populism? Such an observation also does not stand up to analytical scrutiny. We have already seen that the Chavez phenomenon has not been replicated in Brazil, Ecuador, Argentina or Uruguay, despite the election of leaders with support from leftist constituencies claiming a left of center platform. With the exception of Ecuador, leaders have based their elections on strongly constituted political forces that have been around for some time and in office have sought to govern through compromise and conciliation while respecting institutional rules. Indeed most leaders of the left in the region prefer to identify themselves with the Socialist government of Ricardo Lagos in Chile than with the populism of Chavez, and that goes as well for the leading candidate for the Presidency of Mexico who hails from the left.

This does not mean that Chavez has not succeeded in projecting himself as a popular figure in the region—his populist rhetoric and anti-Americanism resonates in a region where U.S. policy in the world is highly unpopular. But whether that popularity will translate into many other Chavez' in the region is questionable. The Colombian's next year are likely to reelected by overwhelming majorities their right of center, law and order president, while the Chileans will continue with the ruling Concertacion A Lula defeat in Brazil may very well return to power the coalition that governed with Fernando Henrique Cardoso—and even a Garotinho as a populist option would not reproduce the Chavez phenomenon.

#### *Directions for U.S. Policy*

Mr. Chairman, my comments are meant to properly contextualize Latin American reality as a prelude to thinking about the direction of U.S. policy. By arguing that we need to understand that many countries in the region are doing relatively well and that some have made notable improvements, I don't mean to imply that we should be complacent. Indeed, even the Chileans understanding today that a failed Bolivia is not in their long term interests, nor is it in the fundamental interests of the United States. It is critical that the United States reengage in the region in a constructive manner. In my testimony in March I noted how missteps in U.S. policy in crisis management in the Hemisphere, including the Argentinean devaluation, the support for an unconstitutional alternative to Chavez in Venezuela, the collapse of the Sanchez de Lozada government in Bolivia and the ouster of Aristide in Haiti, undermined U.S. moral and political authority in the Hemisphere.

This, along with the overwhelming rejection of the fundamental direction of U.S. foreign policy globally, especially the War in Iraq, has made it far more difficult for the U.S. to engage other Hemispheric leaders in dealing with such thorny issues as indigenous movements in Bolivia and Ecuador and Chavez' claim to leadership in the region. U.S. officials proclaim frustration that other democratic leaders in the Hemisphere are not standing-up to the plate in pushing back on Chavez. It is not a matter of reticence to become engaged or to interfere in the affairs of other countries. A review of many of the challenges that democracy faced in Latin America from the early 1990s would show that key leaders and countries were willing to take stands—from the willingness to impose an embargo on the Haitian Cedras Junta, to invoking Resolution 1980 in several instances of interruption of the constitutional order, to the unprecedented steps taken with respect to the Fujimori government in Peru when it carried out an election that did not meet international standards.

The problem is that leaders in the region have been far more reluctant than in the past to work with the United States in resolving the problems of the region because they are deeply dissatisfied with what they view as peremptory treatment of their interests and sensibilities. Whether it was the open and very personal dissatisfaction regarding the stand that Mexico and Chile took at the United Nations Security Council regarding the failed resolution that would have authorized international support for the War in Iraq; whether it is the continued attempt to force countries to sign Article 98 exemptions regarding the International Criminal Court; whether it is the discomfort stemming from more visits to the region from Secretary of Defense Rumsfeld than the Secretary of State; whether it is the way in which the U.S. led its campaign to have former President Flores of El Salvador designated as Secretary General of the Organization of American States, thereby artificially en-

gendering a polarization in the Hemisphere, leaders in the region have pushed back on a heavy handed diplomacy that has made it more difficult for them to appear to be doing Washington's bidding.

With the appointment of Assistant Secretary of State Thomas Shannon, the United States has an excellent opportunity to begin the process of rebuilding better trust with the Hemisphere precisely to better address the challenges the country faces. Whether Chavez succeeds in moving his agenda forward depends more on what the U.S. can do for the countries that are more at risk and how it can collaborate with other democracies in the America's in pursuing that end. U.S. assistance to the region far surpasses that of any country, including Venezuela, and yet the assistance has lost its clout and diminished significantly in objective terms as I noted as well in my previous testimony. For this reason support for Congressman Bob Menendez Social Investment and Economic Development Fund would be an essential first step.

Ultimately, the United States must look at its policy towards the region in strategic terms in its own right. U.S. interests are clear: the security of the United States requires a prosperous and stable Hemisphere. Our policies should not be simply extensions of U.S. domestic politics, whether it is in the appointment of officials or in the support of candidacies for international organizations. Nor should assistance be simply predicated on whether countries are willing to comply with the United States, whether regarding Article 98, or particular votes in international for matters not directly relevant to the Hemisphere. It should be based on a policy a genuine engagement that seeks the commonalities of interests and builds on the successes of this era of democratization while ensuring that it will endure. For that to happen the Western Hemisphere must move up on the priority list of U.S. foreign policy.

[The prepared statement of Mr. Daremblum follows:]

PREPARED STATEMENT OF JAIME DAREMBLUM, PH.D., DIRECTOR, CENTER FOR LATIN AMERICAN STUDIES, HUDSON INSTITUTE

Chairman Burton, distinguished Members of the Committee:

I am very honored to have been invited to testify on this important subject: "Keeping Democracy on Track: Hotspots in Latin America."

Like a student who fails a final exam after studying very hard, so too do the Latin American countries feel that two decades of economic transformation with market oriented reforms have not made a dent in the mass of poverty that afflicts the region. Sadly, today there is more poverty and inequality than at the time when reforms were embraced by forward-looking governments as a panacea for the entrenched social maladies inherited from the past. Poverty and inequality also have become fertile ground for populism.

Such discouragement, however, should not hide from view the bright side of the picture, because the accomplishments achieved during this period are praiseworthy.

#### *Dramatic Changes*

Little more than two decades ago, in most of the region it was necessary to look hard in order to find, all together in a single package, democracy, respect for human rights, responsible monetary and fiscal policies as well as trade liberalization.

Now, there are good reasons to be concerned about some hotspots in Latin America, but nobody can deny the positive political and economic changes undergone by most countries over the last two decades.

Twenty years ago there were only three democratically elected governments. Presently, only two countries do not have freely elected leaders. Then, annual inflation was measured in high double- and sometime triple-digits. Today, the average inflation runs somewhat less than ten percent. Fiscal deficits by now have dropped almost fifty percent in relation to GDP from where they stood two decades ago. Likewise, on average, tariffs on trade have come down from forty to ten percent, while the reduction of non-tariff barriers is even deeper.

We could quote from an abundance of data, but the lesson is clear: most Latin American countries have worked hard in the last two decades seeking to improve their chances for development and the well-being of their citizens.

#### *Inadequate Results*

In this regard, a passionate academic debate still goes on today concerning the reforms adopted pursuant to the so-called Washington Consensus. Such discussion has in many instances defined political and ideological battlefields in the hemisphere. Thus, in some quarters the Washington Consensus remains the culprit for every problem past, present and future in Latin America. Others, more sympathetic,

hold that the reforms were not implemented properly and, for this reason, actually impeded the expected good results.

Let us set aside that discussion for now and agree that positive changes have taken place in the last twenty years. We can also agree that with free elections, people expected a commensurate improvement in their standard of living with the implementation of sometimes-difficult economic programs and more open trade. They had done their homework and expected what they were promised.

Yet, democracy, fiscal and monetary restraint, and increased foreign trade did not bring about the growth in economic levels, or the reduction of poverty, inequality and social exclusion that were expected.

On the contrary, there is now in Latin America more poverty, both in absolute and relative terms, than in 1980 or 1990. According to the Economic Commission of Latin America and the Caribbean (ECLAC), in 2004 a total of 222 million people were living in poverty and 96 million of them suffered from extreme poverty. This means a total poverty rate of 42.9 percent and an extreme poverty rate of 18.6 percent. In comparison, total poverty rates were, respectively, 35 percent in 1980 and 41 percent in 1990.

Sluggish economic growth partially explains these results. Between 1990 and 2004 the average annual rate of economic growth was only 2.7 percent, while the population was increasing at an average of 1.6 percent every year. The slow growth was compounded by an increase in the unemployment rate from 6.9 percent in 1990 to 10 percent in 2004.

Furthermore, the spread of democracy did not generate a corresponding increase in opportunities for most people as would have been expected. On the contrary, a study conducted by the Inter-American Development Bank (IDB) shows that throughout the 1990's, inequality rates in Latin America remained the worst in the world: the lowest fifth of the population received 4.5 percent of national income, while the highest fifth accounted for 55 percent.

Compounding the problem is that poverty today is more predominant in some groups than in others, especially the rural population, women and indigenous peoples. The IDB estimates that in Latin America as a whole 25 percent of poor people are indigenous, and in the Andean and Meso-American countries (Central America and the South of Mexico) it rises to 60 percent. It is not by chance, therefore, that among the regional hotspots, countries with high proportions of indigenous populations stand out.

#### *Frustration*

In spite of the expansion of democracy and market-oriented economic reforms, nations have not experienced significant improvements in their standard of living—some have even suffered setbacks—and socioeconomic gaps have widened. Here lies the most important single source of the current wave of political and economic instability in Latin America.

Expanding over the region, feelings of frustration and hopelessness have had a pervasive effect in the general attitudes towards democracy, free markets, political and legal institutions, and even with regard to the United States as the main point of reference for those values. Countries with strong democratic traditions and functional institutions, as well as nations with reasonable growth and adequate social policies, have coped better with the tide of pessimism. Others have found ways to channel frustrations through legitimate political change, but the most fragile democracies risk floundering.

#### *Bolivia and Ecuador*

Bolivia and Ecuador come to mind as examples of the latter. Vast majorities of their populations are indigenous people who feel left behind. They sense the large gap between expectations about democratic rule versus the lack of improvement in their standards of living. Their dire situation is deeply rooted in the past. Given the changes the political system has undergone, they rightly expected a better outcome from democracy.

Added to this historic and social background is the intensity of present complications derived from the weaknesses of public institutions as well as from more visible social tensions in those countries.

Deep divisions along regional, ethnic and economic lines—frequently evidenced in the political parties' platforms, structure and the kind of popular support they gather—are well-known features of the Bolivian and Ecuadorian political environments. Regional antagonisms have encouraged political parties usually incapable of compromising with each other and political leaders with a very narrow space to maneuver. Such features have nurtured an increasing radicalization of positions rendering agreements among parties more difficult to achieve.



A proliferation of small parties, many of them created exclusively to serve as bargaining tools, has made it more difficult to articulate stable majorities in Congress. Likewise, Heads of State often lack a congressional majority or even a modest block of votes. In such conditions, promoting changes that demand specific legislation becomes a Herculean task and an avenue for corruption, particularly when the changes affect special interests.

In this regard, Ecuadorian President Lucio Gutiérrez lost his sizable majority in Congress as a result of promoting urgent restrictive fiscal measures. The struggle to pass legislation without adequate congressional backing led him to negotiate with opposition groups. He entered into an alliance with discredited former President Abdalá Bucaram, which eventually led to the end of Gutiérrez' presidency in April 2005.

We should recall that Gutiérrez was elected on a platform to fight corruption. However, the arbitrary sacking of Supreme Court magistrates to allow the return of the exiled Bucaram triggered massive street protests which, coupled with the maneuvers of his adversaries in Parliament, sealed his fall.

In Bolivia's case there is no doubt that the identification with market-oriented reforms introduced by Gonzalo Sánchez de Lozada during his previous presidency in 1993–1997, turned out to be a crucial debilitating factor as he began his second term in 2002. For the indigenous groups, already mobilized by De Lozada's efforts to eradicate coca, as well as his initiative to export natural gas to North America and other markets through Chilean territory, they became an additional call to arms that intensified street protests and deposed him in October 2003.

This specific instance gives us an insight into how an inadequate response by the U.S. contributed to bring down a friendly leader in Latin America. Sánchez de Lozada was under stress on several fronts. He was facing fierce opposition from coca growers and their leaders as a consequence of his effort, at the behest of Washington, to eradicate coca and substitute it with other products. On the other hand, because of his friendship with the American administration—he was raised and educated in the U.S.—Sánchez de Lozada tried to enlist the support of the White House to obtain a sizable package of financial aid to fend off the backlash triggered by the coca eradication program. He was not shown the support he badly needed and soon he was out of office. The U.S. lost an important ally while the coca growers' movement gained a decisive political battle.

The most visible leader of the coca growers, Evo Morales, a member of Congress who boasts of his friendship with Fidel Castro and Hugo Chávez, is one of the two top contenders for the Presidential elections in Bolivia. Currently he leads in the polls for the coming elections in December 2005. The importance of this contest can hardly be missed. Former President Jorge Quiroga, a young, talented and responsible leader, is the other main contender. He most probably keeps a fresh memory of the Sánchez de Lozada fiasco.

Coca eradication is understandably a priority for the U.S. Government, widely supported by its partners in the war against drugs in the region. However, it is a policy with social implications that need to be addressed in a creative and sustainable manner. Such an impact cannot be shouldered entirely by poor Andean countries like Bolivia. Neither is it in the best interest of the U.S. to contribute to the instability of friendly governments by not lending timely help to cope with the acute social problems afflicting those nations. This is perhaps the most important lesson to be learned in order to develop a comprehensive approach in dealing with hotspots in Latin America.

#### *The Chávez Conundrum*

Venezuela's case shares some traits with Bolivia and Ecuador, but has important differences too. The widespread dissatisfaction with the lack of improvement in the well-being of millions of poor people in a country rich in natural resources was a key factor in the rise to power of Hugo Chávez. But in addition, and perhaps even more important, was the fact that a majority of citizens had lost faith in the corrupt political parties which governed Venezuela during four decades, which led them to elect as President the unrepentant leader of a failed military coup.

While in office since 1999, Chávez has increasingly and systematically drifted away from democratic procedures. The trend has become more notorious as he has gradually suppressed the opposition, imposed drastic limits to fundamental freedoms, seized private businesses, and embraced Fidel Castro.

From the beginning it was not an easy task to deal with this complex situation. However, things worsened by mistakes in the overall handling of the coup that briefly ousted Chávez from office in 2002. These errors gave currency to the impression that somehow the U.S. looked favorably upon the attempted break of constitutional order in Venezuela.

Chávez seized the occasion to spread the notion that the U.S. had a role in the plot to depose him. Since then, the rhetorical confrontations with Chávez have not been helpful for the U.S. The truth of the matter is that Chavez craves and seeks to provoke such confrontations because it enhances his image among important sectors of the Venezuelans and other nations. At the same time, it diverts attention from his actions and is an easy way to avoid a serious assessment of his misdeeds by other countries in the region that could evolve into a peer-pressure difficult to withstand.

In the meantime, Chávez has been doing his best to gain friends and political weight in the region. High oil prices have helped him immensely in this endeavor. Taking advantage of the huge oil windfall, he has been busy negotiating agreements with Caribbean nations for the supply and refining of oil at very attractive prices. This month, the Central American Presidents agreed to petition Chavez for a better oil bill. He has also started his own multinational news outlet—TeleSur—to promote his views against U.S. policies, in particular CAFTA–DR, the FTAA and other free trade agreements presently under negotiation by the U.S. with Andean nations. He does so at a time when, except for the fight against drugs and the trade agreements, the U.S. seems to be disengaged from Latin America.

#### *Nicaragua Once More*

Nicaragua is different from the other trouble spots in the Americas. Above all, it is the result of a collusion between political elites which lacks significant popular support. In fact, a vast majority of Nicaraguans support President Enrique Bolaños' efforts to improve economic growth, fighting corruption and strengthening social programs. The pact between the Frente Sandinista's leader, Daniel Ortega, and convicted former President Arnoldo Alemán and his minions is a naked quid pro-quo: the Sandinistas get to fill key positions in order to control pivotal public institutions, and Alemán goes free, out of jail, thanks to dubious legal grounds.

The real problem lies in the notorious weakness of Nicaraguan institutions, starting with the Supreme Court and Congress and descending into the public administration apparatus. This is derived from the absolute control that Ortega and Alemán have had over the two main political parties, enabling them to pack the Parliament and the courts with die-hard loyalists and, in the process, punish a few dissidents who dared say no.

Luckily, this picture seems to suggest a not-too-far-distant solution. The reiterated attempts of Ortega and Alemán to pursue overtly corrupt deals have encouraged a growing dissidence both in numbers and in political standing. At the same time, an important number of high profile dissenters are gaining electoral strength as independents among the many Nicaraguans who are tired of the prevalent type of politics. This dynamic has the potential to bury the domination of power Ortega and Alemán have shared for so long.

There is, nevertheless, a well known lesson in the current Nicaraguan turmoil: in democratic transitions it is essential to strengthen the nascent public institutions which will eventually allow the interplay of real checks and balances typical of more mature pluralistic systems. Democracy has never been a one shot gamble. Rather, it requires continuous nurturing in order to succeed over time.

#### *Policy Options and Further Actions*

Recently, a veteran Latin American diplomat, when learning of the devastation brought by hurricane Katrina, exclaimed: "Now our countries will be pushed further away from the Administration's radar, behind Iraq and Katrina." We should now add Rita to the list of problems overshadowing Latin America.

The truth of the matter is that Latin America has felt neglected by the U.S. since 9/11. With the exception of the old agenda on drugs and the free trade agreements, namely CAFTA–DR, the FTAA, and those under negotiation with Andean countries, the region has been taken into account only with respect to Cuba and Venezuela. We have not seen a wide-ranging policy towards the Southern neighbors. The deafening clamor coming out of Foreign Ministries and hemispheric gatherings is more engagement.

Yes, the U.S. should be more engaged in Latin America. But engagement needs content, a forward-looking succession of actions capable of yielding sustainable results in terms of democracy and economic growth coupled with social improvement. It is the only approach that can bring a modicum of stability to simmering hotspots in this crucial region.

How to achieve those overarching goals? Let me spell out some ideas from my perspective on U.S. foreign policy:

- *Proactive stance.* There has been an endemic proclivity to wait for a crisis to grow in lieu of a timely, preventive mode. The attention span conceded to the

region has become infamously short and a significant improvement in the attention deficit is urgently needed.

- *Improved diagnostics.* It is crucial for policy and decision makers to understand clearly the nature of the issues at play as well as the particular nuances that tend to be overlooked in general yardsticks for the region. The one-size-fits-all approach should be replaced by a conscious fine-tuning for individual situations or actors.
- *Develop a true dialogue and overcome the tendency to lecture.* To improve the policy-making process and to create valid, lasting and productive partnerships, it is essential to have a frank and honest dialogue with the Latin American counterparts. A dialogue requires not only talking but also listening and paying attention to the interlocutors' positions, worries and criticisms. As part of this effort, there is a need for a more frequent, periodic and steady review of standing issues at the higher levels of diplomacy. The Secretary of State should invite the counterparts of the major countries to analyze and discuss issues of mutual concern in low-profile meetings which could be followed up by other officials such as Undersecretaries or Assistant Secretaries. This process is bound to facilitate agreements in hemispheric or regional forums with less stress and heated publicity.
- *Strengthen institutions.* Democracy, rule of law, respect for human rights, economic growth and international trade are based on and highly dependant on the strength of the institutional framework of a given society. The weakness of key institutions such as political parties, the Judiciary, or the Parliament, is at the root of the most serious problems faced by several Latin American countries. To build institutions is always difficult, and more so after dictatorships have damaged important parts of the social fabric. It takes resources, time, patience, and expertise, which sometimes are lacking in a particular country. Nevertheless, there is no more important task than to help nations in transition towards democracy achieve:
  - An independent and capable judicial system, which is essential to promote growth, to ensure respect for human rights and to fight corruption
  - Modern Parliaments, including capabilities for an informed and effective decision-making process
  - Consistent and responsible pro democracy political parties. The National Endowment for Democracy, the National Democratic Institute and the International Republican Institute have made outstanding contributions to this end throughout the Hemisphere and their work becomes essential in the present juncture.
  - Property rights that provide the bedrock for investment, entrepreneurship, and encourage the leveraging of assets by the poorer strata of society
  - Education and health systems
- *Foster positive trends.* The bright spots, and not only the hotspots, should be highlighted. There are many good things Latin American countries have been doing which deserve support and encouragement. Three examples come to mind:
  - Countering poverty head-on, with innovative, ambitious and successful programs such as Bolsa Família, in Brazil, and Oportunidades, in Mexico. Both are Conditional Cash Transfer schemes (CCTs), which provide modest monthly stipends to poor families that commit to send their children to school and have their health monitored on a regular basis. Such programs give families a lifeline and at the same time stimulate the creation of human capital through better educated and healthier young people. This way entire families become seeds for breaking the poverty cycle over time. The Brazilian program benefits some 7.5 million families and the Mexican initiative 5 million families.
  - Trade agreements which improve access of the Latin American countries to the U.S. market are commendable. However, we need to bear in mind that in Latin America many view statements made by developed economies about the virtues of free trade contradictory to their subsidies, quotas and tariffs that prevent poorer countries from exporting agricultural goods in which they have a comparative advantage. This open chapter demands greater attention by the U.S. and its European partners.
  - A helping hand for growth. Even with opportunities for trade, the poorest countries confront obstacles for which they require a helping hand. The Millennium Challenge Account (MCA) and the Millennium Chal-

lenge Corporation (MCC), created with bipartisan support, are a forceful and commendable idea. There have been, as we all know, concerns about the speed of the process but some glitches are to be expected when launching such an important initiative. A key complement could become the projected fund for social assistance promoted by Congressman Bob Menendez which has been advancing through the legislative process.

- *Better use of existing institutions.* Strengthening national institutions and fostering positive initiatives demands involving the Inter-American and international institutions that operate in the region. Whether in the realm of public health (Pan American Health Organization), agriculture (Inter-American Institute of Cooperation for Agriculture), political and democratic issues (Organization of American States), or financing for economic stability or development (International Monetary Fund, World Bank and the Inter-American Development Bank), multiple resources can play an important role in the fulfillment of the most pressing needs of Latin America. As an example, experts of those institutions could assist countries that have qualified for the MCA to prepare adequate proposals for sound technical projects with considerable social benefits. Of course, some of those entities carry a heavy baggage of bureaucratic vices. But their involvement can be on an *ad-hoc* basis and under strict rules of accountability.
- *Reinforce public diplomacy.* The Administration should be commended for its renewed effort to strengthen public diplomacy since this is an important element of diplomatic engagement. However, this is being done with the Middle East in mind. Restricting this effort to the Middle East would be a glaring mistake at the present time when a cast of characters unfriendly to the U.S. is stepping up a campaign for the hearts and minds of the younger generations of Latin Americans. To continue to retrench in this region, which has been the tendency of the U.S. for a long time now, will only worsen the current U.S. image in Latin America which is by no means positive. The task is a long term endeavor, and a good starting point would be to increase substantially the scholarships for Latin American students in the U.S. at different levels, namely, high school and university plus special visits for young leaders and new faces in Latin American politics. The number of young American visitors to Latin America also should expand under existing or new programs.

One last thought on how to cope with hotspots. With the goal of building a better region, more prosperous and with greater opportunities for all, the Latin American nations have laid down important foundations and they continue to work hard at it. Nevertheless, a helping hand from the democratic superpower is always appreciated. This does not mean necessarily financial backing. As outlined above, the to-do list for the U.S. is far more ample and would greatly contribute to reaffirm its relations with the overwhelming majority of friendly countries it has in the region. More intense cooperation in the form of true Inter-American diplomacy is the best strategy to reduce the proliferation of hotspots and limit their damaging impact.

[The prepared statement of Ms. Purcell follows:]

PREPARED STATEMENT OF SUSAN KAUFMAN PURCELL, PH.D., DIRECTOR, CENTER FOR HEMISPHERIC POLICY, UNIVERSITY OF MIAMI

Democracy has made great strides in Latin America during the past two decades. All the countries of the region have democratically-elected leaders, with the exception of Cuba. The electoral processes that brought them to power are more transparent and free from fraud than ever before. The press is also largely free. Military establishments retain varying degrees of political influence but have refrained from overturning elected governments whose policies or behavior they dislike. Political parties have become more pragmatic and less ideological and a greater percentage of the voting-age population is now participating in the democratic political process.

Continued democratic progress in Latin America, however, is far from assured. Many of the region's democracies remain fragile and weakly institutionalized. Corruption at all levels of government continues to erode democratic legitimacy. The political accountability of elected officials is weak and the rule of law is largely absent. Legislatures are politically fragmented, making the passage of needed reforms difficult, if not impossible. Most disturbing is the fact that too many of the region's inhabitants question the ability of democracy to provide them with the services they need to improve their standard of living, such as jobs, education and personal security.

Although the future of Latin America's democracies remains unclear, one encouraging development has been the decline of military coups against elected governments. In the past, when democratic governments were stalemated or proved unable to maintain control over unhappy, mobilized portions of the population, the military would take and retain power until they were satisfied that civilians could once again be trusted to govern. Often, these military coups were supported or encouraged by middle- and upper-class groups who believed that the military was more qualified than civilians to govern. As Latin America became more developed and its people more educated, this justification for military rule began to disappear. Disillusionment with military rule also resulted from excesses committed by military governments, as well as from efforts by the United States and other industrialized democracies to strengthen democratic institutions and processes.

Although military coups are no longer the norm, they unfortunately have been replaced by "civilian coups" that constitute a marginal improvement but remain both an indication of democratic fragility and a threat to the institutionalization of democracy in the region. In civilian coups the elected president is forced from office, not as a result of military force but as a result of the threat of mass violence. Fernando de la Rúa in Argentina, Gonzalo Sanchez de Lozada and Carlos Mesa in Bolivia and Lucio Gutierrez in Ecuador were removed as a result of this process. In each of these cases, the departing president was succeeded by his constitutionally-designated successor.

It can be argued that civilian coups against authoritarian regimes, such as occurred in Ukraine, advance democracy. It is more problematic to claim that they have the same effect when they are directed against democratically-elected presidents. The reality is that civilian coups in Latin America are a serious indication that democracy is in trouble in those countries where they occur.

The leaders of most of the civilian coups that have occurred in Latin America claim to represent groups that are marginalized politically and economically and have been encouraged by these leaders to take direct action against the government. In a sense, they represent a new form of populism. After civilian coups succeed, their leaders use their success as the basis for a run at the presidency. This is what is happening today in Bolivia. Evo Morales, who helped oust Sanchez de Lozada from office, could be the next elected president of Bolivia. This is worrisome since he has made clear his dislike and contempt for the United States and market economies and shows signs of authoritarian political leanings, despite his eagerness to use the electoral system to further his presidential ambitions.

The Venezuelan case is somewhat different, in that Hugo Chavez, unlike Evo Morales, first attempted a traditional military coup. When his attempt failed, he was nevertheless able to portray his effort as aimed toward toppling a corrupt political class that kept Venezuela's oil wealth for itself instead of sharing it with the poor. Chavez then decided to use the electoral system to win the presidency and subsequently used democratic rules of the game to concentrate ever more power in his own hands.

Civilian coups, whether engineered by autocratic populist opposition leaders or incumbent presidents who use democratic processes to undermine democracy, constitute serious challenges for the future of democracy in Latin America and for U.S. policy toward the region. They are more complicated to deal with than outright military coups because they blur the line between democracy and authoritarianism and therefore have more democratic legitimacy than regimes based on traditional military coups. Their legitimacy is further enhanced by their promise to create a more just and equitable social order.

It is in the interest of the United States to have a democratic Latin America. Stable democracies tend to have peaceful relations with other democracies, are more favorably disposed to economic policies that are conducive to economic growth and development, and are accountable to their populations. Although there were periods during the Cold War when Washington preferred friendly military regimes to unfriendly, weak democratic governments, U.S. policy since the presidency of Jimmy Carter has been strongly supportive of democracy in Latin America.

Washington's pro-democracy policies have generally focused on strengthening democratic institutions and processes, as well as market economies. Included in the first category are support for human rights and the promotion of free, fair and transparent electoral processes, as well as efforts to strengthen the rule of law, political parties and independent grass-roots organizations. The second category includes policies supportive of privatization and tax, exchange rate and labor reform, as well as bilateral, regional and hemispheric free trade agreements.

These are all worthwhile policies and were embraced, often enthusiastically, by Latin Americans during the early 1990s. In recent years, however, the economic components of U.S. policy have been increasingly under attack in many parts of the

region for failing to live up to the high expectations that were generated. Specifically, the so-called Washington Consensus is now criticized for failing to produce significant rates of economic growth as well as jobs. The policies are also being blamed for principally benefiting the wealthy, while making the already dire economic situation of the rural and urban poor considerably worse. Many supporters of U.S. policy argue that the problem was not Washington's policies but rather, the failure of Latin American governments to implement a second stage of necessary reforms. This argument, however, has fallen on deaf ears.

Latin America is now polarized over the economic policies supported by Washington, with opponents often linking their arguments to a general anti-globalization ideology. This situation is not good for Latin America or for the United States. In order to reduce the polarization, Washington needs to adjust its free trade message somewhat. Specifically, it must more directly acknowledge that market-friendly policies initially do not, and cannot, benefit everyone, although ultimately they allow a country to prosper. During the transition to more open economies, therefore, supplementary policies and perhaps some kinds of assistance are necessary to level the playing field between those with skills compatible with the new economy and those who need to acquire such skills. This is particularly true in Latin America, where the gap between these two groups is very wide.

This is an area that lends itself to a cooperative effort with Latin America to work out what might be done. A good place to begin is the upcoming Summit of the Americas, which will take place November 4–5 in Mar del Plata, Argentina. Unfortunately, some of the Argentine officials in charge of the Summit are playing up the split between the United States and Latin America on the globalization/free trade issue. It would be useful for President Bush to join with other Latin American presidents at the Summit in supporting market-friendly policies that have a social component, thereby offering some hope to those who fear such policies.

President Bush could also share some of his thoughts on how the U.S. plans to deal with the devastation caused by Hurricanes Katrina and Rita in areas of the United States that share some characteristics with developing countries. His desire to foster independence and initiative on the part of the poor by eschewing bureaucracy and giving aid, vouchers and the like directly to those who need help would generate considerable interest. Mexico and Brazil are already experimenting with anti-poverty programs that give money for food and clothing directly to the mothers of poor children. These programs are not explicitly part of a "compassionate conservative" agenda, but they share some elements of President Bush's approach. They also reflect an effort to avoid the dead weight of bureaucracy, which has plagued Latin America since colonial times.

Interestingly, the majority of Latin American governments may not, in fact, be as opposed to globalization and market economies as the conventional wisdom argues. The region's much touted move to the left does not necessarily mean that most left-of-center leaders agree with Hugo Chavez or Fidel Castro. A recent Zogby poll of Latin American political and economic elites, sponsored by the Miami Herald and the University of Miami's School of Business Administration, found that the Latin American leader most admired by other Latin American leaders is Ricardo Lagos, not Chavez or Castro. Lagos is the best example in the region of a president who has successfully combined market reforms with socially-conscious policies. Despite being a "man of the left," he is considered a pragmatist rather than an ideologue, in contrast with Chavez and Castro.

If on the economic side U.S. policy needs to better combine market-oriented policies with social ones, the challenge is somewhat different on the political side. Washington has implemented a wide variety of policies aimed at strengthening democratic processes and institutions in Latin America, although the greatest emphasis has been on helping to create free, fair and transparent electoral processes. U.S. policy has been largely successful in this regard, especially on the national level. The problem is that political accountability is still weak and the reforms needed to strengthen it are strongly opposed by vested interests. Electoral districts, for example, are often too large to facilitate communication between elected officials and voters. Elections in which victory or defeat depends on a candidate's place on a party list also reduce accountability and encourage corruption. Minimal requirements for establishing and maintaining political parties encourage political fragmentation and give minority interests too much influence in a fragmented and stalemated political system.

Given the improvement in Latin America's electoral processes, it is time for U.S. policies that support democracy to give greater emphasis to strengthening political accountability and the rule of law. Weaknesses in both these areas continue to seriously undermine popular support for democratic systems in Latin America. They also discourage foreign and domestic investment, hinder the creation of small busi-

nesses and in general threaten to undermine much of what Washington has tried to achieve over the past several decades. The United States can also make a useful contribution to democratic stability and institutionalization by helping Latin American governments establish mechanisms to upgrade the quality of their appointed officials. This involves helping these governments move toward a civil service based more on merit than on political ties. The same holds true for the selection of judges. Ultimately, however, it is the Latin Americans themselves who must decide to fight for the kinds of reforms that will make their democracies more accountable and responsive to the needs of their citizens.

A final way in which Washington can help strengthen Latin American democracy involves the reduction of anti-Americanism in the region. Anti-Americanism tends to weaken U.S. efforts to promote democracy because it produces distrust or the rejection of policies that Latin Americans regard as "in Washington's interest." The fact that these policies are also in the interest of Latin Americans themselves may mitigate these feelings, but not necessarily eradicate them. For this reason, improving U.S.-Latin American relations should be a high priority of the Bush administration.

It will not be easy, however, to make the U.S.-Latin American relationship better during a period when the United States is engaged in a war on terror. Whenever the United States is involved in a global struggle that affects U.S. security interests, Latin America feels ignored. This was true during the Cold War and it is true now. The best period of U.S.-Latin American relations in recent memory occurred during the 1990s, after the Soviet Union collapsed and the Cold War ended. The absence of a perceived global security threat allowed Washington to focus on economic issues and pay more attention to Latin America and its economic development. This pleased the Latin Americans who, like the Europeans, tend to believe that if U.S. policy promotes their economic development, current and future security problems can either be managed or avoided.

Unfortunately, since September 11, 2001, the United States has been engaged in a global struggle to protect its security and not surprisingly, Latin America again feels neglected. The problem is compounded by the Iraq War, which is a preemptive war. Latin America is an area where the United States has already used military force preemptively. As a result, there is a strong fear in the region of preemptive unilateral U.S. military action. The Iraq War, therefore, has revived old fears and anti-American sentiments that had been on the decline or had become dormant.

The United States cannot and should not renounce unilateral military action, preemptive or otherwise, in order to improve its relations with Latin America. But there are other things that Washington can do in the region to diminish hostility toward the United States. Some are matters of style rather than of substance. When Latin Americans are asked what they want from the United States, they frequently answer that they want to be treated with respect. It is not readily apparent what they mean by this, but it often comes down to wanting high-level U.S. officials to meet and consult more frequently with their Latin American counterparts. Since September 11, however, it also refers to the visa issue. Latin Americans trying to enter the United States are often enraged by the way that they are treated. Despite the war on terrorism, which admittedly is a very big complicating factor, the United States needs to improve its handling of visitors, not only from Latin America but from the rest of the world as well.

Another frequent complaint from Latin America is that much of U.S. policy toward the region serves U.S. rather than Latin American interests. U.S. economic policies oriented toward strengthening market economies and increasing economic integration with the United States are often the target of such charges. The shift suggested earlier in this paper that would add a social component to existing efforts to promote free trade would help ameliorate this problem. President Bush's efforts to achieve a reduction of U.S. and European agricultural tariffs, if successful, would also be useful in this regard.

Also needed, however, is a big improvement in Washington's public diplomacy efforts. Too many Latin Americans are forming their opinions of U.S. policies from sources such as Hugo Chavez, who is hostile to the United States, or from others who have an imperfect understanding of what Washington is trying to achieve. It is essential that Latin Americans be helped to understand why the policies that the United States is supporting strongly serve their interests as well as those of Washington. This does not mean that U.S. officials should rebut every wrong or misleading assertion made about U.S. policy toward the region. Washington's efforts to do this with Hugo Chavez only played into his hands and facilitated his efforts to present himself as a nationalist hero who protects weak Latin America against the U.S. bully. Instead, the United States needs to explain patiently and clearly what it is trying to do in Latin America and why—as many times as necessary.

In conclusion, the overall thrust of U.S. policy toward Latin America is good. Support for democracy and for market economies, including economic integration with the U.S. economy, are policies that are mutually beneficial to the United States and Latin America. Some fine-tuning of the policies, however, is in order. The economic policy in particular needs to be more responsive to the realities facing large numbers of Latin Americans who fear for their livelihoods. This can be done by a public acknowledgement of the problem by U.S. officials, accompanied by efforts to cooperate with Latin American leaders in designing a social component to the economic policy. In the area of support for democracy, Washington should shift its emphasis from elections to political accountability and the rule of law, both of which need strengthening. Finally, the weakening of anti-Americanism should be made an essential part of current and future U.S. policy, since an improved U.S.-Latin American relationship would increase the effectiveness of our overall effort to build a more democratic and prosperous hemisphere.

[The prepared statement of Mr. Coppedge follows:]

PREPARED STATEMENT OF MICHAEL COPPEDGE, PH.D., ASSOCIATE PROFESSOR,  
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Mr. Chairman and Members of the Subcommittee:

Thank you for the privilege of appearing here today to discuss potential threats to the stability of Latin American democratic institutions and to assess U.S. policies to reinforce democratic reforms and institutional capacity in the region. I interpret the (hotspots) as countries that suffer from any of the four types of problems that pose significant challenges to U.S. efforts to promote stable democracy in Latin America: 1) weak *states*, 2) unstable democratic *regimes* and regimes that are already undemocratic, 3) unstable *governments*, or 4) governments that are *hostile* to the United States or likely to become so.

A strong state (one that can control its borders, execute its laws faithfully, adjudicate claims fairly, and maintain public order) is a prerequisite for minimal levels of both economic development and democracy. Aside from Chile, Costa Rica, and Uruguay, most Latin American states suffer from various chronic state weaknesses such as corruption, a politicized judiciary, lack of due process, and administrative inefficiency. However, there are more extreme forms of state weakness that permit the growth of more worrisome phenomena, such as violent insurgencies, organized crime (including narcotrafficking), and mass demonstrations that can disrupt oil production and other economic activity. One or more of these phenomena is now a serious problem in Colombia, Bolivia, Peru, Ecuador, and Mexico. These activities erode the quality of any democracy. If they intensify and persist, they can also threaten the survival of democracy.

We are justified in celebrating the fact that almost all of the countries of Latin America are now democracies, but this accomplishment should not distract attention from the fact that Cuba still has a totalitarian regime, that Venezuela no longer meets the minimum requirements for representative democracy, and that the survival of democracy cannot be taken for granted in Bolivia.

Attention has been focused recently on other "hotspots" that are undergoing a crisis of government rather than a crisis that endangers the democratic regime. These crises of government involve conflicts between the executive and legislative branches that are ineffectively mediated by a politicized judiciary. Forty years ago, such crises probably would have provoked coups, but in this third wave of democracy in Latin America, such crises have almost always been resolved in ways that preserve the democratic regime such as resignation, early elections, and impeachment or other congressional action to replace the president. Government crises of this type are now taking place in Brazil, Peru, Ecuador, Bolivia, and Nicaragua.

For decades, the only Latin American government that was hostile to the United States was the Cuban government. Now it is safe to say that the Venezuelan government is also hostile, and openly aligned with Cuba, and the fact that Venezuela supplies 13 percent of the oil imported by the U.S. makes its official hostility a matter of prime concern. The other countries of the region no longer vote reliably with the United States in the U.N. or the O.A.S., but this is the result of growing independence in the region, which is healthy, in addition to the global unpopularity of certain U.S. foreign policies and actions in the past few years. However, it is possible that other governments will become less friendly to the United States in the next year or two. In this regard, developments in Ecuador, Bolivia, Nicaragua, and Mexico deserve a careful attention.

A wise observer of the region once remarked that any statement that begins, "Latin America is . . ." is necessarily false. With respect to stable democracy, these



countries are all on independent trajectories, so it is most efficient to analyze them separately. Nevertheless, we can begin by noting that there are no hotspots, as I have defined them, in many Latin American countries, including Chile, Costa Rica, Uruguay, Argentina, and others. Argentina emerged from a period of extremely unstable government in 2001–2002 with democracy intact and the more stable government of Néstor Kirchner. Although the President of Uruguay, Tabaré Vázquez, is on the left and made friendly gestures toward Cuba at his inauguration, he is committed to maintaining normal relations with the U.S. So while there are hotspots in Latin America, it would be a mistake to perceive crises in the entire region.

*Colombia's* multiple problems—the insurgencies of the FARC and ELN, the violent acts committed by the paramilitary AUC, and its central role in the international trafficking in cocaine, heroin, and marijuana—are mostly indirect results of its weak state. These activities took root in zones where the government had little presence, and the narco trafficking now underwrites the violence of the left and the right and the corruption that pervades the state. President Alvaro Uribe has been correct to prioritize the strengthening of the state, especially the armed forces, and U.S. military assistance has been absolutely critical to the progress that has been made. Although Colombia continues to have the highest levels of violence and human rights abuse in the region, there were significant declines in 2004 in the numbers of political killings, terrorist massacres, kidnappings, and forced displacements. President Uribe faces two additional governance challenges: criticism of his amnesties for selected guerrillas and paramilitaries and legal challenges to a law permitting him to run for reelection in May 2006. Although Uribe is a valuable ally, the United States must resist the temptation to take sides in these disputes. With the highest approval rating in the Americas, President Uribe cannot be helped by a U.S. endorsement, and could be hurt. In the event that he loses, his successor would not be likely to diverge radically from the policies of such a popular president.

*Venezuela* no longer deserves to be called a democracy for four reasons. First, the National Electoral Council has been stacked with supporters of President Hugo Chávez Frías, and its conduct during the August 2004 recall referendum raised serious questions about whether future national elections would be fair. Second, the government has intimidated independent and opposition groups such as Súmate and Primero Justicia by charging their leaders with treason, and there have been well documented incidents in which government supporters in the Bolivarian Circles have with impunity physically harassed, and perhaps murdered, some opposition supporters. Third, the Law of Social Responsibility in Radio and Television signed in December 2004, which gives the government authority to penalize or close down media that act contrary to vaguely defined national security or incite the population to disrupt public order, has induced most newspapers and broadcasters to practice mild self-censorship. Finally, reports that thousands of signers of the recall petition were fired or persecuted in other ways have made many citizens more cautious about expressing their political opinions freely. Still, we must not exaggerate how undemocratic the Chávez regime has become. It is far closer to democracy than totalitarian Cuba is. In the above respects, it is actually quite similar to the dominant-party regime that ruled Mexico for decades before about 1997.

The Bush administration, like the Venezuelan opposition, has publicly pursued the short-term goal of removing Hugo Chávez from power, whether by initially recognizing the junta that temporarily seized power unconstitutionally in April 2002, taking sides in the recall effort, or lobbying the O.A.S. to invoke the Democratic Charter. It is time to recognize that this policy failed: there is no question that Chávez will remain in the presidency through the August 2006 election, and it is likely that he will have another term in office. At this point, continued efforts to end the Chávez presidency in the short term are counterproductive, as they lend credence to Chávez's claims that the United States is seeking to overthrow him, assassinate him, or even invade the country. The more credible these claims become, the more effective they are in rallying nationalistic support for Chávez in the military and in the civilian population. Chávez has been very skillful in baiting the U.S., and the U.S. has too often taken the bait. We must hope that the incoming Assistant Secretary, Thomas Shannon, Jr., will be able to break this vicious cycle. Both the U.S. government and its friends in the Venezuelan opposition must now set their sights on the long-term goals of building a viable opposition that has coherent and appealing policy alternatives for the economic and social problems of Venezuela and strong but flexible organizations with deep roots in society. The United States has been pursuing this goal through the National Endowment for Democracy, the party institutes, and other programs. These efforts should continue and in fact become the centerpiece of our efforts to promote democracy in Venezuela.

*Bolivia* is the country most likely to worsen politically in the near future. Its chronically weak state is beset by crippling road blockades and demonstrations by

coca producers, students, teachers, and unions, in loose cooperation with radical indigenous groups and leftist intellectuals. Each group has its own demands—an end to coca eradication, the preservation of subsidies and benefits, the nationalization of utilities and hydrocarbon producers—but when one group initiates action, the others perceive an opportunity and join the fray. The principal instigator of these often-violent protests has been Evo Morales of the Movimiento al Socialismo. He is a populist champion of coca producers who is allied with, and probably materially aided by, Hugo Chávez. These mass demonstrations—there have been hundreds in the last five years—forced the resignation of President Gonzalo Sánchez de Lozada in 2003 and his replacement, Carlos Mesa, in June 2005. Their demands also made it necessary to pass over the next two constitutional successors in favor of Interim President Eduardo Rodríguez, whose main mission is to hold early national elections on December 4. This election is shaping up to be a close race that is sharply polarized between Evo Morales, who came in a close second in the 2002 election, and former Interim President Jorge Quiroga. Quiroga is the candidate most obviously friendly to the United States and to business interests. However, even if he wins the election, he will find it as hard to govern, and to stay in office, as his two predecessors did. If Morales wins, we can expect a government that will attempt to move sharply to the left, possibly nationalizing foreign gas companies and almost certainly ending coca eradication. However, it is possible that conservative business leaders in the eastern lowlands would attempt to secede, provoking a bloody internal war. There is little the U.S. can do at this point to prevent such a scenario, but the most constructive action would be to work with the Rio Group and the O.A.S. after the election in any attempt to mediate between the parties in conflict.

Ecuador has a record of recent *governmental* instability that rivals Bolivia's, but there is less reason to be concerned about either the breakdown of democracy or the rise of a hostile government. The Congress chose Alfredo Palacio to replace Lucio Gutiérrez as President during mass disturbances in April 2005 after declaring the presidency vacant—a questionable move, but one that will stick because it was endorsed by the military and Ecuador's neighbors. President Palacio has laid out an ambitious agenda that includes as-yet unspecified constitutional reforms, the renegotiation of all oil contracts, and a reorientation of spending toward social programs. While these are dramatic moves, the president seems to be committed to pursuing them in ways that are consistent with the constitution and international laws and treaties. It is also reassuring that in August he replaced two ministers who had made overtures to the Chávez government in Venezuela. Nevertheless, Ecuador remains a difficult country to govern. Governing coalitions shift constantly, and indigenous groups frequently mount road blockades. A well-coordinated mass protest against Occidental Petroleum in August shut down oil production and exports for a short time, but the Palacio government intervened and the matter was resolved in the protesters' favor. National elections are scheduled for October 2006, but campaigns are not likely to take shape until after the constitutional referendum on December 11, 2005.

Nicaragua is in the midst of a crisis of government that is being treated as a crisis of democracy itself. A bizarre pact between the Liberal Party and the FSLN has been working systematically to undermine President Enrique Bolaños through its control of the National Assembly. The two parties have already divided up control of the Supreme Court, the Comptroller General, and the electoral authority and passed constitutional reforms to weaken the executive branch. They also charged Bolaños with accepting illegal campaign contributions and were threatening to lift his immunity, which could have been equivalent to an impeachment. Nicaraguan authorities have not been able to resolve this dispute themselves, as the pact-controlled Supreme Court rules against Bolaños and he, citing a ruling of the Central American Court of Justice, refuses to obey. Regional actors—the United States and the O.A.S. ministers—have now backed Bolaños in this conflict, so the Liberals and Sandinistas have shifted their attack to the cabinet. It appears that President Bolaños will survive until the next election, in November 2006, but will hardly be able to govern. U.S. ambassadors have attempted to drive a wedge between the more moderate Sandinistas and Liberals, on the one hand, and their leaders, Daniel Ortega and Arnoldo Alemán Lacayo, respectively. This is a short-term solution. In the medium term, it is likely that the pact will fall apart naturally as the presidential election approaches. The remaining fear then (for the Bush administration) would be an Ortega victory next November; it seems more likely than not that the FSLN will win, as it emerged as the largest (but not majority) party in the November 2004 municipal elections. However, the pact has become so unpopular that Ortega cannot count on his party's nomination. And realistically, it is inconceivable that an FSLN government could recreate the dominant-party regime that it led from 1979 to 1990 or that it would be able to steer a hard course to the left. The strange

bedfellows in Nicaraguan politics in recent years suggest that competition today is less concerned with ideology and policy than it is with dividing up the spoils of office among personal factions.

Overall, the United States is today in an unusually weak bargaining position in Latin America. Many Latin American citizens are looking for alternatives to the free-market policies of the Washington consensus; they question the need for the invasion of Iraq; they see only limited value in the kind of free trade agreements the U.S. will agree to, when agreements are even possible; in many countries, although most citizens continue to value democracy in the abstract, large numbers are disillusioned with the actual parties, courts, legislatures, and presidents they have. U.S. support for democracy often rings hollow in the wake of our 2000 presidential election and the Bush administration's initial endorsement of the April 2002 coup attempt in Venezuela. There are plenty of Latin American leaders and activists who continue to share U.S. ideals and welcome U.S. assistance, but in this environment, open association with the United States is a political liability for some of them. It would be wise to respect their sensibilities by taking a lower profile, working behind the scenes, multilaterally, using more aid and fewer threats and sanctions, offering more carrots and fewer sticks.

Mr. BURTON. Okay, Mr. Menendez, do you have questions for the panel?

Mr. MENENDEZ. Thank you, Mr. Chairman.

Mr. BURTON. Yes, would you please vacate the room as quickly as possible and if there is information that you want, could you take that out in the hall, please? And would you shut the door as you are leaving, so we do not have the noise from the hall?

Mr. MENENDEZ. Thank you, Mr. Chairman. I want to thank you for at least considering the constraint of time here, bringing the panel up. There is a lot of expertise and a lot of talent here. I have been reading your testimony in the midst of the questions of others, so I have a little advantage of actually hearing or reading what you would say verbally.

So I would like to basically pose this one question to all of you, and that would be, if you were the President of the United States and had a Congress that would basically support your will, what would you do? What are two or three major policy things that you would do as it relates to Latin America and the Caribbean that we are not doing right now? I am happy to start with whomever is willing to take on the question. Dr. Valenzuela?

Mr. VALENZUELA. Thank you, Mr. Chairman, thank you for this opportunity. I think that Congressman Delahunt did put his finger on a serious, serious issue that we have and that is the sort of low credibility that the United States foreign policy has in the world generally and in the region as a whole.

I have been stunned with the 30-some odd years that I have worked on the hemisphere at how much of a push back there is on U.S. policy in the region and it goes across the board. It goes from right to left and it goes, it is in the popular sector as well as in the upper sectors. It is a shame that this has happened, because after 9/11, in fact, there was a lot of solidarity with the United States. So, very concretely, three things that we need to really do. One is we need to re-engage with the region. And we need to re-engage with the region, with the leaders of the region, and make them understand that we do care about the relationship with the region. Number two, we need to work the multilateral aspects of the relationship of the region much more effectively. And finally, number three, Mr. Chairman, this goes along, I subscribe completely with Senator Coleman's points. We need to put some teeth

into this effort in the region. In that regard, I think that the siphoning away of funds from the 150 Account, the siphoning away of funds from the ESF Account is just, you know, we complain that China is supporting some other sectors in the region. Where is the United States in terms of its support?

Now obviously, our support is much greater, but we are not getting the kind of bang for the buck for it. I, for one, commend you for your efforts to try to get this social development fund going and I would hope that maybe this is something that the Administration and the Congress could work on. Thank you.

Mr. MENENDEZ. Dr. Purcell?

Ms. PURCELL. Thank you very much. In my paper, I talked about what I call the end to the era of military coups. I said we now are faced with something I call civilian coups. This is a process that results in the blockage and the no functioning of democratic governments in Latin America. It allows for getting rid of elected Presidents by encouraging masses in the streets, the threat of mass violence, etc. We have lost a lot of elected Presidents in the last couple of years in Latin America that way.

I think these civilian coups are very dangerous. They may be a good thing in authoritarian regimes like what existed in Ukraine before the revolution, but they are not a good thing against democratically-elected regimes. So the thrust of what I recommend in terms of strengthening democratic political systems in Latin America is the following.

I am a very strong supporter of free trade, but I think that there is a problem with the way that the Administration has been delivering its message, because it has been a pure free trade image. And it is almost like two ships passing in the night, because the debate in Latin America, between Latin America and the United States on free trade, is very polarized.

I think the U.S. message on free trade has to start including the social component. In the recent poll that Mr. Delahunt was talking about regarding the most admired President, Ricardo Lagos placed first, which is interesting. He is a wonderful example of someone who has been able to combine a market economy with an impressive socially-conscious policy. I think that U.S. officials, elected and appointed, have to start pairing those two together and offering to work with and discuss with and consult with Latin American leaders on how to craft a more explicit social component into the free trade policy. The free trade policy is absolutely necessary for the economies to prosper, but without an explicit social component, the poor Latins are not going to sign on.

The second thing I would do in the area of politics involved U.S. support for democracy. I think United States policy has been fairly successful in terms of cleaning up elections in Latin America, particularly at the national level, in most countries. I mean, Haiti is problematic. I agree there are other countries as well where it is problematic. But elections today have come a long way in terms of their credibility. I think now what we have to do is shift the focus of U.S. policy to strengthening political accountability. There are very few mechanisms that voters or people in Latin America have to hold their leaders accountable, whether we are talking about electoral districts that are too big and no one even knows who sup-

posedly is representing them. Or people elected on party lists, where your place on the list is more important than what you yourself do or do not do. I would focus on accountability, including strengthening the rule of law. I know the U.S. Government has worked on both issues, but I think there is a shift of emphasis that needs to be done now, especially on the accountability side.

Lastly, what several of you have mentioned, I think that we have to do something about the anti-Americanism in Latin America, because to the extent that there is raging anti-Americanism, whatever we seem to be pushing for is automatically regarded as not in Latin America's interest or bad or people do not like it. We have a real problem here. United States relations with Latin America have been very difficult and even bad whenever the United States has been preoccupied with a global security threat. Whether we are talking about the Cold War or now, the War on Terror. Now it is even worse, because compounding the War on Terror is the fact that the United States is engaged in a war that was unilateral and pre-emptive. These two words in Latin America do not go over well for obvious historical reasons. The best period we have had with Latin American relations recently was under the Clinton Administration, partly because of Clinton, but really because the Cold War had ended and the Latins and we were talking economics, about mutual economic issues.

I am not advocating giving up our right to act unilaterally or pre-emptively. I mean, I think we have to keep those rights. But I think we have to beef up the public diplomacy program. We have to explain better what we are doing and why and why it is in their interests as well as ours. And we have to engage more in explaining this.

I do not think we should do what we have been doing with the Chavez Government, of which I am no great fan. I think he is an autocrat. But we get nowhere by trying to refute directly or take issue with what he is doing, because he then becomes this great nationalist hero who stands up against the United States bully. And he is protecting the poor Venezuelans. So that is a no-win policy for us. But we do need to explain patiently and well and articulately what we are doing and start taking the whole challenge of reducing anti-Americanism there seriously, within the boundaries that I have said are difficult ones while we are preoccupied with global security challenges.

Mr. BURTON. Ambassador Daremblum, if you want to respond, and Dr. Coppedge? We are going to have to vacate the room in about 5 minutes, so I will let both of you respond and then we are going to have to call it a day.

Mr. DAREMBLUM. Thank you, Mr. Chairman, and Members of the Committee, it is a pleasure to be here. I will be very brief. I think there is a consensus on the situation in the hemisphere, in Latin America, particularly on how poverty and inequality have generated a growing disappointment with democracy.

The three main aspects in which I would concentrate would be, first, that there is a clamor for more engagement by the U.S. in the region. But engagement must have a content, must have a to-do list of what that engagement is going to generate. I think one, it is urgent and important to establish a true dialogue, to avoid lec-

turing and to have more engagement at the highest levels of democracy. The Secretary of State should meet more frequently on a periodic basis with her counterparts of the region. The same thing is true for the other members of the diplomatic apparatus.

Second, deficit in public diplomacy concerning Latin America has to be remedied and very promptly. This is an area in which the United States should be very proactive and this is very important. Third, it needs to support and encourage and nurture bright spots of initiatives that have been pursued by some countries in Latin America, which could be expanded to the experience of other nations. I am referring to the success of programs in Poland, Armenia, in Brazil and Mexico, which provide monthly stipends to millions of poor families and they can send their children to school and have their health checked on a regular basis. This has the potential to break the poverty cycle over time.

I also agree fully and I wish to reiterate that public diplomacy should not be restricted to the Middle East. There is now an unfriendly cast of characters in Latin America which is very opposed to the United States. And we need to create a campaign, really, for the hearts and minds of young Latin Americans. One item of this chapter is to increase dramatically the number of scholarships of Latin Americans studying here in the United States and increase substantially the visits of young people, high school students, young politicians here to the United States. I also would very much encourage more visits by young North Americans to Latin America. I think that the only way, really, to restrict the damaging effects of the hotspots in Latin America is to have a true Inter-American diplomacy and to lend a helping hand to key examples in education. Thank you, Mr. Chairman.

Mr. BURTON. Thank you, Ambassador. Dr. Coppedge?

Mr. COPPEDGE. I will be brief.

Mr. BURTON. Can you push your mike—

Mr. COPPEDGE. Okay, on my checklist, I would put two and a half items. The first item would be increasing funding and I am not going to repeat what a lot of people have said. Increasing funding for the Millennium Challenge Account, for the IDB, which I notice has a substantial cut in the fiscal 2006 budget. Passing your idea for the Social Investment and Economic Development Fund, promoting trade, all those things are good.

A second item on the list would be to look to the long term, to think about not so much what can be done right now to achieve some dramatic change in the short term and how democratic states are, but to invest in the long term. And, if necessary, waiting 25 years, waiting a quarter of a century to see results, because often that is the time frame in which the United States can really have an impact without alienating people, without coming on like a strong man.

And I think this is necessary because, you know, there are a lot of Latin American leaders and activists who continue to share the goals that we have for Latin America and they would welcome our assistance. But in the environment that a lot of people have described in this hearing today, open association with the United States has become a political liability. And it would be wise to respect the sensibilities of our partners in Latin America by taking

a lower profile, working more behind the scenes, especially working multilaterally with the OAS and other regional actors. Using more aid and fewer threats and sanctions and offering more carrots and fewer sticks.

My half recommendation at the end of the list would be a reorientation of policy on Venezuela. I do think it was a policy, whether official or not, of the United States Government to constitutionally or not, remove Chavez from power in Venezuela, at least before April 2002 and probably through August 2004. Since then, I am not so sure, although the United States has continued to pursue efforts to put some teeth into the Democratic Charter with special attention to Venezuela. But I think it is time to recognize that with respect to Venezuela, this policy failed. There is no question that Chavez will remain the President through August 2006 and it is likely that he will have another term in office. At this point, I think that continued efforts to end the Chavez Presidency in the short term would be counterproductive, because Chavez eats this up. It plays right into his hands, to be impatiently trying to find one way or another to remove him from office. Because he has been saying for years that the United States is trying to remove him, is trying to assassinate him, is planning to invade the country. And this is something that he uses to whip up nationalistic support. He likes to keep this on the agenda. He is baiting the United States and we tend to take the bait and give him this, and we should stop doing that.

Instead, I think the United States government and its friends in the Venezuelan opposition should set their sights on long-term goals of building a viable opposition, one that has coherent policy prescriptions for dealing with the long-standing poverty and inequities in Venezuelan society and an opposition that has political parties that are strong institutions with deep roots in societies and that can do an effective job of representing the real concerns of the majority of Venezuelans today. And if the United States can get behind those efforts at party building and developing new programs that they can stand for, then I think we will be friends and the opposition will win support and that will be in the best interest of Venezuela in the long term and in the best interest of Venezuela and democracy.

Mr. DELAHUNT. Mr. Chairman? Now that Mr. Gilman is here, he can take the Chair.

Mr. BURTON. Mr. Gilman is no longer a Member, but he was one of our great Chairmen and it is always nice to see you, Ben. Thank you. Let me just thank the panel for your testimony. I really apologize once again for the shortness. If you will submit your statements for the record and be amenable to answer questions, we will send questions to you and we will have you back again when we have our next hearing on this subject.

Mr. PAYNE. Mr. Chairman, if you will just take a second and ask, if you would also put in, as you know, there is Article 98 on the ICC. We have taken aid away from Central and South America and now it is even HIV and AIDS money because they will not sign Article 98 of the ICC. And I wonder if we are suffering from not having these people come through the way you should do it. I think that is another thing that is just unbelievable when you talk about

the image, certainly has a lot to do with the negative image. It is just not twisting your arm, just breaking your arm. Thank you.

Mr. BURTON. If you could answer that question for Don in writing, I would really appreciate it. And I am sorry about the time constraints. Thank you very much, we stand adjourned.

[Whereupon, at 3:55 p.m., the Subcommittee was adjourned.]

