

Commentary by Mark L. Schneider, Senior Vice President, International Crisis Group on
"Challenges Confronting Latin America and the Caribbean" presented by President
Felipe Gonzalez at the OAS Forum of the Americas

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Hall of the Americas

I want to thank my good friend and former colleague at the Pan American Health Organization Dr. Irene Klinger, for that kind introduction. Let me also express my appreciation to the distinguished Secretary General of the Organization of American States, his Excellency Jose Miguel Insulza for this invitation.

If this hemisphere is to overcome the challenges facing it—not only the natural disasters that we must prepare for more adequately and respond to more effectively--but the manmade disasters generated by lack of vision, principle and will, it will take leadership. I admit to bias because of my longtime regard for him, but I can think of no single individual whose personal and political experiences have prepared him better for leadership based on a commitment to human rights and democratic values than Jose Miguel Insulza. The Organization of American States is in very good hands.

Let me also recognize my distinguished fellow commentators; Richard Fletcher, renowned economist at the IDB; Transparency International advocate Nancy Tucker Boswell and another former President from our own hemisphere his Excellency Alan Garcia of Peru, who I had the privilege of visiting in the Presidential palace in Lima nearly 20 years ago.

It is an honor to comment on the truly compelling presentation we have just heard from President Felipe Gonzales. It reminds us of his brilliant legacy in shepherding Spain through a transition to democracy after decades of dictatorial darkness. It reminds us too that his achievement sounded the trumpet of freedom across the Atlantic and gave hope to those suffering under military rule.

So I begin my comments with a great deal of humility and with the knowledge that broad sweeping statements obscure the vast differences in size, capacity, institutional development, and political direction of the individual nations of the hemisphere.

Nearly a decade ago, Carlos Fuentes spoke here on the 50th anniversary of the OAS. He said and I quote, "The cry throughout Latin America is: we want political democracy, economic growth and social justice. We want them together. And, we want them now."

He said that Latin America was at a moment of unique opportunity. For the first time in his memory, the hemisphere, north and south, shared a perception of the importance of political democracy, economic growth and social justice and how to get there.

I doubt that he would say the same today. The importance of those goals remains unchanged. But agreement on “how to get there” has dissipated. The Washington consensus has become contentious and the perception is widespread of discrimination and unfairness in the dominant economic model.

In many ways, his was a clarion cry of warning that was not heeded. Even as we consolidated the commitment to democracy in the Inter-American Democratic Charter in 2001, there were staccato cracks in the sky like those from lightening that one can only hear but not yet see.

- 12 Presidents did not finish their terms of office in the past 20 years.
- three Presidents were ousted in the past eight years in Ecuador alone.
- two presidents were forced from office in Bolivia in the past two years, and one in Haiti.
- At times, there has not been a firm, unambiguous message that the essence of the Democratic Charter is the rejection of unconstitutional transfers of power.
- At other times, we seem unable to advance beyond elections, to promote the core democratic values of participation, open debate, public decisionmaking, checks and balances and accountability through the rule of law.

Perhaps the first challenge to which I would call attention in a hemisphere of democracies is that the Inter-American system as it currently exists has no true institutional early warning system to help it identify root causes of conflict. In fact, there is a natural pressure within an Organization comprised of sovereign and equal members to avoid identifying any single nation as moving toward crisis, confrontation and conflict. The International Crisis Group spends its time trying to identify those conditions. But it is precisely within the OAS, the highest expression of the hemisphere’s collective political will, that a trained and competent early warning capacity to prevent conflict is needed. Nor is there any readily available diplomatic advisory corps—as opposed to more ad hoc mechanisms—available to the Secretary General and to the Permanent Council. They would be able to propose policy responses early enough to reduce the likelihood that the drivers of conflict will spark deadly violence—or debilitating damage to the democratic fabric.

Today in the region, we have one internal armed conflict in Colombia—exacerbated by the corruption and financing of drug trafficking for illegal armed groups--that remains unresolved, despite efforts by the Colombian government and the international community. And in Haiti, there is a major UN and OAS peacekeeping operation underway, where the underlying structural causes of instability have yet to be addressed. Both peacekeeping and the political transition face uphill battles. The majority Latin American participation in the peacekeeping forces in Haiti is to be applauded; but the region’s commitment will have to be sustained and strengthened in every area—from security to the rule of law to building representative political institutions to easing the truly staggering economic and social misery of the vast majority of Haitians. If it is not sustained, four or five years hence, the call will go out for another UN or OAS mission.

Beyond the institutional gap in the area of conflict prevention, I see four other critical challenges facing the Americas. One can see the rising waters from those challenges building at sea and we know they can breach our democratic levees and wash away the rule of law, leaving political instability, discord and potentially violence in their wake.

- The first issue that challenges political leaders in Latin America and the Caribbean as well as the United States and Canada is inequality. Globalization is a reality and economic growth is a necessity; but inequality cannot be accepted any longer. If ECLAC's predictions for 2005 and 2006 are correct, we will have seen GDP rates over three percent for 10 of the past 15 years and over 4 per cent for eight of those years. Yet poverty for the past five years has increased and the World Bank states that the "richest one-tenth of the population in Latin America and the Caribbean earn 48 per cent of total income and the poorest tenth earn only 1.6 per cent." Other observers note the same richest 10 per cent pay very little in taxes. The political and social contract that underpins democracy is at risk when there appears no hope for those at the bottom of the economic ladder and those who once saw themselves within the middle class now struggle for economic survival.

In the past, military regimes tied to traditional elites, and sometimes called forth by those elites, could be blamed for those disparities. Now it is democratic governments which are being accused, and storm clouds are rising. Latin America is more unequal than Asia, all of Eastern Europe and the OECD. And unfortunately, the United States in recent years, although blessed with relative income equality, has become less so, which in some ways was underscored by the dramatic images coming out of New Orleans a few days ago. Inequality in the Americas is a denial of the values of the Americas, a threat to economic progress, political stability and democracy, and a challenge that this Organization must address more directly.

This issue has been raised at every Summit of the Americas from Miami and Santiago and to Quebec City and soon Buenos Aires—but rhetoric and declarations and even useful targeted programs are no longer enough. The promise of quality education—to cite one commitment—has not been fulfilled. Fundamental and deep institutional reforms are required to bring about greater participation by the poor in their societies, with a larger voice, vote and influence. The OAS and other regional organizations and governments have to agree to work for both sound and fair fiscal systems that include more progressive taxes and more progressive government spending that reaches the poor with greater effect. The World Bank, the IDB, CEPAL and leading development NGOs all have called for greater access by the poor to quality education and to health, water and electricity and other infrastructure as well as land and rural credit in order to become more productive. There should be a poverty impact assessment in every major infrastructure investment to insure that they are not being left out as in the past.

On the tax side, the Center for Global Development and the Inter-American Dialogue noted that in most Latin American countries, loopholes and evasion are the norm. That has to change. The World Bank added that beyond sound fiscal systems and broader access to services, there must be an end to what it called Latin America's "truncated, elitist welfare state", so that social security and social assistance preferentially reach the poor. Whether measured by the gini coefficient, or other indices, Latin American countries have lacked effective policies of inclusion and redistribution to reverse the disparities of income and power within their societies.

Here again, it is not disagreement on the goals, it is a failure to achieve political consensus "on how to get there" and to construct political coalitions that can bring about those reforms in freedom.

- A second challenge that threatens our democratic values is the utter failure to end discrimination and exclusion of the indigenous and Afro-descended populations of Latin America. They largely have been sidelined with respect to political decision-making, economic participation and sharing of benefits. The World Bank report on Inequality two years ago found that indigenous men earn between 35-65% less than white men in seven countries with the highest indigenous population—and families headed by indigenous women have the least access to potable water, sanitation, jobs or education.

This September, the IDB adopted a strategy on development and the indigenous which, if implemented, would be an important step forward in offering access to human development and productive opportunities. I would hope that there would be a public, transparent mechanism for monitoring that strategy in partnership with the OAS to demonstrate visible progress. If not, then populist or extreme forces will find desperate men and women ready to join them.

To be successful, it is likely that there also will need to be a reversal of the abandonment of rural Latin America that was spotlighted in a recent World Bank report entitled "Beyond the Cities"—co-authored by Guillermo Perry and David Deferranti. During the past several decades, international and national infrastructure, commercial and human capital investment had essentially bypassed rural Latin America. Overall investment was half what it should have been given the size of agriculture in the economy.

Yet, they found that for every one percent invested in rural economic growth, such as agriculture or natural resource conservation, there would be two-fold increase in its contribution to national economic growth and a two-fold reduction in its contribution to reducing national poverty rates. The region—and here I include my own country as well—has failed in the past and too many nations are failing at present to meet our obligations to the indigenous populations and the rural poor.

- The third challenge facing the region is violence: violence from gangs in Central

America and elsewhere, violence from criminal networks in urban poverty settings, and violence from illegal drugs and the counter-drug policy it has produced, a policy condemned, like Sisyphus, to a never-ending series of hills until the demand side of the equation is fundamentally changed.

Too often the counter drug policy concentrates on the weakest part of the link and the one with fewest options—the poor farmer—with spraying and forced eradication—as opposed to the upstream trafficker. In too many instances, the alternatives offered to farmers are late in arriving, insufficient in themselves and not sustained. Law enforcement and interdiction are necessary; but again not sufficient. The real problem is that far more attention has to be given to a new rural strategy and to real economic alternatives in the supply countries and to harm reduction and other more health-oriented responses to reduce demand in the consumer countries.

- A final challenge affects the system of justice and respect for the rule of law. There is a need for more competent police, an impartial judiciary and a civil society that expects and demands the fair enforcement of the laws. More needs to be done to protect citizens. And far more energy needs to be devoted to assure access to the system of justice for the poor, indigenous and ethnic minorities.

The challenges that I have described are real but not new. Many have identified them in the past. The issue as Carlos Fuentes said is “how to get there.” We have to craft better political solutions to find that road.

Nearly 60 years ago, a great Latin American poet, Pablo Neruda, wrote an ode to Bolívar. He concluded with these words,

“Yo conocí a Bolívar
Una mañana larga
En Madrid,
En la Boca del Quinto Regimiento.
Padre, le dije,
¿Eres o no eres o quién eres?
Y mirando al Cuartel de la Montaña
Dijo: Despierto cada cien años
Cuando despierta el pueblo.”

I believe the people are stirring even as we speak. Our challenge is to find ways to mobilize popular groups politically as a positive and non-violent force to bring about the reforms to strengthen democracy, expand economic growth and promote greater equality. Our challenge is to help show them “how to get there.”