



**LATIN AMERICA'S RADICAL POPULISM CHALLENGE:
WHAT'S NEXT FOR A NEW U.S. ADMINISTRATION?**

**PANEL II:
POLICY IMPLICATIONS FOR A NEW U.S. ADMINISTRATION**

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JAIME DAREMBLUM: (In progress) – it came in the form of Senator McCain’s criticism of Senator Obama, of his proposal of sitting without preconditions with Hugo Chavez. So it came that way, but not – we didn’t hear about many of the problems that we know are shared by Latin America, and what we expect from an incoming U.S. administration.

So we have gathered here top experts. These are the oracles with whom I consult every time I have to make a decision. So who wants to go first?

CARL MEACHAM: Well, anyway, power of incumbency. Beauty before age, right? That’s a joke. (Laughter.)

First, I want to thank Jaime for inviting me and doing this. I think it’s a really timely panel to have right now, particularly because of the elections and the questions that are out there with regards to what the administration’s – whoever wins – would do and the challenges that they would face in Latin America. I’m going to try to make this as lively or as entertaining as some of the other presentations.

I think that the next administration is going to be faced with this issue. The questionnaire earlier made it a little more complicated because now it can’t refer to it just as radical populism, so it’s going to be radical socialist, nationalistic, authoritarian.

MR. : (Off mike.)

MR. MEACHAM: Okay, there you go. I’m sure. We could talk about that after.

So this is going to be an issue that’s going to present itself to the next administration. Some would argue that this movement is contrary to U.S. interests and must be opposed at all costs. Others will suggest that radical populism is a legitimate expression of popular discontent with the failure of nascent democracies to relieve historic poverty, discrimination, and must be viewed as a native problem with only native solutions. Well, an interpretation that truly advances U.S. interests rests somewhere in between, I think. If we define populism as a political movement that emphasizes the interests, cultural traits, and spontaneous feelings of the common man, I think we would all agree that such a movement would not be opposed by a U.S. administration. After all, who wouldn’t want to be on the side of the common people? We only need to watch the presidential debates to understand the logic of appealing to the common people on Main Street. This is something that’s come over and over again.

But radical populism also exhibits dangerous qualities. Chief among them are tendencies towards rigged authoritarianism, core emphasis on cults of personality,

unpredictability, concentration of power in the executive branch, and I would just say general reactionary policy. As one of the panelists said before, a focus on the short term, which is pretty dangerous. Though it's clear that there's also an international or foreign policy implications to this, what I want to try to do with my remarks today is focus a little bit more on the root causes because I think that the next administration will have to frame a policy towards the region if they want to deal with these issues, that's a little broader and not just dealing with some of the issues that we deal with as a result of radical populism that are transnational issues. So I'm just going to focus on that for now, and hope that in the Q&A we can talk about specific issues.

A practical response to radical populism might focus on strengthening the pillars of government, improving the ability of government to develop ways to provide basic services, like health, education, public security, and the rule of law. In essence, this policy would help governments serve the people. I would call this policy an institutionalist approach. An institutional policy posture reflects an understanding that the basis of the current rise in radical populism is founded on a real discontent between the long-term promises of democratic neo-liberalism and the results which, at least in the short term, are viewed by many in the region as not alleviating poverty or providing the tools and preparation to gain social mobility.

This reality presents a challenge for the United States, but also an opportunity that the next administration can seize upon. But capitalizing on this opportunity will require vision and defining U.S. interests in the region. I would say that's a task that will be tough, after years of narrow, reactive policy and sporadic attention to the region. But given all the limitations that the current environment – well, if you add to that the current limitations that the current environment presents, with the global financial crisis, that not very many folks mentioned on the first panel, the wars in Afghanistan and Iraq, high energy prices, and the woes that Latin American economies are going to face during the next 18 months, this presents a lot of challenges in order to keep attention or keep some sort of focus from the next administration on Latin America. But we do need to pay attention.

I think that the focus there is really because there's three main points here that make Latin America different from other regions in the world to the United States. I'd say the first one is its proximity. The second one is that it's one of our main markets. And the third one, which I guess is much more relevant today, it's funny that you mentioned that in none of the presidential debates there has been a mention of Latin America, but a lot of folks that are Americans of Latin descent do focus on issues, or are influenced by what policies we have toward the region, and that does shape the way that they define their views on these candidates. So I think that those are three real reasons for why this region does deserve some attention here.

I don't want to take a long time here in my remarks, so what I'm going to do is offer some specificity with regards to proposals that I believe that the next administration should consider to deal with the root causes of this radical populism. First, the next administration needs to formulate a targeted development policy that offers concrete,

visible, and rapid results. This should be the framework of our policy towards the region. In doing this, the next administration will have to acknowledge that we have more will than wallet, and we will have to make some difficult choices about what to fund and what not to fund.

I'm sure many of you know that right now the budget is pretty much about \$1.6 billion for the region, and most of that money, I'd say close to 40 percent, is spent for trafficking issues, which I believe are important issues. But if we're going to deal with the threat of populism, we're going to have to figure out a way to meet some of these challenges that I was talking about a little bit before, the challenges that confront the common man. So I would hope that the next administration would be able to balance our immediate global commitments and focus a little bit on specific things that affect the everyday lives of Latin Americans.

One issue, considering more collaboration with countries on projects that are already being enacted by governments, and I'm talking here about infrastructure projects, things that are basic to their needs – highways, rail, and energy – these things facilitate people's everyday lives. U.S. assistance can also involve more partnerships where we provide fewer countries with financial assistance but target assistance to Latin countries that can assist others in the region with technical know-how. I think this is a way of getting a bigger bang for our buck. An example that comes to mind is Chile receives financial resources from Japan to assist other Central American countries, particularly for strengthening government institutions and promoting mid-level entrepreneurship.

This is something that we need to look at with more depth because this would promote more regional integration, which is something that a lot of Latins are interested in. We're seeing an interest by the Brazilians, I think in December, to do a summit of integration. And the two countries that are excluded from that summit are the United States and Canada. There is an interest in the region for more integration, for more – how would you say – independence with regards to finding solutions to problems that are occurring in Latin America. I think we should encourage that, not only because it's good for countries in the region to take responsibility, but also because the reality is that we don't have the same kind of leverage that we did before to affect outcomes. That's something important.

There is another side to this as well, and I think this is what demands a lot of nuance and a lot of thinking, is that if we do withdraw too much from the region, and if we don't do our own assistance in a way that's constructive, we could face some actors taking our place. Let's say more mischief from President Chavez around the region, which as long as commodity prices are high is always going to be something that we need to consider. And the other issues, meddling by Russia and China in the region. The Russians have demonstrated an interest, not because they're so interested in Latin America as much as because of the geopolitical battles that they would like to continue with the United States, with us. And the Chinese have already demonstrated an interest, and actually have demonstrated that they are willing to fund development projects, not

only in Latin America but also in Africa. We've seen these things. So these are things that we need to be taking into consideration as we devise these policies.

It's likely that the next administration, as I've said, will be constrained by the current economic situation. Therefore, we have to be more disciplined in our approach. But if we are to counter radical populism, it will require this type of reorganization to do this effectively.

Second, I would say that there are also ways in which countries in the region can help themselves and I believe that the administration needs to encourage that. It's important that the next administration talk to nations, encourage nations, offer assistance to nations regarding increasing their tax base. That's a big issue. The tax base will allow for countries to build successful public sector, private sector projects. We're talking again about infrastructure, we're talking again about services. While part of the emphasis should be on attracting foreign investment, and we have free trade agreements and tariff agreements that we should be encouraging as well, the importance of a solid public sector base, which can only come from new, more responsible tax laws, shouldn't be ignored either.

With these policies, the next administration can demonstrate that sound government can improve people's lives better than the unstable and rash policies offered by radical populists. As long as Latin American countries – and I want to make sure that I note this up front because in this country we try to focus a lot on the domestic side, the local side, and empowering them. I think that that's very important and that's who we are as a country. But when you look at Latin America, so much of the power is concentrated in the executive branch. So if you really want to get to change, if you really want to encourage the right kind of faster change, you will have to work with the executives and you will have to work with the government in order to get those changes. So I think that's an important portion of where we should invest our efforts.

In the process this is going to, I believe, it could make the United States be viewed in a more favorable way in Latin public opinion, which will help us. The next administration I believe will have to send a clear signal to Latin America that it will measure its steps in terms of real needs and joint efforts, and put a premium on objectives. I mean, they really want to see change. Just like us, we have issues in our country that we'd like improved, and the same as Latin Americans, I believe we and they, us, all of us together would like to see change. We need to focus on doing things that are visible.

If the next administration commits itself to strengthening Latin American governments' ability to provide services, it will be clear that the United States stands on the side of the common people, of regular Latins. If the next administration is to effectively counter radical populism, it must demonstrate that the best way to improve Latins' lives is to make their governments more responsive to their basic needs.

So those are my remarks. I look forward to your questions.

AMB. DAREMBLUM: Thank you, Carl.

(Applause.)

NELSON CUNNINGHAM: Thank you very much, Ambassador Daremblum, for organizing this session. I always learn, whether I'm sitting on a panel or in the audience, at one of your sessions. You bring a real diversity of views. You put the fair and balanced in "fair and balanced." So thank you for convening this panel.

As I look, I am always intrigued when people complain that Latin America isn't mentioned in presidential campaigns because I start thinking about the ways in which Latin America could be mentioned in the context of a presidential campaign, and almost none of them are positive. Both sides would have a strong element of pandering from one side to the other, whether it's a Democrat talking about trade, whether it's a Republican talking about immigration, whether it's both sides talking about narco-trafficking. I sometimes think that our policy toward Latin American sometimes gets some benefit out of not being front and center in presidential campaigns. And I think to have seen Senator McCain last night and Senator Obama go after each other hammer and tong on their policy toward Colombia, or their policy toward Brazil, or their policy toward Argentina, or Mexico, would not have been good. And it would not have been for our policy for those countries.

So I am always pleased when I look across the aisle and think that there are people like Dick Lugar, who is one of Senator Obama's real mentors in the Senate, and someone with whom he feels a genuine closeness, or Carl Meacham, advising the Republicans on Latin American foreign policy, as a Democrat I feel very good about that. And it makes me feel that under a new administration, even a McCain administration we could see a dramatic improvement in the status of our relationships with Latin America, which have fallen so low.

Let me put my talk into two pieces. First of all, why do we have this divided Latin America? How is it that we went from 10 years ago, 1998, when I was privileged to work in the Clinton White House on Latin American foreign policy, at a time that we all felt was really, at that time was a new high-water mark in U.S.-Latin American relations, when we proudly stood in front of maps where there was only one little red dot of autocracy in the hemisphere, in Cuba. And we could look at the rest of the hemisphere and look at the march of democracy, look at the march of neo-liberal economic thinking across the region. We could celebrate the notion that Latin America was looking more like the United States in terms of its values, in terms of their policies. The Washington consensus was not yet a four-letter word. And there was a palpable sense that there was becoming a convergence between many economies. In fact, almost all the economies in Latin America and that of the United States.

I contrast that to today, where so much of Latin America seems to be defining itself by an opposition to the United States. Obviously the countries we talked about this

afternoon, whether it's Venezuela, whether it's Bolivia, whether it's Ecuador, Nicaragua, to a much lesser extent Argentina, there's a whole swath of Latin America that's defining itself in contra-distinction to the United States and trying to differentiate itself from the U.S. rather than trying to be like the U.S. How did we get to this place?

And then the second point that I'll want to talk about is, what would an Obama presidency mean for that divided Latin America? And I'm going to try to be brief because the hour is getting a bit late and it's always more interesting when we get to the questions. So I'm going to give you some of the bullet points rather than the full arguments here. So pardon me if the arguments sound a little truncated or insufficiently explained.

First of all, 1998 versus 2008, how did we get to this place in Latin America? I would argue two principal things. First of all, I think the benefits that we were all promising America and we were all promising the people of Latin America that would come from democracy and from neo-liberal regimes didn't arrive fast enough. They didn't move quickly enough to lift up the people of those countries and to give them a stake in the economic growth that was sweeping through certain sectors of those countries. And what happened there is what unfortunately happens – as a result has happened in many countries around the world, which is you do see a populism. You see a turn away from the outside influences. You see a return to nationalism. This is not a Latin American problem per se. We saw it happen in a much more virulent fashion in Europe in the 1920s and the 1930s. This is a much weaker strain that we're seeing in Latin America, but still deeply troubling.

So the first is that democracy, neo-liberal policies didn't bring returns to the Latin American people quickly enough in many countries. And the second is that the policies of this administration, the Bush administration, particularly in the first four or five years, helped promote a division within Latin America. It brought back all sorts of old creaky reflexes in Latin America that I thought had frankly been – that we had done away with by the 1990s. But the reflexes of anti-Americanism, of Yankee go home, of a reflexive rejection of anything that came out of the United States, those elements in Latin America found in President Bush – they made him a cartoon and it was for them a very useful cartoon. They've used that cartoon to help embolden their political allies in the populist movements in Latin America, and to create the U.S. as this terrific enemy. The bigger they could pump up that cartoon, the better for them politically.

I think that's been a shame. I think that the notion that the United States could be so deeply opposed by so many – that the notion of the United States, of sort of Uncle Sam of the yanqui could be so deeply opposed by so many elements in Latin America, it's a return to something that I had hoped 10 years ago was frankly gone, or was so far on the wane that it was no longer going to be an element in U.S.-Latin American relations, and yet it's clearly there. The louder that Chavez can complain about Bush, the more that Morales can mention Bush in his statements, the more that Correa or Ortega can talk about the great satan to the north, the better for them politically at home. That's a very troubling dynamic. That has clearly fed the divisions that we currently see within

Latin America, and also fed the divisions between the U.S. and many of the Latin American regimes.

Now what would an Obama presidency look like in the face of the new current Latin America? Well, first of all, I think it's easy to see that the election of a man who is the grandson of a Kenyan goat-herder, someone who grew up in the developing world in Indonesia, would have – just that alone could have a profound transformational effect on U.S.-Latin American relations. I think the first visit by a President Obama, say, to Brazil and the way that he would be met with an acclaim that we haven't seen in decades when an American leader traveled to Latin America. I think there could be the beginning of a very special relationship there between a President Obama and many of these people in Latin America who have felt disenfranchised by current conditions, and who have felt profoundly alienated from the United States.

Now, it isn't just enough to show up. Woody Allen said 90 percent of life is just showing up. Well, that's not enough. But I think it would be very hard for a Chavez or a Morales or an Ortega or a Correa, they would have to find a very new set, very new way of talking about the United States under a President Obama, and it would frankly be much harder for them to marshal the cartoonish talking points that they have marshaled, and which they have used to lead their people into a strong opposition to the United States. I think there would be clearly a room for a new dialogue with these countries. I think that just as there would be a continued very positive dialogue with countries like Mexico, Chile, Brazil, and others, and we could find ourselves more on a path of convergence of values and less of a desire in Latin America to push hard against the Yankee, and then hopefully less of a reaction on the part of the United States that says, well, the heck with you, and moves to dismiss significant portions of Latin America.

So Jaime, I'll conclude by saying that I think that an Obama presidency could take us back on the path that I certainly felt we were on 10 years ago, and which I thought was the right path for Latin America, and the right path for Latin America and the United States.

(Applause.)

AMB. DAREMBLUM: We all have a number of questions here. Yes, sir.

Q: Ed Berger, the Eurasian Medical Education program. I wanted to refer to a point that Carl mentioned, which has to do with China's interest in Latin America. As everyone knows, China is aggressively looking for both commodities and the means of production of those commodities throughout much of the world. At the same time as a donor of money to those parts of the world without any conditionalities.

Does that suggest any particular thinking that we should entertain for our own foreign policy, either in competition or in cooperation, for example, with that setting?

MR. MEACHAM: The China issue is pretty interesting, I think, because on the one hand you have the reality that you want to promote capitalism, you want to promote markets competition, and you want the Latins to compete and look for the best deal they can get. On the other hand, you look at the political implications of what some of these things mean. The Chinese have pushed pretty aggressively on the issue of Taiwan, for instance, with a lot of the countries that they deal with. It's not like you get something for nothing when you deal with the Chinese. So that's something that we have to take into consideration.

It's difficult also to be in situations where you're telling countries in Latin America – and you don't want to do that. You don't want to tell countries in Latin America what to do. We're far away from a Cold War kind of structure, paternalism. Hopefully we're done with that sort of thing. Latins don't appreciate that, it doesn't help us with our interests, it's just not the way to go. But they're looking for the best deal. What we need to do is figure out how we can be attractive to a lot of these Latin countries. You look at a lot of the countries in Latin America that are looking for free trade agreements with the Chinese, looking for free trade agreements with the Europeans, Australia, New Zealand. They're branching out. That's what they're going to do.

We need to figure out again how we can be attractive and offer something that those countries can't offer. I think the onus is on us. And to make it even more complicated, you have the environment that we have right now, our economic environment. You have the issue of our wars, and you have the uncertainty that people feel about our election. You know, what it is in the market to have uncertainty produces what everybody has been able to witness: Nobody wants to get in. Nobody wants to make investments. We don't know what's going to happen.

I remember what was happening a couple of weeks ago up until the House had decided to pass the bailout. I'd call friends of mine on the street and they're like, volume's down. Nobody wants to do anything. Well, in the political sphere our election is one issue, and not being able to define yet what these different players are going to do.

So with regards to China, we need to be clear as to what we can offer so we can counter what they have to offer, and let the Latins choose, and hopefully they choose us because I think our case is much better. We offer a whole bunch of things that the Chinese aren't offering. I mean, you look at the business sphere, you look at issues that have to do with democracy. There's a lot more that they can benefit from with dealing with us than by dealing with the Chinese solely. It's not like we're saying don't deal with them at all. I think they get a better deal with us.

MR. CUNNINGHAM: You know, I couldn't agree more with Carl's remarks in terms of China, and in terms of the – and the fact that the onus is upon us to show Latin America that there are benefits to closer relations with us, and to closer commercial relations with us. I think both sides on this, both parties have been imperfect in the signals that they've sent to Latin America. I've outlined the criticisms I have of the Bush

administration. In fairness I have to point out that the Democratic side has not been perfectly clear on the issue of trade or of liberalized relations with Latin America.

But Carl, I'm also glad that you touched on one other issue, which is the current financial turmoil because I worry deeply that what's happening right now on Wall Street, and the impact that that's having around the world could upend any hope, the optimistic scenario that I've laid out for a return to the better relations of the past. If every broker in Sao Paulo blames the United States for his current low economic state, then how can we expect the campesino in the fields to feel better about the United States? So I worry greatly that the economic turmoil, which everyone will blame on the United States, will bring U.S. relations, not just with Latin America but with many other parts of the world, under terrible, terrible strain.

Q: Yes, Mr. Cunningham, my name is Curtin Windsor. I'm here with the U.S. Donner (ph) Foundation, and Donner Community Foundation. Also I'm a, to a certain extent, scholar and practitioner on Latin American affairs. Your note that it took recent populists to discover that often their nationalism can be better expressed as anti-Americanism seems to me to be somewhat disingenuous because this has been a factor in Latin American-American relations that goes back to, I would say, over two centuries.

Many Latin American countries, as indeed do some Europeans, easily the elites – Carl could probably add to this better than I – use anti-Americanism as default nationalism. And I think it's both unfair and somewhat politically expedient, at the cost of veracity, to use that as a new factor, or even a major one, in the discussion of American relations with Latin America.

The problem, I would guess, and let me phrase this as a question to both people, is that really since the end of the Reagan administration, and really perhaps the Reagan second term, beginning with it, right up through the present, Latin America has been probably below Africa in terms of emphasis in U.S. policy, or de-emphasis, one might say. We have been ourselves in a default mode, dealing with the Latin America, with the exception of trade. And in trade neither – let's just say your party has not covered itself with glory, certainly not recently. And I would say it would be very hard to fault the United States for insensitivity or problems in Latin America because we haven't had that many relations or initiatives that would do that.

I was wondering if there might be some comment, both on the question of default nationalism, and more particularly, the extent to which the United States has ignored Latin America, and that that more than anything else, and the ills arising from it, are the cause of the problem. Not of the populism but of the bilateral and multilateral problems we're having.

MR. CUNNINGHAM: I thought I was fairly clear that I did not view anti-Americanism as a new problem with Latin America. But rather what concerned me was the fact that it had come back. It was something that in the 1990s, in the 1990s we had seen it diminish so greatly that I as someone who grew up in Latin America, has been

involved with Latin America for almost 50 years, had felt it really abated. But of course it's always been there, and I didn't mean to suggest that it hadn't been. But I thought that we had put that genie back in the bottle in a substantial way 10 years ago. And we discovered we were wrong. But anti-Americanism has been around, as you point out, probably for close to two centuries, often much more virulent even than it is today.

I'm just distressed and dismayed that it's back at all, compared to where we were 10 years ago.

MR. MEACHAM: The comments that were made, I agree with what you're saying, Kurt, about how really – this is not a partisan thing at all. Neither Democrats nor Republicans have had a consistent framework for our relationship with Latin America. I think the closest thing that you would see to any kind of consistency, and I think it would probably be negative, is during the Cold War when you had a real framework and you had the good guys and the bad guys, and this is how it was played, and there were proxy wars in different places around the world. So that's like the closest thing that you'll see.

What I think is positive, and I think that Nelson's a supporter of actually, which I think is a really good thing, are these free trade agreements. Nelson's been pretty clear on his support for free trade, at least for Colombia, I remember, and others. And the reason that I mention this is because if you support free trade agreements – and I'm not saying that free trade agreements are a panacea because there are different challenges that we have to deal with with free trade agreements, but they're institutionalized relationships with countries. They're relationships that will continue regardless of who's the majority in the Congress, or regardless of who's the president of the United States. They will continue. And within that framework there's a lot of things that you can do to deal with democracy because you're dealing with transparency issues.

Q: But are we going to get the free trade agreement?

MR. MEACHAM: If I could answer that question, I wouldn't be working in the U.S. Senate. I wish I could tell you that. But I think that there are enough people on both sides that would be interested in advancing these things. On Colombia, if Colombia would have been proposed last year, I think you would be having a very different discussion. I think that the way that it was proposed, and Senator Lugar was very clear in voicing to the administration that the timing was questionable – that's a nice way of saying wrong –

Q: You're a diplomat.

MR. MEACHAM: You know, says a lot. We want to have these free trade agreements. The way that we do it is as important as the free trade agreement, and I think that hopefully the next administration – we will be encouraging the next administration to do this. I don't think we're done with Colombia. In Panama that would be coming along with that. So we want to push these things. And I want this to be kind of clear, is that the reason – and for folks that are skeptics about free trade agreements, I think that they need

to reexamine this because of what I mentioned and I emphasized – they provide institutional relations with countries that bind us together and that ensure that there’s a framework for the relationship between the United States and that country.

Let me just say one other thing. A country – and this goes to the point that you made about the lack of a consistent relationship or consistent interest in Latin America. We should have a very deep relationship with Brazil because of its size, because of its – the size of the economy, its military, because of the influence that it wants to have in the region, and in the world on things like climate change and wanting to be in the G-8 and all these things.

Just now, last year, we signed an executive-to-executive branch MOU on biofuels, which is very modest. Nevertheless, it’s an attempt at some sort of institutional relationship. The bad thing about the agreement is not that we did it, but that, one, it’s modest, and two, there’s no guarantee that there will be continuity on that agreement.

Q: And we’re charging 52 cents a gallon –

MR. MEACHAM: Right. But the emphasis there is we need to provide structures, systemic structures for institutional relationships with countries in Latin America. Free trade agreements are an option.

MR. CUNNINGHAM: Just a short bit on trade. Carl’s right. I am a believer in liberalization of trade, and in many respects for the same reasons that Carl articulated. That’s an institutional framework that binds us to allies. It’s a very useful construct.

But before we get there we have to fix the politics of trade in this country. I’m for liberalization of trade, but first of all I am for re-forging a bipartisan consensus in favor of the right kind of trade liberalization. I’m very proud of the work that President Clinton did when I worked for him to reach across the aisle, to find ways in which you could find common ground between Democrats and Republicans, to bring enough Democrats over to support the Republicans to make it a genuinely bipartisan effort to expand trade liberalization. He got 113 House Democrats to support NAFTA, and that was an extraordinary achievement even then.

I regret that what I feel that we’ve seen since 2001, early 2001 has been a polarization of trade, where President Clinton pushed to move labor and the environment into the heart of trade agreements. The first thing the Bush administration did was to take them out of the trade agreements that had already been negotiated, and that it was negotiated going forward. That took away a lot of the common ground that Democrats had asked for so that they could support trade agreements and trade liberalization.

Bush pushed them to the left, and frankly, there were many elements in the Democratic Party that were delighted to be pushed to the left because they wanted to have trade. Instead of being something that they could have in common with Republicans, they wanted it to be a political issue that they could be in sharp

contradistinction to the Republicans, and that unfortunately met the political needs of Republicans, who liked having trade as a separating issue.

I think that's all terribly unfortunate, and what we need to get back to is a time when both sides are looking hard at things that they can find in common to liberalize trade. If it can't be a pure free trade model, well, so be it. Democracies are complicated. You have to deal with democratic impulses, you have to deal with constituencies, and find something that's politically sustainable on trade. That's what I think we need to do going forward.

Q: Hi. I'm James Darcy. I'm a writer and a consultant. My question is very simple. It's on the forward operating location in Manta, Ecuador. As you know, the lease is going to be up and President Correa has indicated that he's not going to renew the lease, and it's also been written into the new constitution that there cannot be any foreign military operations on Ecuador's soil.

So my question is, do you agree that the base is important, and what countries should have the burden and the reward of having a base in that region?

MR. CUNNINGHAM: Let me just say, it's important. I don't know what the answer is.

MR. MEACHAM: I would say that we respect Ecuador's right to make decisions with regards to its sovereignty because that's what they believe, or they're saying the reason for us not being in Manta is. Nevertheless, I think that, as in any decision, you get something on both – you can't get something for nothing. They want to have a good relationship with the United States, as sporadic as it's been with President Correa. This is not the way to lead us down the path of reconciliation.

I was in Manta two years ago. There are a lot of benefits to having us – and it's not a base. It's the United States paying rent at an Ecuadoran base for use to park its planes and to house its soldiers, that are basically not even soldiers. They're pilots. That's basically what's happening at Manta.

Q: I know, but we all know what –

MR. MEACHAM: No, some people don't. That's why you need to clarify. I think that it presents some strategic advantages in order to do the drug interdiction work that we're doing there. There are some technical issues, some things that I heard from Ecuadorans when I was there about how much – where they view the limit of their sovereignty in the ocean, and how that relates to the policies that we've been implementing with them in the use – in their participation in the planes that go out and do interdiction. There are some issues like that.

But on the whole I thought that it would be a positive thing for them to be able to patrol their waters, for us to share intelligence. It's a cooperative agreement like that. I

think it's important. Nevertheless, we are interested in regional ways to lessen the ability of narco-traffickers to traffic their drugs. And if it's not going to happen in Ecuador, then we reserve the right as well to look for other countries, other situations which may provide us with the advantage that Ecuador did provide us up to now. The Colombians have demonstrated interest. The Peruvians have demonstrated interest. I don't know what the outcome of that will be, but I think it's important as a very clear message to say that if you want to develop a good relationship with the United States – I'm not saying that it has to be Manta. But the way that you go about these issues is important as well. And maybe we can't work something out on Manta, but maybe we can work something out on other issues that have to do with drug interdiction. That's I think how we should approach it.

AMB. DAREMBLUM: We're almost always – we try to enforce the 2:00, but given the interest and the amount of questions, one last question, Ambassador Duenas (ph).

Q: Assuming that the Merida Initiative is going to be as successful as the Plan Colombia, Central America is going to become a region under a pact. I would simply like to ask you, in the next administration are the political parties here ready to support the region with the challenges that are going to be – that we are already facing? Because this is something that geopolitically I think that it's going to be very, very important for the security of both the region and of the United States. I would like your comments.

MR. CUNNINGHAM: Why don't I take a first stab at that. First of all, both Plan Colombia, which was started by President Clinton and then taken up and expanded by President Bush, and the Merida Initiative, which was proposed and recommended by President Bush, and then passed by the Democratic Congress, are examples, I think, of issues where we do have a bipartisan consensus and a desire to work together to address difficult issues of narco-trafficking, border issues, and crime south of the United States border.

I do hope that in a new administration that that spirit would continue. I would expect it to, but this is one of the places where I worry that the problems with our own economic house here in the United States may get in the way of the resources and the open-handed approach that we've had in situations like this toward funding. I hope it doesn't get in the way of our ability to continue to do that.

Q: Unfortunately, if that happens, you are going to have a region that is pro-U.S. go against it. That's one of my concerns.

MR. CUNNINGHAM: It's a powerful argument in favor of continuing the policy.

MR. MEACHAM: With regards to Merida, we advocated – we were concerned, Senator Lugar was concerned with this unequal equation that was provided with regards to funding for Mexico and Central America, how drastic the difference was with regard

to funding. Not that Mexico doesn't need that money, because they have their issues. But to not fund Central America appropriately would just mean that the problem was going to move from Mexico to Central America.

We were able to get a little bit more money, as you know, in the final bill, and that's a good thing. Nevertheless, you have some challenges, Central America has some challenges that other places don't have. You have problems with the Gofas (ph) in coverage. You have problems with semi-submersibles which we're now trying to deal with. You have problems with suspect aerial traffic coming out of Venezuela that's pretty bad. And we need to figure out a way to deal with those things in order to provide a balanced approach to what we're doing with Merida.

One of the things that I think would be very important for the next administration – and again, what Nelson is saying is completely right – we're going to be constrained with regards to funding. That's just a reality. So when we look at the region, we're going to have to make a little list of things that we can do and things that we just aren't going to get to. This is something that I think we should probably try to get to because it's very easy to sell to the American public. People don't want drugs in their neighborhoods. We have a demand problem as well as – we demand a lot because we use a lot, and then there's the suppliers. We need to have balance in that.

But one of the issues that I think is a big black hole right now, which could probably make a difference with countries in Central America and Costa Rica, is a third border initiative in the Caribbean. We need a much larger presence in the Caribbean. And I'm not saying we need to have lots of boats. Maybe we need a lot more intel agreements so we're sharing information so you can do the job when they pass your coasts and you can stop them. You're also going to need capacity, though. Where's that going to come from? Those are questions that we need to deal with.

We also have to deal with the other players that receive the drugs because now it's not just – the United States is not the only place where the drugs are going. It's not just Mexico, it's not just Central America. It's North Africa and it's Europe. And the Dutch are there. The Dutch should be ponying up a little bit because they don't want these drugs. The Spanish should also be ponying up a little bit because they don't want these drugs, and the Brits. And they're there. We have cooperative agreements.

But at the end of the day it's going to be that capacity-building that will empower you and other countries in the region to be able to do the job on your own. That's really what the focus should be. Do it yourself. But we need to help you do it yourself, and that's where I'm concerned that we're not going to have so much funding. So we have to figure out how we're going to do some of these things. That's a negative note that I'm giving you, isn't it? It's a realistic one.

AMB. DAREMBLUM: We thank you for having joined us this afternoon. Let's give a round of applause to our speakers.

(Applause.)

(END)