

**AMERICAN GRAND STRATEGY
FOR LATIN AMERICA
IN THE AGE OF RESENTMENT**

Gabriel Marcella

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Comments pertaining to this report are invited and should be forwarded to: Director, Strategic Studies Institute, U.S. Army War College, 122 Forbes Ave, Carlisle, PA 17013-5244.

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FOREWORD

President George W. Bush's trip to Brazil, Colombia, Guatemala, and Mexico in early 2007 underscored the critical value of a healthy Latin America to the United States as a global power. Latin America today is besieged by a powerful force of resentment engendered by a combination of weak states, social exclusion, criminal violence, and corruption. One consequence is the attack by radical populism against democratic values. In this context, the United States needs a new grand strategy that addresses the causes rather than the symptoms of the malaise. Dr. Gabriel Marcella argues that such a strategy must strengthen the effectiveness of the democratic state in providing security, justice, and governance, as well as effectively engender a linkage of the 40 percent of the population presently excluded from the social and economic benefits of democracy to the national and international economy.

Unless trends reverse, Latin American countries will be poor security partners and a continuing menace for international security. Dr. Marcella recommends imaginative courses of action for the grand strategy. The Strategic Studies Institute is pleased to publish this monograph, originally commissioned for the Institute's 2007 Strategy Conference, as a valuable contribution to the emerging debate on how the United States can forge stronger relationships with Latin American partners.


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GABRIEL MARCELLA is Professor of Third World Studies in the Department of National Security and Strategy at the U.S. Army War College. He has written extensively on American strategy in Latin America, civil-military relations, revolutionary warfare, the interagency process and national security, and recently on the Colombian conflict and the U.S. response. His most recent publication on Colombia was the monograph titled *The United States and Colombia: The Journey from Ambiguity to Strategic Clarity* (Carlisle Barracks: Strategic Studies Institute, U.S. Army War College, 2003). Dr. Marcella served as International Affairs Advisor to the Commander-in-Chief of the United Southern Command; has served on national study commissions for international terrorism, the Caribbean, and Central America; is a consultant to the Departments of State and Defense; and is a commentator in the printed and electronic media on U.S. strategy in Latin America. His current research focuses on the security dimensions of state building, American strategy in Colombia, and the interagency process.

SUMMARY

The fear that extra-hemispheric powers would strategically deny Latin America as a friend of the United States has animated American statesmen since the 19th century. Such fear certainly pervaded the Cold war competition. Today the challenge to the security and well-being of Latin America is neither ideological, nor military, nor external. Strategic denial is more likely to come about from a highly combustible blend of poverty, crime, despair, corruption, resentment, and antidemocratic sentiments that promise a vague 21st century socialism under new authoritarian clothing. The sentiments are sinking deep roots in the socio-political landscape, and they are profoundly anti-American.

This witch's brew is presently best understood in the case of the Andean countries, particularly Bolivia, Ecuador, Colombia, and Venezuela. They, along with Peru, are experiencing a crisis of democratic legitimacy, authority, and governance. The crisis in the Andean countries applies to much of Latin America.

The problem is compounded by the prevalence of weak state systems that are incapable of providing security, justice, and the benefits of democratic governance to the maximum number of people. The roots of the weak state syndrome are to be found in the persisting dualism of the formal state populated by the "haves" and the informal state populated by the "have nots." The two states are socio-spatially separated from each other. The 40 percent of the population that inhabits the informal state must be productively integrated into the formal state and into the global economy, or Latin America will continue to face crises

of authority, governance, and legitimacy.

The United States is the only power that can move Latin America in the right direction. Good things usually happen when the United States fully directs its attention toward Latin America. Accordingly, a new American grand strategy for Latin America is imperative. It must address simultaneously two challenges: strengthening the effectiveness of the democratic state, and enhancing the security and dignity of the socially excluded. Such strategy requires vision and new ways of thinking about holistic security. The unpleasant alternative for the hemispheric community will be poor security partners sitting atop a cauldron of accumulating resentment.

AMERICAN GRAND STRATEGY FOR LATIN AMERICA IN THE AGE OF RESENTMENT

The millions across our hemisphere who every day suffer the degradations of poverty and hunger have a right to be impatient . . . and I'm going to make them this pledge: The great goal of this country . . . is an Americas where the dignity of every person is respected, where all find room at the table, and where opportunity reaches into every village and every home.¹

—George W. Bush

LATIN AMERICA AND AMERICAN GRAND STRATEGY

President George W. Bush traveled to Brazil, Uruguay, Colombia, Guatemala, and Mexico in March 2007 to meet his presidential counterparts and promote a bilateral agenda focused on energy, trade, economic development, and immigration. This was his third trip to the region as president.

The stirring oratory in the epigraph above echoed equally noble sentiments expressed by American presidents since the 1960s. Presidential-level trips to the Southern Hemisphere are transcendental events, and this one could not have been more important. It signaled Washington's concern over the erosion of the American position within the region, where levels of insecurity and lack of governance made statesmen nostalgic for better days.²

The president's trip also underlined a central quality of U.S.-Latin American relations: good things happen

when the United States focuses its attention for the long term on the region. Despite the attention deficit brought on by war in the Middle East and Southwest Asia since September 11, 2001 (9/11), the American president sought to reemphasize the strategic importance of Latin America, once a laboratory for America's engagement with the rest of the world, and for the most part safely pro-American despite occasional turbulence. In the 1950s and 1960s, Latin America was the most advanced part of the Third World in economic terms. A long period of economic stagnation and decline has rendered Latin America less of a force in international affairs, while in recent years the problems of security and governance have cast a pall over the promise of democracy.

The fear of strategic denial has animated American statesmen since the 19th century, the fear that some extra-continental power (England, Germany, Japan, Soviet Union, with China now joining the list) would establish its power in the region at U.S. expense. Statesman George Kennan expressed this perspective with a dose of haughty disdain and crude realism taken shamelessly from Thucydides' account in the Peloponnesian wars in which the conquering Athenians lecture the hapless but virtuous Melians about the relative merits of realism and idealism. Kennan's words (with a pinch of Niccolo Machiavelli) are from a memorandum that he penned after a trip to Latin America in 1950:

It is important for us to keep before ourselves and the Latin American peoples at all times the reality of the thesis that we are a great power; that we are by and large much less in need of them than they are in need of us; that we are entirely prepared to leave to themselves those who evince no particular desire for the forms

of collaboration that we have to offer; that the danger of a failure to exhaust the possibilities of our mutual relationship is always greater to them than to us; that we can afford to wait, patiently and good naturedly; and that we are more concerned to be respected than to be liked or understood.³

He offered the Latin Americans a deal—respect for their sovereignty and independence, with a condition:

But you will appreciate that the payoff for this unprecedentedly favorable and tolerant attitude is that you do not make your countries the sources and/or the seats of dangerous intrigue against us, and that you recognize that relationships no longer governed by the sanction of armed force must find their sanction in mutual advantage and mutual acceptability.⁴

Today, Kennan would not need to worry about the “dangerous intrigue” emanating from Latin America. Whereas in his time the challenge was externally-driven communism that threatened to take advantage of poverty and authoritarian governments, the challenge now is a highly combustible blend of poverty, crime, despair, and antidemocratic sentiments with a strong admixture of anti-Americanism. The geopolitical differences between one era and the other could not be more stark. In the Cold War, the problem was both ideological and military. In today’s world, it is poverty and social exclusion in its many manifestations, including violence and a propensity for populist authoritarian solutions for the failings of the democratic promise.

American grand strategy has long grown accustomed to the geopolitical advantages of a friendly Latin America. Asymmetries of power and global responsibilities and differential levels of social,

economic, and political development between American society and the Latin Americans were nuances that could at times be subordinated to the pursuit of a common agenda. In the lexicon of military strategy, Latin America was always considered an “economy of force” theater because the United States had bigger geopolitical fish to fry. Accordingly, the common agenda included a balance of security and development, an equation which describes American grand strategy in the Cold War. That strategy found its application in the Alliance for Progress in the 1960s and 1970s so as to engender social and economic reforms to help inoculate the societies against communism. Communist-inspired insurgencies in the 1960s in South America and the 1980s in Central America were thwarted with significant U.S. economic and military support. The United States intervened with financial support to rescue the troubled economies of the region, notably Mexico and Argentina (although not in 2000-01, an important exception that damaged American prestige dearly). The last battleground in the Cold War was Central America in the 1980s.

After the collapse of communism, there was a sigh of relief that the United States and Latin America could finally take off the straitjacket of the East-West superpower struggle that was superimposed upon the relationship between Washington and countries to the South. We could now pursue a much broader common agenda that included democracy, development, and defense, unhampered by an East-West strategic imperative which did not always fit the perceptions of the Latin Americans. Washington’s Inter-American Dialogue, the preeminent forum for creative North-South thinking in the Western Hemisphere, captured this promising moment by publishing the 1992 report

Convergence and Community. The report supported the formation of a hemisphere-wide community of nations featuring democratic politics and market economics based on shared values and interests. In the 1994 Miami Summit of the Americas, presidents from all the nations euphorically promised to work towards economic integration. A new golden age of hemispheric cooperation was at hand.

Today, however, the hemispheric agenda faces immense challenges that this monograph explores. Two stand out: (1) a culture of resentment, and (2) states deficient in meeting the needs of the people. These two realities are making a number of Latin American countries less reliable security partners and adding a new interpretation to strategic denial. A third challenge, the penetration of the state and societal institutions by corruption from illegal narcotics, weakens the already weak state capacities. Compounding these challenges is that the United States is also a less reliable partner to Latin Americans because of a pattern of disengagement which, with the exception of a strong commitment to support Colombia, accelerated after 9/11.

THE CULTURE OF RESENTMENT IN LATIN AMERICA

A new specter haunts the world, that is, a powerful culture of resentment, a rage against the prevailing system brought on by social exclusion and persistent poverty. It takes on forms both political and criminal, running the gamut from authoritarian populism to extremist Islamist doctrines. Its appeal and its effects are magnified by globalization and modern communications. In Latin America, it favors short circuiting the rules of the democratic game

through direct action against private property and the institutions of public order. It can be an attack by *piqueteros* (street gangs recruited from the unemployed and tacitly supported by the government), or mobs threatening stores in Mar del Plata during the summit of the presidents of the Americas in 2005 as telecast to the world by CNN, or the social explosion among slum dwellers in Caracas in 1989 that helped bring the downfall of Venezuela's corrupt democracy, or gangs that operate with military skill in the *favelas* (shanty towns) of Rio de Janeiro or the jails of São Paulo, or the 100,000 members of *maras*⁵ (gangs) in Central America which have tentacles in the United States. They can be violent extremists who reject modernity, be they Muslim minorities in Western Europe, or the Taliban and al-Qai'da, or the destructive anti-globalization mobs in Seattle and Genoa.

The transnational culture of resentment is reshaping international security, creating alliances of opportunity between state and nonstate actors that cross borders. Much like revolutionaries and terrorists of the past, its members are motivated out of a profound sense of victimization by what they believe to be injustices perpetrated by some combination of capitalism, bad government associated with democracy, Western materialism, and modernity, and by the pervasiveness of American power, wealth, and influence. The sense of victimization needs an agent to make it politically powerful. In Latin America, that agent is authoritarian populism, which is always latent in the political culture of the region. The political strategy of Presidents Hugo Chávez in Venezuela, Néstor Kirchner in Argentina, Evo Morales in Bolivia, and to a lesser degree Rafael Correa in Ecuador, epitomize this tendency.

The culture of resentment merges with the inability

of corrupt and ineffective democratic states to deliver the goods. Democracy is a form of government where the governed hold the governors accountable through fair elections and rules of the game that should apply to all citizens. The right to govern is delegated by the people through an electoral process. That right is given conditionally, for the chosen ones must perform effectively and observe the rules in order to benefit the widest possible number of people. The mandate conferred by the people is called legitimacy. Thus, the first test of democracy is procedural legitimacy, that is, coming to power legitimately and employing it within the rules. The second test is substantive legitimacy: the ability and willingness to deliver on the promise of effective governance. These distinctions are critical in judging the performance of democracy in Latin America. Procedural democracy is not substantive democracy, but the substantive is not possible without the procedural, at least not for the long term. Nor is the first sufficient. Democracy needs a state with authority, capacity, and its own legitimacy, which derive from the ability to provide security, mediate conflict, and bring the benefits of economic growth to the citizenry.

The common wisdom is that the problems of democracies can be fixed by more democracy. But such advice applies better to advanced industrial democracies, which have efficient state systems with institutions that provide security, justice, and a variety of services that legitimate the institutions and procedures of democracy. Moreover, advanced democracies have not experienced the hyperinflation and levels of pauperization that afflict Latin American countries.⁶ Note these sobering data:

- Nearly 40 percent, 222 million people, of Latin America's population are poor.

- Half of those are extremely poor, earning a dollar or less per day.⁷ The merely poor earn \$2 a day.
- Some 130 million Latin Americans do not have access to clean water.⁸
- The percentage of slum dwellers declined marginally from 35.4 percent in 1990 to 31.9 percent in 2001, but grew in absolute terms from 111 million to 127 million.⁹
- According to Washington's prestigious Inter-American Dialogue, 50 years ago Latin America's per capita income was higher than that of Spain, Portugal, Eastern Europe, and most East Asian countries, but today it is much lower in each case.¹⁰

Continuing poverty drives Latin Americans to seek opportunity in the United States, Canada, and Europe. Nearly 60 percent of Mexicans have relatives in the United States, some 10 percent of the Guatemalan population have gone to the United States, between 2.5 to 3 million Colombians reside there, and 5 percent of Ecuador's population have transplanted to the United States and Europe. In 2006, \$63 billion were sent by emigrants back to Latin America from the United States in remittances, thus providing an immense injection of capital into the lower echelons of the societies they departed. These emigrants are typically ambitious, hardworking, and energetic, thereby greatly enriching the receiving society.

Advanced democracies have not experienced the levels of crime and violence seen in Latin America. According to the Inter-American Development Bank, per capita income among Latin American countries would be 25 percent higher if the region had a crime rate

similar to that of the rest of the world. To this loss must be added the cost of corruption to economic dynamism itself.¹¹ The desperate economic conditions of the large underclass and the criminal violence weaken the fabric of society and support for democratic procedural niceties. Violence is the principal cause of death for males between 15 and 45 years of age in Latin America. The violence, much of it lacking any political content, has engendered the proliferation of small arms, the privatization of security, and in some cases the more ominous extra-legal paramilitary forces that become enmeshed in killing and narco-trafficking.¹² There is also the corrosive influence of narcotics money that penetrates governments and institutions to further weaken the rule of law. Institutions can become so corrupted as to offer little resistance to international criminals who profit from drug consumption in the United States, Europe, and Asia, as well as Latin America itself.

The Chilean firm Latinobarómetro polls Latin American publics for trends in attitudes. The 2006 report found that 14 percent of Latin Americans believe that “civic rebelliousness” is the most effective way to change things. The figure reaches as high as 25 percent in Guatemala and 22 percent in Brazil. The Andean countries—which have a unique crisis of authority, legitimacy, and democratic governance—scored as follows: Bolivia, 18 percent; Peru, 22 percent; Ecuador, 13 percent; Colombia, 14 percent; and Venezuela, 11 percent.¹³ Support through all of Latin America for the linchpin of democracy, the judiciary, scored 38 percent (for “Good” and “Very Good”). For Andean countries, the figures were: Bolivia, 39 percent; Peru, 21 percent; Ecuador, 10 percent; Colombia, 53 percent; and Venezuela, 52 percent. The figures for support of

political parties (“Good” and “Very Good”): Bolivia, 21 percent; Peru, 30 percent; Ecuador, 9 percent; Colombia, 40 percent; and Venezuela, 44 percent.¹⁴ These trends, with only 9 percent of Ecuadorans expressing support for the prevailing political parties, are very troubling.

Much of the blame for the malaise lies in the weakness of the state, for example, inadequate public security forces, dysfunctional judicial systems, inadequate jails which become training schools for criminals, and deficiencies in other dimensions of state functions such as maintenance of infrastructure. The failings of putative democracies have added to the culture of resentment, a sense that all efforts to address the socio-economic failures throughout Latin America have not worked and apparently will not work. The resentment in turn devastates the legitimacy of democracy itself.

THE ANDES: WINDOWS TO THE LATIN AMERICAN CRISIS

It is a commonplace of Latin American studies that we should not generalize too much about very distinct countries. Nonetheless, the Andean countries collectively are a window to the region-wide crisis of authority, governance, and democratic legitimacy that is intensified by the culture of resentment. Much of what follows could be said of Mexico, Guatemala, Honduras, El Salvador, Panama, Hispaniola, Argentina, and Brazil. Without an effective state apparatus that delivers the benefits of security and governance broadly, democracy stands little chance of sustaining the support of the citizenry for the long term. There is, consequently, constant tension between democratic and authoritarian politics. Though this tension can be seen throughout much of Latin

America, it is profoundly present in Venezuela and Bolivia. Some of the tension is attributable to the rise to national prominence of indigenous (Indian) political movements, which demand full rights after 500 years of discrimination, and in some cases a socialism based on a return to ancient Indian community concepts. There is a battle between the defenders of democratic procedural legitimacy and those who want to dispense with obstructionist “procedures” so as to arrive at the promised land of socio-economic rewards more quickly. Democratic values face a powerful challenge from weak institutional support and the seductions of authoritarian populism and corruption.

Venezuela, Colombia, Ecuador, Peru, and Bolivia manifest, each in its own way, weak to ineffective performance by the state. This debility can be seen in the lack of security in the cities and rural areas; in weak, intimidated, poorly trained, or corrupt justice systems that allow impunity for criminals of all classes.¹⁵ It is equally evident in weak to nonexistent enforcement and regulatory capabilities and the incapacity to record binding legal titles to property. Finally, since “to govern is to tax,” taxation systems are poorly developed. Latin America’s tax burden (direct, indirect, and social security) of 16.6 percent of the gross domestic product is the lowest of any region of the world except Southeast Asia.¹⁶ By comparison, it is 29.6 percent in the United States and 41.5 percent in the European Union. Democracy is not cheap. It costs money to fund its institutions and the human talent to make them work.

Even the taxes collected in Latin America are not apportioned properly among competing priorities. Little goes to uplift the poor, and much is lost to corruption. Bribes perform the functions that budgeted

tax revenues ought to perform. Transparency International reports in its *Global Corruption Barometer of 2006* the prevailing necessity of paying huge bribes to obtain medical, legal, and tax revenue services. The amounts involved effectively shut out from services the 40 percent of the population who are poor and cannot obtain services legally or illegally. Transparency International also reports that 31 percent of the Latin America population has experienced demands for bribes by police.¹⁷

Finally, in all Andean countries to one degree or another, certain areas of the national territory are beyond government control, having become havens for international criminals to operate in. Serious ecological damage is also inflicted by illegal cutting of forests.¹⁸ Some 40 percent of Colombia, notably the southeastern part, is contested by illegal armed groups and the government. Similarly, the paramilitaries have been actively contesting space, people, and the narcotics market with the Fuerzas Armadas Revolucionarias de Colombia (FARC) and, to a lesser degree, the Ejército de Liberación Nacional (ELN). Ecuador, which is endowed with some of the world's richest biodiversity, featuring 18 percent of the earth's plant species and 18 percent of bird species, has a high rate of deforestation, a calamity attributable to a weak government unable to safeguard its own territory. According to the U.S. Agency for International Development (USAID), Ecuador lacks the "technical capacity, personnel, and the political will necessary to implement regulations aimed at protecting the environment. . . ."¹⁹

Ecuador is not alone. Massive environmental degradation affects the entire region, to include serious damage to the Amazon flora and fauna, as well as forests in the highlands. The environmental damage

is the result of slash-and-burn agricultural practices by subsistence farmers, as well the lack of equipment, expertise, and the legal and enforcement framework to control air and water pollution. It is also the result of chemical pollution from narcotics production and illegal logging. Deforestation is a serious challenge throughout Latin America and a compelling reminder of the weakness of the various states.

The human contradictions are so compelling that striking contrasts assail the eye. Whereas rural peasants and their counterparts in hovels that surround the cities may have the latest cell phones, potable water is not available to them. The massive demographic movement to the cities in the last 50 years has created a deformed urbanization for millions of people: the *barriadas* (slums) of Lima and the *favelas* of Rio de Janeiro that lack water, electricity, sewers, police, public health facilities, and schools. These environments are grim testimony to the absence of the state and are ripe for criminal violence and budding narcotics economies. Indeed, the laws of human community are creatively improvised by the inhabitants in a search for dignity, livelihood, and security.

Such disgraces diminish support for democratic governance and institutions. A report by the prestigious Commission of Andean Jurists based in Lima warned: "Many 'citizens,' especially in marginal urban areas and in the rural areas, begin to question the viability of democracy and its capacity to satisfy human needs. In some cases, the tendency is to search for governments with nationalist discourses, some radical and others with ethnic banners. Authoritarian options are not discarded."²⁰ To complete the circle, poverty and inflation in turn call into question the legitimacy of neo-liberal reforms proposed in the 1990s to open up

the economies to the incentives of competition and the rewards of globalization.

FRUSTRATION AND BACKLASH: *L'ETAT C'EST MOI?*

A growing backlash against democracy and neo-liberalism has been underway for more than a decade, with some leaders resorting to authoritarian methods to steer the ship of state through the tempest. The people of Venezuela, where today's per capita income has regressed to the levels of the 1960s, reacted against the disgraceful failures and corruption of their *partidocracia* (partyocracy as opposed to democracy). Accordingly, Hugo Chávez has taken over the state and uses the massive influx of petrodollars to conduct his highly popular *misiones* (or "missions"), which are income redistribution to the poorer classes. He has also expanded his power, allowing him to rule by decree *a la Louis XIV's l'etat c'est moi* (I am the state) because the compliant 100 percent *chavista* (Chávez supporters) legislature, for whose election the opposition refused to run candidates, gave him decree authority.²¹

Ecuador's anti-system President Rafael Correa, a critic of neo-liberal reforms who is deeply dedicated to the principle of social justice for the poor, won election in November 2006 without benefit of a political party (in order to distance himself from corrupt old-style politics) or support from any legislative bloc. He committed himself to rewriting the constitution and promised a vague "21st century socialism" to eliminate the enormous poverty and corruption that assaulted the country in the last generation. According to a Quito newspaper, Ecuador was one of the most corrupt countries in the world, in fact ranking 8th in

corruption out of 187.²² In early 2007, Ecuador was in the throes of a political crisis, with the government and opposition debating, with heightened passions and emerging violence, the appropriate legal procedures to promote constitutional change in order to steady a foundering ship of state. In April 2007, Correa won 82 percent of the votes cast for a constituent assembly to rewrite the constitution.

In these desperate contexts, there will be advocates of radical change. But radical change ordinarily requires working within the rules of democracy. Evo Morales is the first elected president of Bolivia of indigenous ethnic extraction. Riding a wave of popularity, in imitation of the authoritarian example of Hugo Chávez, he attempted in 2006-07 to rewrite the constitution to strengthen his power. But the move encountered strong resistance from the resource-rich eastern departments and the populous city of Santa Cruz. They insisted that constitutional principles be followed in any rewriting of the document. They thus availed themselves of the rules of democracy to block authoritarian tendencies, creating a political stalemate.

The authoritarian impulse is familiar and predictable. In the midst of social exclusion, corruption, and the declining legitimacy of democracy and traditional politics, leaders gather support for their domestic agenda by waving the flag to stir up popular resentment against perceived injustices as well as alleged threats from the outside. The injustice and threat often include the imagined machinations of *el imperio* (United States), the dislocations of the neo-liberal Washington Consensus²³ that emerged from the economic crisis of the 1980s (the Consensus advocated slashing government deficits, opening economies, and reducing government direct intervention in the

economy), and the new scapegoat, globalization.

Moreover, to accumulate even more power, they resort to the always popular tactic of imposing higher taxes on foreign-owned companies or nationalizing (or, in some cases, renationalizing) them, especially the highly salient hydrocarbons, which are fetching in the vicinity of \$70 or more per barrel in the global market. Nationalizations of hydrocarbons may be popular in the short term, but they later intensify the *rentier* state syndrome, i.e., heavy dependence on one product for tax revenues, which expands government bureaucracy, engenders corruption, concentrates excessive power in the executive, and may lay the foundation for authoritarian government. Moreover, it degrades the investment climate, dries up direct foreign investment, incites capital flight, and deprives the society of creative and efficient diversification of its economy.

Such expedients offer the prospect of immediate redistribution to the poor, but unless cautious professional management expertise is employed, they also lay the groundwork for inflation, spending sprees on foreign goods, expansion and inefficiency of government bureaucracy, marginalization of internal producers, and more corruption, followed by another cycle of crisis.²⁴ In the case of Bolivia, the renationalization of foreign-owned hydrocarbons and the imposition of higher taxes have intensified the rift between La Paz and the eastern provinces where the hydrocarbons are located. Indeed, secessionist sentiments are quite strong in those provinces, largely because of perceived authoritarian tendencies in La Paz and the reluctance by the eastern provinces to share their wealth.²⁵

Many countries in Latin America are experiencing the pains of “postdemocracy,” a term employed by

Uruguayan scholar Juan Rial to describe the populist authoritarian rage. He argues that the capacity of political organizations to incorporate popular demands has diminished and that there has been a deinstitutionalization of politics. These developments have resulted in loss of ground to populist leaders and to long-deprived voters who demand everything now. In Rial's words, "Maximalism is a constant temptation."²⁶ He equates the populist solution to the "magical realism" of "exclusion through inclusion":

Some governments behave in a way that is strangely paradoxical. They include the underprivileged but leave them permanently excluded . . . *exclusion through inclusion*. Examples of this kind of assisted mobilization include the "missions" of the Chavez regime in Venezuela and the Argentine "piqueteros." Some leaders have discovered that a highly effective way of succeeding in politics is to advocate the integration of excluded social sectors while, at the same time, keeping those sectors marginalized. Subsidies are handed out to enable social groups to continue doing what they have always done—protest over their social condition. This civic pressure, in turn, serves to legitimize those in power. Instead of vigorous, inclusive, and sustained development, what you end up with is a vicious circus/circle.²⁷

Rial might have added that you also end up with the politics of resentment and class warfare. He does not intimate how the region will come out of the era of "postdemocratic" politics.

THE STATE, NEO-LIBERALISM, AND DEMOCRACY

The modern democratic state has a number of obvious functions: to provide for national defense; public

security and justice; goods and services such as education, public health, and physical infrastructure; regulatory functions to ensure fairness in the marketplace; and protection for the needy. Citing criteria developed by the World Bank, Francis Fukuyama proposes a set of functions for the state arranged according to scope or reach, within a continuum of minimal, intermediate, and activist scope:²⁸

- **Minimal Scope:** Providing only the most basic public goods, such as defense, law, order, property rights, macroeconomic management, public health, and protecting the poor.
- **Intermediate scope:** education, environment, regulating monopoly, overcoming imperfect education, insurance, consumer protection, financial regulation, and social insurance.
- **Activist scope:** industrial policy, wealth redistribution.²⁹

Fukuyama differentiates scope from actual capacity to achieve those functions. Both are more useful measures than state strength. There is an obvious hierarchy: states must provide security before they can provide universal health coverage or free education. The rule of law is paramount. Milton Friedman, the architect of free market economics who had an immense influence on neo-liberalism, commented in 2001 that a decade earlier he advised countries moving from socialism to capitalism to privatize. He confessed that he was wrong: the rule of law is probably more basic than privatization.³⁰ Capacity, as well as quality, of state functions matter. For example, a state can have excellent internal security (e.g., Egypt) but cannot perform mundane functions like provide visas or

licenses quickly, nor, more importantly, provide potable water, education, public health, and electricity. Most Latin American countries—with the exception of Chile, Costa Rica, and Uruguay—score low on scope, capacity, and quality for all categories of state functions. We will see later that the reason for this is the unique two-state systems that characterize Latin American countries, the formal state for the haves and the informal for the have-nots.

The free market needs regulation in order to function effectively and fairly, or it will devolve to a form of “survival of the fittest,” a savage capitalism akin to Charles Dickens’s London or Upton Sinclair’s America at the turn of the 20th century. The attack against neo-liberalism as embodied in the Washington Consensus is founded on a half truth, the very powerful half truth that it did not decrease poverty. By the late 1980s, the state sectors of the Latin American economies had long been nurtured by the failed strategies of import substitution and state intervention. These were strategies born from the Marxist-influenced dependency school that dominated Latin American economic orthodoxy from the 1950s to the 1980s. State sectors had now grown large enough to be obstacles to growth, as well as sources of enormous corruption and administrative ineptitude. In the implementation of neo-liberal doctrines, there unfortunately emerged a “naked liberalism, untempered by social concerns,”³¹ where the rich got richer and the poor got poorer.

The other half of the neo-liberal story is the inconvenient truth that, to be successful, the free market strategy required strengthening the other functions of the state by implementing second generation reforms for the *minimalist* and *intermediate* functions (property rights, education, and basic

necessities such as running water, roads, credit, public health, sanitation, and housing, as well as regulatory functions) and improvements necessary to launch the economies into greater global competitiveness.³² The second generation reforms were largely not accomplished by the decisionmaking elites.³³ In this context, corruption within governments at times reached incredible heights, the reason being the lack of enforcement and regulatory capabilities. These deficiencies were in turn due to weak ministries of government, often with poorly paid personnel (an incentive for corruption) with the wrong skills, the lack of a professional civil service, weak and corrupt judicial systems, and legislatures that represented narrow interests. The lack of such capacities points to a critical dilemma in strategizing neo-liberal reforms. This dilemma echoes the earlier comments of Milton Friedman on the rule of law: that weak states could make the economy more efficient and productive by simply allowing market forces to operate was simply untenable.

Recent reappraisals of globalization focus on income inequality as the fundamental obstacle to economic growth and competitiveness among Latin American countries, such as Ecuador. Nancy Birdsall, of the Center for Global Development in Washington, argues that income inequality is a constructive force in developed economies dedicated to equal opportunity because it promotes hard work, initiative, innovation, and productive risk-taking. The opposite is true in developing countries, however, where income inequality is a destructive force because it favors the rich and "blocks potential for productive contributions of the less rich."³⁴ This dilemma results from unequal access to high-quality public education, lack of property,

inequality in land tenure, and weak governmental institutions that are unable to provide adequate public services to the poor. Birdsall recommends a strategy of “fair” economic growth that would target the 80 percent or more of the people in Latin America living on or below \$10 a day.³⁵

An expert at the Inter-American Development Bank who specializes in building the rule of law adds:

The prevalence of corruption is to some degree an expression of the weakness of the rule of law as a whole, but it calls attention . . . to the weakness of the state’s financial administration, poor policy designs, deficiently transparent expenditure systems, antiquated procurement and public accounting systems, poor regulatory capacity, an absence of clear rules regarding privatization processes, and weaknesses in the civil service.³⁶

To sum up the problems, a commonly used refrain is, “The macro economy is doing well, but the micro economy is not.” Today, democracy is taking a beating because of its association with the failed schemes of neo-liberal free market strategies. This brings to the fore an important debate about competing values. The concept of liberal democracy is profoundly ethical. It advocates justice, freedom, and liberty for the individual. Capitalism as an economic concept is at best ethically agnostic: It rewards risk-taking, hard work, and talent; it does not advocate economic equity for all the members of society. A case should be made that to be legitimate, modern capitalism in Latin America should provide a minimum level of equity and fair play for workers. Since the profit-seeking employers cannot be trusted on their word alone, the state should come in to provide incentives to employers, enforce

regulations, and arrange an economic safety net for the least able and least competitive. The intervention of the state comes at the price of some individual freedom, but the price is worth it for the common good, for democracy, and for freedom in the long term. This enormous undertaking requires an effective state with regulatory and enforcement functions, precisely the requisites missing in most Latin American countries.³⁷

COLONIAL LEGACY AND THE TWO STATES OF LATIN AMERICA

What accounts for the weakness of the state in Latin America? The Latin American states emerged from 3 centuries of imperial rule by Spain and Portugal. Neither Spain nor Portugal penetrated fully the vast geography of the Americas with their institutions of government. Distance from the metropole mattered. Despite the centralizing tendencies of Spanish policy. It allowed, for distance diluted the impact of imperial control. It allowed, for example, the *obedezco pero no cumplo* (the legal formalism, "I obey but do not comply") response to the well-intentioned, utopian, and at times casuistic quality of imperial legislation that the distant Council of the Indies promulgated from Seville for Spanish colonies. Distance and the vast and difficult geography of Spanish America gave rise to strong regionalist tendencies and, with few exceptions, tolerance for weak administration. In fact, when the Bourbons attempted to improve the efficiency of imperial administration in the 18th century in order to collect more taxes, the movements for separation from Spain gained momentum.

The genius of Spanish imperial administration was to govern via the triumvirate of the Crown, the

Church, and the aristocratic dispensation to the upper class in the colonies. It planted functional institutions that ensured 3 centuries of peace and security, as well as a closed mercantilist economic system based on extractive industries and an immobile land tenure system tied to a stratified society. The silver and gold produced by the mines of Peru and Mexico helped enrich Spain in the 16th century and fed the capitalist revolution in Europe. But the economic system also impoverished Spain later and deprived Spanish America of economic dynamism. Independence did not change the fundamental character of the stratified colonial society. Indeed, feudal residues like the large estates (*haciendas*) and a legal system that favored the powerful as it tried to protect the humbler classes survived well into the modern period. The native-born creoles simply succeeded *peninsulares* (those born in Spain) in power, leaving the corporatist feudal power structure largely intact, to include the aristocratic dispensation and elite government.³⁸ Authority resided in strong executives and weak parliaments.

The states that emerged did not expand their capabilities or their tax collection, often relying on export tariffs and foreign loans to pay for running the government. The state grew marginally as the result of social and economic pressures in the 1920s and 1930s to establish elements of the welfare state and again after World War II. The contradictions of scope versus capacity can be seen in modern constitutions. For example, the Brazilian document of 1988 and the Colombian of 1991 are monuments to utopian political theory that advocates great scope for the state, a scope that, in providing governance to the maximum number of people, is beyond the state's capacity.³⁹ They are aspirational in the same sense that Spanish imperial

legislation for the colonies was utopian and casuistic, imbued with the formally impressive but ultimately and practically specious notion that problems can be solved with more and better codified norms, no matter the ability of the judicial system to enforce them.

At the turn of the 21st century, Latin American countries have essentially two states within their boundaries: the formal and the informal. They are separate entities often walled off from each other, though they interact with the informal state supporting the other. The formal, or official, state occupies ministries, collects taxes, makes the laws and tries to enforce them, claims national sovereignty, and conducts diplomacy. It exists basically to meet the needs of the people that have money and power. If those people do not have their needs met by the government, they can provide them through their own means or through networks of friends. The rich, for example, can send their children to the best schools at home or abroad. The rich can afford private security in the midst of pervasive insecurity. From this class will emerge the political, intellectual, and business leaders. The emerging middle class will not tamper with this arrangement because it hopes to become part of it.

The informal state consists of the 40 percent of the population described earlier: the urban and rural poor. It is much poorer than the formal state, has different racial features, and has little capacity to represent itself internationally, except in negative ways. Herein the laws of the formal state do not apply, the police rarely enter. It has its own laws, although the search for human community helps promote forms of constructive solidarity. The informal state is in the *favelas*, the *barriadas*, the *barrios*, and other variously named shanty town and slum fringes and pockets

of the large cities. These environments are no longer the happy romantic settings depicted in the classic Brazilian film *Black Orpheus*, but something far more dehumanizing. Here criminals compete for turf, as narcotics corrupt and generate violence.

This is the world of gangs at large, children sniffing glue, the indigent rummaging in trash dumps. A parallel narcotics state with its own rules is emerging, with tentacles reaching from the cocaine economies of Colombia, Bolivia, and Peru to consumers worldwide. Narcotics transit countries such as Ecuador, Brazil, Venezuela, Mexico, and elsewhere in Central America and the Caribbean countries, are all part of this universe. Life is for the most part short, nasty, and brutish; the murder rate is high, diets are insufficient, disguised unemployment is high, and access to education is marginal at best. Here the social exclusion will be generational because blockages to vertical mobility are almost insurmountable. These environments generate resentment, crime, and a permanent threat to the formal state, whose legitimacy is practically denied. The informal state is especially large in Mexico, in much of Central America (except for Costa Rica), on the island of Hispaniola, and in all of South America except for Chile and Uruguay.

In the informal state, we can see the complete failure of the formal state. Of Guatemala's 12.3 million people, more than one million children under the age of 5 suffer from chronic malnutrition, according to the United Nations Children's Fund (UNICEF). An estimated 80 percent of Honduras's population of 7 million is poor, of which 3.7 million are children, with 2 million living in poverty. This is where hundreds of children called *pepenadores* pick through trash dumps to find chicken bones in order to survive. Street children (*chicos de la*

calle) roving in packs can be seen in many cities, even in rich Buenos Aires, where they are called *ranchadas*.⁴⁰ Some of the vacuum left by the state is filled by church and nongovernment organizations that lend a charitable hand. Lamentably, in most countries, such exclusion is considered a natural part of the landscape.

WAR, STATE FORMATION, AND LATIN AMERICAN EXCEPTIONALISM

A comparison of the evolution of Latin American states with that of European states will help illuminate other crucial dimensions of the weak state. In brief, Latin American states were deprived of the European experience of state formation. European states are the happy consequence of a long-term process of preparing for and making war against other European states, and later of colonial efforts. This is the bellicist theory of state formation about which Charles Tilly has written extensively.⁴¹ As European leaders (kings and, later, democrats) prepared to take nations to war from the 16th century onwards, parliaments and citizens resisted taxes and recruitment into armies. The contest between the governors and governed resulted in restraints on the central government's ability to tax people, recruit soldiers, and make war.⁴²

The enterprise of preparing for national defense and making war required not only taxation, but communications, diplomatic and intelligence systems, roads, pension systems, industry, logistics, national mobilization (e.g., the *levée en masse* in revolutionary France and later conscription among all of the European states), and nationalism itself, as well as systems of command and control. It also required civil-military

relations that conducted oversight into matters of national defense. Thus national necessity – survival – helped forge the modern state system of Europe. Similarly, the modern American state emerged from the Civil War, and expanded significantly after World War II, with the National Security Act of 1947 and the growth of America’s global role.

Latin American countries today generally lag behind modern democracies in structuring the “strategic state” endowed with the capability to integrate all the instruments of national power in a cohesive manner in pursuit of the public good at home and the national interests in a competitive regional and global environment. They also need the supportive system of cooperative civil-military relations. In modern democracies, civilian defense ministers, in concert with the executive and the legislature, exercise control over the armed forces through such devices as authority over the defense budget, military strategy, operations, and personnel assignments and promotions. Latin American defense ministries, in contrast, are often weak or even dysfunctional, with ministers subordinated to the senior commanders of the armed forces. Moreover, professional civilian defense personnel are scarce in the ministries. Similarly, legislatures are poorly disposed to conduct informed oversight over public security and defense matters.⁴³

Such anomalies impede societal engagement in civil-military dialogue, and render shared responsibility and ultimately effectiveness in national defense and public security problematic. Parliaments are weak in conducting oversight of military and defense affairs. The democratic dialogue on national defense within civil society is especially weak.⁴⁴ For example, note the remarkable strategic innocence about Colombia and

regional security in the following consensus statement by civilian participants in the Andean Forum of 2004 in Quito:

Plan Colombia was originally conceived by former President Pastrana to have three consecutive steps: pacification, eradication of drugs, and demobilization of guerrilla soldiers. However, these objectives were inverted after September 11 with the main focus placed on demobilization of guerrilla soldiers, [thus] supporting [a] hard line in Colombia. Unable to process internal demands, the regionalization and their solutions [have] found governments hard pressed to adapt and respond to evolving external challenges.⁴⁵

Even assuming that this confused characterization of *Plan Colombia* was correct, why are governments “hard pressed to adapt and respond”? State weakness is part of the answer: people have come to expect less of their dysfunctional governments rather than more. Another must be that the civil-military dialogue on national defense lacks strategic realism as well as information. Moreover, the commonly-held Clausewitzian notion that power must be employed only for political ends is poorly understood in Latin America, although many pay lip service to it.

Applying the bellicist theory of state formation borrowed from Europe, Princeton University professor Miguel Angel Centeno asserts that the limited nature of Latin American wars, the colonial legacy of *uti possidetis* (the right of possession of territory) for national boundary delineations, regionalism and difficult geography, and the societal context such as ethnic and elite divisions, made warfare less of a consolidator of states than in Europe.⁴⁶ The *fuero* system (special legal privileges for the military) also had an impact in isolating the military from society, depriving emerging

interministerial decisionmaking systems of integrative potential. Consequently, Latin American states did not develop a full panoply of military power, the supporting political-military culture, the institutional capacity for war, and the characteristic decisionmaking processes – in short, the aforementioned strategic state. And perhaps because of the highly political nature of low-intensity internal conflicts, neither have they developed smooth national civil-military interaction to handle high-level questions of national defense and public security.⁴⁷

The Andean countries discussed below are in a sense unfinished states, whereas the strategic state is one in which a “significant majority of a country’s population acknowledges the legitimacy of ruling systems and especially the rules that determine how rules are supposed to change.”⁴⁸ Since the European pattern of state formation has little applicability in Latin American countries, they will have to devise other ways to achieve a similar degree of political and economic integration. Unless they do so, they are condemned to a continued future of division into two states.

Ecuador: Between Hope and Contradiction.

The weak state and weak democratic governance have enormous implications for regional security and for the United States.⁴⁹ The conduct of foreign policy is the expression of the state’s national interests in the competitive international system. National interests comprise four mutually supporting categories: defense of the homeland, economic well-being for the citizenry, international order, and promotion of values in the international system such as democracy and

human rights. Ideally, all states maximize the pursuit of national interests which benefit the people of the nation. Some states do well and others less so. Much depends on the aggregate of soft and hard power, the quality of leadership, the quality of a nation's diplomacy, domestic support, and the ability to build alliances with other states based on common values. Such alliances help small states amplify their power, while helping larger states legitimate theirs.

Moreover, all states benefit from international order, to include the security of international borders and cooperation in deterring and apprehending cross-border criminals and in dealing with the multitude of threats to international security. These considerations are even more important today, when legal and illegal nonstate actors practically render inoperative the Westphalian concept of sovereign entities interacting at the state level. Globalization is also forcing nations to be more economically efficient in order to engender economic growth.

Ecuadorans have had an especially difficult political and economic time recently. In the past 10 years, the country has had eight presidents, corruption has rooted deeply, poverty has increased, and a strong indigenous political movement has developed to question traditional politics. Democracy has been deeply delegitimated by the political class. At the same time, Ecuador has become a significant player in the international struggle against the illegal narcotics economy, literally a front-line state and an ally of the United States by virtue of its position as a transit country for cocaine, dirty money, drug-precursor chemicals, and contraband weapons, as well as providing rest and recreation venues for Colombian narco-traffickers and terrorists.

Into this troubled context enters President Rafael Correa. He is a distinguished economist, with a doctorate from the University of Illinois, who was chosen president in the impassioned election of November 2006. He brought new energy and ideas to the task of governing Ecuador. His policy priorities were to increase investment in social issues; uplift the poor, thereby increasing Ecuador's social capital; and generate development in order to reduce what Correa calls "dependence and vulnerability" to foreign sources of funding. He also called for a constitutional convention to rewrite the constitution and develop a new political system that would be responsive to the needs of the people.

At the same time, much like his recent predecessors, he fulminated against *Plan Colombia* (full name: *Plan Colombia: Plan for Peace, Prosperity, and the Strengthening of the State*) as being warlike, in part because there is little consensus within Ecuador's fractured polity about the complex Colombian security problem. Ecuador is deeply affected by the spillover of the Colombian conflict. The country is also a contributor to Colombia's difficulties by being a transit area for the illegal narcotics economy. To be fair, Ecuador has received some 250,000 Colombians displaced by conflict or seeking jobs after losing their coca plants to eradication. And Ecuador is correct in requesting that Colombia assist in taking care of its refugees in Ecuador.⁵⁰

Ecuador's foreign policy towards Colombia has been ambivalent. It is difficult to see how ambivalence benefits the citizens of Ecuador. Though Colombia is Ecuador's second largest trading partner and relations have been cordial, *Plan Colombia* and its comprehensive sequel, the plan for *Democratic Security and Defense Policy*,

are either misperceived or misrepresented in Ecuador as a military plan that somehow threatens Ecuador. The purpose of those plans is to strengthen democratic community and the effectiveness of the state, applying a large nonmilitary component in resources.⁵¹ It aims to strengthen democratic community by eliminating the illegal drug economy and its attendant violence and corruption, by extending the legitimate presence and services of the state (such as security, the rule of law, education, economic reactivation, infrastructure, communications, and medical service) to the people across the national territory. At the same time, Colombia aims to integrate the marginalized people of the cities and rural area into the national community.

There is a remarkable symmetry in public statements: Ecuador considers *Plan Colombia* a threat, whereas Colombia considers narcotics a national security threat because terrorists obtain their money from the international narcotics economy to conduct war against the Colombian state and the people. The Ecuadoran government refuses to call Colombian terrorists what they are, politically preferring to refer to them as “irregular forces.” This is a serious error in the eyes of Colombia, the United States, and European countries, however. They refer to the three major threatening groups in Colombia—the FARC, ELN, and the paramilitaries—as terrorists, and therefore criminals.⁵² Ecuadoran governments have also objected to Colombia’s use of glyphosate (commercially known as Roundup) in spraying coca plants in southern Colombia, alleging that the mixture drifts over the San Miguel and Putumayo rivers (which define most of the border), harming plant and animal life within Ecuador. These charges are deemed credible in Ecuador despite the findings of an international team of scientists

working for the Organization of American States (OAS) that the diluted glyphosate did not present a “significant risk” to animal and plant life in Ecuador.⁵³

President Correa took the case to The Hague to seek damages “for the unilateral bombardment with glyphosate on the border.” Correa also ordered the air force to interdict Colombian and American aircraft that violated Ecuadoran airspace, though this order merely confirmed standing rules of engagement. Press commentary in Ecuador suggested that Correa’s saber-rattling and acting tough on Colombia and in promising not to renew an agreement for the United States to use Manta Air Base for counternarcotics reconnaissance flights were tactics designed to strengthen his political base. Others suggested that the flareups between the two countries occurred because Colombia, the bigger country, was insensitive to Ecuador. They argue, for example, that Colombia had agreed in January 2007 to inform Ecuador in advance of spraying, while later Colombia resumed without notification. Additionally, in the past there have been incidents of hot pursuit of terrorists by Colombian armed forces into Ecuador.

With these dissensions as background, the Correa government announced plans in April 2007 to establish an analogous *Plan Ecuador* to help strengthen security on the northern border with Colombia (590 kilometers) through economic and social development. *Plan Ecuador* appears to recognize that the absence of a state presence on the border is the problem, much like it is on the Colombian side. Such wisdom may be the basis for fruitful cooperation between Ecuador and Colombia in the future. In keeping with previous administrations, Correa reasserted the nationalistic commitment not to renew in 2009 the bilateral agreement with the United States that gives American surveillance aircraft

the right to operate out of Manta to interdict drug shipments.⁵⁴ He complained that it violates sovereignty, even though traffickers and arms smugglers regularly violate Ecuador's sovereignty. Those flights, covering 60 percent of the Pacific maritime territory from Mexico to Peru employed by traffickers, helped interdict some 275 tons of illegal drugs in 2006.⁵⁵ Furthermore, Ecuador is a transit country for illegal weapons entering Colombia, for precursor chemicals, and for dirty money.⁵⁶ The adjoining Colombian departments of Putumayo and Nariño are theaters of intense coca cultivation, wherein the Colombian government is also trying to eliminate the FARC, the ELN, and the paramilitaries.

Ecuador's decisionmaking elites should understand that peace and democracy in Colombia benefit Ecuador and other countries in Latin America, Europe, and North America, and that the struggle against the international narcotics economy is a responsibility shared by producer, transit, and consumer countries.⁵⁷ It is in the interest of Ecuador to sustain a coherent counternarcotics policy while reforming and building an effective democratic state. The two goals are mutually reinforcing and should be employed to modernize the weak state. Whether Ecuador will be a reliable partner in defending the principles of international order while at the same time building a responsive state, remains to be seen.

Colombia: Building a Democratic State in Wartime.

One nefarious result of the comparatively "long peace" in Latin America is weak tax collection systems and inattention to ungoverned space. Without taxes, central authority is not enforceable, and order becomes

problematic. Commenting on Colombia, Los Andes University (in Bogota) scholar Ann C. Mason states: "Where there is no authority, citizens do not accept a state's rules and institutions as rightful, and the operative mechanism of compliance becomes fear of the state's power to punish."⁵⁸ Colombians, for example, having one of the most formidable geographies in the world and lots of ungoverned territory east and west of the Andean intermontane valleys, have shown in their history a remarkable proclivity for small and weak central government, de facto ceding major portions of the extensive and difficult national territory (estimated as high as 40 percent) and international borders to an assortment of autonomy movements (in the 19th century), criminals, contrabandists, narco-traffickers, paramilitaries, and insurgent terrorists.

Because government security does not reach all the national territory and population, regimes of de facto authority arise under the control of terrorist and criminals who provide a semblance of order, but who also make war against each other and the people of Colombia, further depriving the state of the requisite monopoly over the means of violence. Only under Presidents Andrés Pastrana (1998-2002) and Alvaro Uribe (2002 to the present), has there been a sustained effort to raise tax revenues in order to supply capital for public security forces (armed forces and police), as well as provide money for reconstruction and development in conflicted areas, thereby extending the legitimacy of the state to neglected populations and insecure areas. Tax revenues are still not enough to support the government's commitment to badly needed social investment. Ominously, some analysts argue that the 2006 tax reform would have been more extensive if not for the blockage by paramilitary influences in the

legislature. Paramilitary elements do not want more effective Colombian state governance.

In the last 5 years, the defense budget was increased from one of the lowest in the world for a nation at war (from about 1.9 percent of the gross domestic product [GDP] in 2000 to 3.28 percent in 2005). The increase allowed police to be stationed in all of Colombia's 1,099 municipalities, while the armed forces enjoyed a parallel expansion (from 295,000 in 2002 to 375,000 in 2006) in order to undertake offensive operations against the terrorists, the paramilitaries, and the narco-traffickers, reestablish security in large portions of the cities and rural areas, improve border control, and bring the services of the state to marginalized areas. The technical advice and the comprehensive economic and military assistance of the United States through funding, equipment, and training assistance for *Plan Colombia* have been crucial to Colombia's success. In December 2006, the Colombian government approved a 4-year "wealth tax" on the richest citizens and businesses. This would bring in an estimated \$3.7 billion during the period 2007-10. The money will be used primarily to buy equipment for the armed forces.

By 2007 Colombia had made significant progress in achieving greater security over the national territory. Though the process was far from complete, some 30,000 illegal paramilitary forces accepted demilitarization and demobilization.⁵⁹ FARC, the main insurgent terrorist group that contests the government for territorial control and authority, was on the tactical defensive. Approximately 10,800 FARC combatants remained in the organization, down from an estimated 16,800 in 2002.⁶⁰ Accordingly, in 2007 the capability of the Colombian state had improved substantially. There

was more security around the country and more reach by the government, while the economy was growing at a healthy rate. The demobilization of the paramilitaries as well as many FARC fighters demonstrated the greater reach of the state.

The government's *Democratic Security and Defense Policy* plan had a number of objectives: restoring greater police presence across the nation; increasing judicial action against high-impact criminals; strengthening the effectiveness of public institutions; reducing human rights violations; dismantling terrorist and narcotics trafficking organizations; reducing kidnappings, extortions, and homicides; preventing displaced people from becoming lost persons and reintegrating those that were displaced; and fighting the drug trade via interdiction, eradication, and judicial action. The results in the past 5 years are impressive: an 80 percent reduction in kidnappings and a 40 percent reduction in homicides, with a murder rate in 2006 that was the lowest in 2 decades. However, while 2.2 million Colombians were lifted from extreme poverty, 62 percent of peasants still do not have enough income to meet their minimum needs.

The improvements resulted from increased investment in public security, the army's improved performance in pursuing terrorists, superior political leadership, better citizen cooperation, and social investment in improving employment opportunities for youth.⁶¹ Colombia's ambitious program of state building will take time, resources, and creative leadership. Despite the enormous progress, in 2007 Colombians were still working hard to build a more effective state, a state that was still far from exercising the monopoly of force and providing justice and democratic governance for its people. Indeed, the

influence of the paramilitary forces in regional, local, and national government remains strong, despite the levels of demobilization described earlier.

Venezuela: Militarized Authoritarian Populism.

The political class of Venezuela in the last three generations squandered the petroleum bonanza through corruption, mismanagement, and an inability to effectively sow the seeds of oil wealth for future generations. These collective failures laid the groundwork for delegitimizing democracy, the social explosion (*caracazo*) of 1989, the unsuccessful military *coup* attempts of 1992, and the eventual collapse of the status quo with the rise to power of Hugo Chávez in 1998 through the very mechanism of democracy that he despised. He was reelected in 2006 for a 6-year term, though the heavily tilted playing field did not favor procedural legitimacy.

The irresponsibility of the political class can also be seen in the evolution of Venezuela's civil-military relations. To control the armed forces within a democratic context and develop a military strategy, civilian leaders did not employ democratic techniques of professional oversight enriched by professional expertise in military and defense affairs. Instead, they exerted control over the military officer corps by means of manipulative divide-and-conquer tactics. Moreover, as Venezuelan democracy became deligitimated in the 1980s and 1990s by inept application of neo-liberal policies, by corruption within the traditional parties, and by the massive poverty in the underclass, there emerged the foundation for the deinstitutionalization of democracy and the establishment of a militarized authoritarian populist regime controlled by Chávez, a

regime which has some of the attributes of democracy except for a level playing field.⁶² The military officers (including Chávez) who acted against the state in the two *coup* attempts of 1992 were motivated by a deep sense of social injustice and a conviction that civilian leadership was leading the nation to ruin.

The powerful lesson to be drawn is that civilians must take seriously their responsibilities for democratic control of the military because security and governance go hand in hand. Venezuela in 2007 is a personalistic and militarized authoritarian system that retains dwindling outlets for democratic pluralism. The contradictions of a populist dictatorship masked as a procedural democracy is sustained by copious amounts of petrodollars that yield inflation, corruption, class conflict, and a high potential for violence.⁶³ That is the lamentable price being paid for decades of incompetence and corruption by the governing class, which forged a state system based on oil, patronage, and marginalization of the vast majority of the population.⁶⁴ As a *chavista* supporter in Caracas stated, "Democracy doesn't give us food, the government does."⁶⁵ The *chavista* policies are creating a new dependency between the people and the government, as well as class warfare that appears to be far more intense than what Argentina experienced with the Peronist movement from the 1940s until modern times. Another resident of Caracas said, "They have cultivated hate between those who have nothing and those who have something, and whoever has an old car is an oligarch."⁶⁶

In foreign policy, Chávez is taking the culture of resentment to new heights. He has an expansive petro-diplomacy designed to magnify his international presence, create a counterpoise vis-à-vis the United

States, and exploit nationalism to solidify his Bolivarian revolution at home. To expand regional influence, he bought Argentine foreign debt bonds; is selling discounted petroleum to people in Boston, London, Nicaragua, Cuba, and other Caribbean destinations; and co-founded a television network (*Telesur*) to compete with CNN while disseminating news of the dispossessed in Latin America. He is also providing assistance to Evo Morales's Bolivia and Correa's Ecuador, and searching for allies in the Middle East such as Iran. Contrary to alarmist reports, there are serious limits to *chavista* influence in Latin America.

Chávez's standing is not high among the Latin American governments. He has managed to offend a number of them with his rhetoric and deeds, but his standing is high among members of the culture of resentment. For example, he has made an alliance with *piqueteros* in Argentina, and developed a strong trading relationship with that government. A remarkable event of international solidarity was scheduled to coincide with President Bush's visit to Uruguay in March 2007. Chávez employed the diplomatic hospitality of the Néstor Kirchner government there to address an audience estimated at 30,000 *piqueteros* and an assortment of people on the left in Buenos Aires, attacking the United States. Some 300 Venezuelan military officers were on hand to help organize the rally. An Argentine columnist noted about this unprecedented event: "A president lending his country to another president to speak badly about a third president."⁶⁷ A Spanish commentator referred to "Buenos Aires, capital de Venezuela."⁶⁸ One scholar argues that Argentine society is uniquely receptive to the resonations of *chavismo* because of the resemblance to *peronismo's* appeal to the shirtless ones (*descamisados*),

and because, moreover, empathy for Chávez is not the same as sympathy for the Bolivarian Revolution.⁶⁹

Venezuela's small population and transitory unidimensional power cannot compete with the United States. While the March 2007 event in Buenos Aires might have offended good taste, as well as Argentine sensitivities about their sovereignty, Chávez's highly political philanthropic petro-diplomacy arguably benefits the United States and the region because it improves the well-being and purchasing power of the beneficiaries, though at the price of spreading the culture of resentment and subordinating the national interests of the Venezuelan people to the politics of Chávez.

The other dimensions of *chavista* strategy are less benign. Perhaps the biggest concern petro-diplomacy raises is the large weapons purchases from Russia: 24 *Sukhoi* fighter jets, 50 transport and attack helicopters, and 100,000 *Kalashnikov* assault rifles. These weapons have little relationship to Venezuela's defense needs. They could destabilize the regional arms balance or be used to support insurgent movements in the Latin America. In the past, the Chávez government tacitly supported the FARC in Colombia, and Venezuelan ammunition has been detected among FARC units. The appeal of *chavismo* to the underclass in Latin America will also continue to challenge leaders who prefer the democratic approach to resolving social and economic development instead of rhetoric and endless mobilizations.

Under Chávez, Venezuela has become an ineffective partner in the struggle against narcotics. Chávez expelled the U.S. Drug Enforcement Agency and does not allow American drug reconnaissance flights over Venezuelan territory. The Department of State

reported in 2007 that some 200 metric tons of narcotics transit through Venezuela each year because of lax enforcement and corruption.⁷⁰ Moreover, because of the “permissive and corrupt Venezuelan environment and the success of *Plan Colombia* . . . traffickers have set up operations to transship illicit drugs through Venezuela to the eastern Caribbean, Europe, Africa, and the United States.” Corruption plagues Venezuela. The Department of State report noted:

Venezuelan security forces often facilitate or are themselves involved in drug trafficking. Press and intelligence reports suggest that, within the security forces, the most likely to be involved are the special counternarcotics units of the National Guard and the Federal Police. . . . In 2006, a plane and part of its crew were seized in Mexico with over five MT [metric tons] of cocaine packed in 128 suitcases. The plane’s flight plan revealed that it had traveled directly from Caracas’ Simon Bolivar International Airport at Maiquetia. Sources revealed that the National Guard in fact had loaded the suitcases while it sat on the tarmac at Maiquetia. Security forces at the airport routinely take bribes in exchange for facilitating drug shipment. Seizures are most likely to occur when payoffs have not been made. Also, there is evidence that even when seizures occur, the drugs are not always turned over intact for disposal, and seized cocaine is returned to drug traffickers.⁷¹

Similarly, Venezuela has a poor human rights record, with increasing attacks on the free press, foreclosure of avenues of expression for opposition voices, and impunity for *chavistas*. In sum, Venezuela appears to be moving in the direction of consolidating a peculiar blend of militarized populist and personalist authoritarianism, institutionalized instrumental anti-Americanism, a haven for corruption and international narcotics trafficking, grandiose imperial schemes,

administrative incompetence, and inability to control its national territory.

Primitive Venezuelan “21st century socialism,” which enjoys a virtual free trade agreement with the United States since we buy most of its oil, has limited attraction to those states looking for a strategy for economic development.⁷² This is because the strategy’s economic thrust is to keep the population dependent on government handouts, not for genuine economic development. An anti-democratic, deeply anti-American Venezuelan state that de facto supports drug trafficking is thus a growing problem for regional security and the United States. In the meantime, the highly politicized culture of resentment and class warfare could have a disastrous impact on the Venezuelan people. *Chavismo* and “21st century socialism” suffer from a potentially fatal internal contradiction. People who rise above their humble station through the largesse of the state will begin to question the system of mobilization, of dependency on the state, and of authoritarianism. The questioning should help to delegitimize the system and bring about demands for freedom. Moreover, the politicization of the armed forces plants the seeds for discord in civil-military relations.

Bolivia: Between Democracy and Authoritarianism.

Bolivia is the poorest and least integrated polity in South America, with a historically weak state. An unforgiving geography magnifies strong regional and ethnic divisions. Moreover, Bolivia has the largest proportion of Indians in the population of all countries in South America. For centuries they have felt exploited by the whites and *mestizos* (mixed Indian and White)

who ran the country. As Félix Patzi Paco, an Aymará Indian who is also Minister of Education in the Morales government, states: "The white man has always had all the privileges and all the protections of the state. The state built the bourgeoisie on a racial basis, and the Indian population has been considered inferior, excluded, subordinated, and fundamentally assigned as the working class."⁷³

The western highlands have been the traditional center of political power, while the five eastern departments of Pando, Beni, Santa Cruz, Chuquisaca, and Tarija recently overtook the west in terms of economic contribution to the GNP. Evo Morales (also an Aymará Indian) was elected President in December 2005 with a strong mandate to govern effectively and promote social and economic reforms that would benefit the Indians. Morales, a former llama herder who made his fame as a *cocalero* (coca grower) leader (he remains leader of *cocalero* unions), set about making good his vision of "refounding the state," concentrating more power in the central government, eradicating neo-liberalism from the economy, and nationalizing natural resources, particularly hydrocarbons. Bolivia has large deposits of gas that are critical to the economies of Brazil and Argentina.

Moving quickly to solidify relations with Cuba and Venezuela and distancing himself from the United States, Morales nationalized some of the foreign hydrocarbon operations, a move well-received domestically because of the national symbolism and the doubling of government revenue from the hydrocarbon sector that ensued. But his dalliance with Cuba and Venezuela gave his opposition further reason to distrust him. The effort to refound the state through the convening of a constituent assembly

(the approach used by Chávez and being prepared for adoption by Correa in Ecuador) to rewrite the constitution has met serious opposition. His political movement, *Movimiento al Socialismo* (Movement to Socialism [MAS]), is not technically a political party but rather an ad hoc collection of various similarly motivated groups. It did not achieve the critical two-thirds legislative majority necessary to change the constitution to set up what opponents feared would be an authoritarian state along the lines of Venezuela. Accordingly, he attempted to have the legislature pass enabling legislation for a constituent assembly with a simple majority. The opposition stood firm, and the prosperous eastern departments threatened to secede if the principle of a two-thirds majority for reform of the constitution were violated.

Thus the country remains divided and perhaps stalemated, with high levels of tension occasionally breaking out into violence. Authoritarianism will remain a temptation as long as all sides do not accept political compromise as a basis for moving forward.⁷⁴ In the meantime, Bolivia, the third largest producer of cocaine in the world, threatens to become a less reliable partner in the struggle against narco-trafficking. Ominously, Bolivia expanded the area for the production of legal coca in 2006. The United States is the major provider of support to Bolivia for alternative economic development, institutional reform, bringing drug traffickers to justice, disrupting production and destroying illicit crops and precursor chemicals, interdiction, professional law enforcement, and demand reduction.

AMERICAN GRAND STRATEGY FOR THE 21ST CENTURY

The United States is at a critical juncture in relations with Latin America. The region is suffering a deep crisis of authority, legitimacy, and democratic governance. A powerful culture of resentment, born of social exclusion and legitimated by the failures of weak democratic states, feeds violence, attacks the principles of democracy and free enterprise, is willing to make a pact with the devil of authoritarianism to favor populist solutions to complex problems, and is deeply anti-American. Moreover, an unprecedented crime wave and ecological damage threaten to reduce the social and physical capital, jeopardizing potential for future development. Alarming, these seemingly distant state and regional debilities affect the homeland security of the United States itself in complex ways that building a wall along the border with Mexico cannot remedy. Issues of international security and public order, democratic governance, environmental health, diffusion of diseases, territorial and border control, and economic development affect us all. They cross all of our borders with varying speed and intensity, transforming the United States and Canada much as they transform Latin American countries.

Five unwritten principles describe the dynamic governing U.S. interactions with its Southern neighbors:

1. Although Latin American countries are increasingly active in world affairs, ambitious strategies are seldom workable without either U.S. leadership or support.
2. When the United States focuses sustained attention, good things generally happen. Attention is

more intense when American security is at stake.

3. Unfortunately, what is important to the United States, the superpower, is often less important to Latin American countries and vice versa. For example, the United States tends to define security in military terms, while the Latins emphasize economic development as the basis of security.

4. Periods of intense American engagement are usually followed by periods of relative passivity, which are perceived as disengagement by Latin Americans despite the steady concurrent growth in human and commercial ties.

5. Latin America is the only region of the world that can literally transform American society, as is evident by the growing U.S. Hispanic population and its cultural, economic, and political effects.

These principles should be given weight in any new grand strategy. Historically, the United States has supported human rights; the rule of law; security; free trade; social and economic reforms; democracy; protection of the environment; and the struggle against terrorism, narcotics, and corruption. These efforts have benefited the inter-American community of nations. This is so despite the resentment of American power, unilateralism, and conspicuous wealth. Given this context, can the United States summon new ideas and develop a new grand strategy for its relations with Latin America? What should be done? Assistant Secretary of State for Western Hemisphere Affairs Tom Shannon observed in January 2007 that the challenge was to create political systems “based on consensus and not on confrontation and conflict.”

Latin Americans can and must contribute to this emerging consensus. The United States, as the only

fully resourced Western Hemispheric power, should offer ideas and support, and undertake to mobilize the international community to build consensus. The task ahead is to increase the effectiveness of the democratic state across the spectrum—from security to justice to fully robust governance. For the United States, this is an immense challenge, given the distemper in U.S.-Latin American relations and competing strategic priorities proliferated almost to the point of imperial overstretch. An ambitious grand strategy will require full engagement by the United States, based on the geopolitical reality that America's global position rests on a hemisphere moving firmly in the direction of development, equity, public security, environmental security, justice, and democracy.

This monograph began with a comparison between the 1960s and the current period, between the strategic mandates of the Cold War and the imperatives of a more complex global environment today in which America's standing and prestige have suffered. We are not likely to see a renewal of the Alliance for Progress and the formidable foreign policy and strategy architecture, nor a similar flow of resources, that carried the United States through the counterinsurgencies of the 1960s and the 1980s. What is needed is a revolutionary redefinition of the very concept of security in the Hemisphere, a concept insisting that security be viewed holistically, that it take into account human security and economic development, that it open up opportunities for Latin America's poor and narrow the gap between rich and poor.

Human security is ideally characterized in precisely the sense of President Bush's epigraph at the opening of this monograph. These ideals, if acted upon, will bring our agenda closer to that of the Latin Americans,

who have argued for a comprehensive conception of security that goes beyond military defense to embrace economic development. For example, the Declaration of Quito, issued by the Conference of the Ministers of Defense of the Americas on November 21, 2004, enlarged the concept of security as follows:

Security is a multidimensional condition for the development and progress of our nations. Security is strengthened when we deepen the human dimension. The conditions of human security improve with the full respect of dignity, human rights, and the fundamental liberties of the person, within a regime of law, as well as through the promotion of economic and social development, education, and the struggle against poverty, disease, and hunger. Security is indispensable to create economic and social opportunity for all, and to generate an environment favorable for attracting, retaining, and employing productively the investment and commerce necessary to create sources of labor and to realize the social aspirations of the Hemisphere. Extreme poverty and the social exclusion of large sectors of the population also affect stability and democracy, eroding social cohesion and wounding the security of the states.⁷⁵

The United States is a signatory to this consensus document, indicating a convergence of national interests between North and South. We are committed to improving the capacity of regional partners to contribute in the common struggle against poverty, narcotics, crime, terrorism, and ecological damage. Accordingly, we need to relook at how the U.S. Government is organized to address holistic security and strategy. Holistic strategy is an infrequent American occurrence. We need to engage all institutions of government and civil society so that our efforts are seen as legitimate, multidimensional, and encompassed in a

common agenda.

Fortunately, we can extract lessons from the relative success of the Colombian experience, noting however that Colombia's uniqueness makes it a problematic template for application *in toto* to Latin America. The experience should thus be mined deeply but discriminately for wisdom about how to diagnose the problems and then proceed to find multidimensional solutions to poverty, injustice, conflict, corruption, ecological damage, as well as public insecurity. Good ideas can also originate from other countries' experience, with Brazil's widely emulated "family scholarship" (*bolsa familia*) programs, for example. These programs are cash transfers conditioned on such desired behaviors as recipient poor families sending children to school rather than to work.⁷⁶

We need to engage with the agents of change in each society, those that have the perseverance and political will to keep at the task. We should encourage income redistribution policies in the form of a social safety net so as to improve the health and well-being of the 222 million poor while at the same time providing incentives for individual advancement. Brazil's *bolsa familia* programs and Correa's undertaking to first target the neediest of Ecuador are impressive initiatives. Finally, the rule of law is paramount. Neither democracy nor economic development is possible without it.

In order to regain strategic momentum in the short term, it is imperative that the U.S. free trade agreements with Colombia, Panama, and Peru gain Senate approval. The ethanol bio-fuel deal announced by President Bush and his Brazilian counterpart is a constructive proposal for moving the agenda of common interests forward, but much work lies ahead to make the scheme economically feasible and expand

it to other countries. The arrangement could inspire a regional security and development strategy that would also address the challenge of global warming. Perhaps the most important initiative that emerged from President Bush's March 2007 trip was the \$385 million program to underwrite housing mortgages for working families in Mexico, Brazil, Chile, and Central America.

The United States should champion a grand strategy that links security, energy, environmental protection, economic growth, poverty reduction, justice, and democracy. This set of interdependent goals is no less ambitious than those of the Alliance for Progress or the Marshall Plan, both also having been animated by security. An intellectual foundation to support the grand strategy already exists in the Free Trade of the Americas agreement. The integrated task will require adapting our foreign policy and strategy instruments to the challenges of the 21st century.

The most fundamental task will be coaxing national and institutional mindsets to forgo preoccupation with traditional security and focus instead on *human* security, to deal with causes (the weak state) rather than effects (lack of governance and insecurity). The grand strategy must link the informal state to the formal state so that both are more fully integrated into the national economy as well as the global economy. The four guiding principles toward this end are as follows:

1. Governance should be strengthened to reinforce the effectiveness of the democratic state.

2. Enhanced governance will reinforce the international competitiveness of the Latin American economies by increasing internal productivity through better security and confidence by citizens in the

democratic state.

3. Expanded free trade and enhanced competitiveness will improve economic governance, leading to improved trade and investment climate. These tasks will in turn demand quality education and linking the socially excluded to competitive poles or clusters of development, both domestic and international.

4. In the area of public security, strengthening institutions to combat the many manifestations of crime (gangs, narcotics, money laundering, contraband, illegal logging, and corruption) is imperative. This can be done by addressing corruption in institutions of law and justice (police, prosecutors, investigators, courts, and regulators); strengthening capabilities of judicial systems; investing in the *barrios*, especially in basic services such as schools, electricity, water, public health, sanitation, and property titles; and increasing opportunities for poor youth in the *barrios*, such as educational opportunities through scholarships linked to internships and junior achievement programs. The private sector and civil society have critical roles to play in making stakeholders out of the socially excluded.

Without a state that can provide security and justice, people have less confidence in democratic institutions and procedures. Notre Dame University's Scott Mainwaring puts it thusly: "Better state performance is key to promoting greater confidence in the institutions of representative democracy and greater satisfaction with democracy. When democratic governments fail to produce what citizens need for a long time, most citizens will distrust the institutions of representative government."⁷⁷

These conclusions should be a call to action for scholars and statesmen alike. Unfortunately,

the weak state syndrome has not attracted serious attention among statesmen until recently. A variety of experiences in failed and weak states ranging from Haiti to Somalia, Afghanistan, Iraq, and Colombia is bringing the subject to public and scholarly attention. Some decent ideas have been shouted down by the populist rage bred in the culture of resentment. President Uribe understands the strategic imperative, while President Correa, though displaying impatience and a confrontational style, appears to be searching for new ideas and for an appropriate balance between radical change and democratic continuity.

The news media, the scholarly community, and statesmen have too often addressed the symptoms rather than the causes of state weakness. Scholars have also focused on the importance of the democratic transition from military government in Latin America without serious attention to how effectively the state could or would protect democracy. Some have preferred to dwell on the past excesses of what they consider the too powerful state, and have attempted to fix or dismantle parts without applying corrective measures to the entire body.⁷⁸ The democratic state must become effective in closing the gap between the rich and the poor, or the cycles of blooming hope and rising frustration will continue. In such a case, the concomitant violence and authoritarian populist alternative will continue to beckon temptingly with their promise of simple solutions to complex problems under the umbrella of demagogic nationalism.⁷⁹

This monograph has emphasized that security, justice, and human dignity are fundamental to democracy. So is the truth. In September 2006, Pope Benedict XVI said to diplomats accredited to the Vatican: "Democracy can only succeed when it is

based on the truth and the correct understanding of the human person." That is sound advice for the Americas. The authoritarian populists have achieved tactical advantages for the moment because of half-truths. It is time for North and South to develop a common agenda based on shared interests, a realistic assessment of the potential for cooperation, and a commitment to make the democratic state work throughout the Hemisphere.

ENDNOTES

1. George W. Bush, speech before the U.S. Hispanic Chamber of Commerce, Washington, DC, March 5, 2007.

2. A spate of writing criticized the Bush administration for neglecting Latin America. See, for example, Peter Hakim, "Is Washington Losing Latin America?" *Foreign Affairs*, January/February 2006. See also Moisés Naim, "The Lost Continent," *Foreign Policy*, November-December 2006, pp. 40-43.

3. See George Kennan, "Memorandum by the Counselor of the Department to the Secretary of State," Washington, DC, March 29, 1950, p. 17, www.geocities.com/athens/forum/2496/future/kennan/latianmerica.html. For the relevant words of Thucydides, see "From the Archives: Does Might Make Right?" *Parameters*, Vol. XXI, No. 2, 1991, inside rear cover.

4. *Ibid.*, p. 18.

5. With respect to the gang problem, see Paulo Sérgio Pinheiro, "Youth, Violence, and Democracy," *Current History*, February 2007, pp. 64-69. According to Pinheiro, governments have placed too much emphasis on the *mano dura* (hard-handed) approach to law enforcement rather than prevention.

6. Inflation reached 7,650 percent in Peru in 1990. Ecuador's poverty rate increased from 50 to 75 percent from 1998 to 2000, while Venezuela's per capita income started 40 years of decline in the 1960s, leading to 80 percent of the people being poor by

2000. The Economic Commission for Latin America reported for 2006 that the poverty level in Latin America had fallen to nearly 39 percent of the population after holding at 43 percent for many years. Poverty declined from 40.4 percent in 1990 to 37 percent in 2004.

7. Poverty rates in 2004: Brazil, 25 percent; Mexico, 14 percent; Colombia, 12 percent; Venezuela, 22 percent; Ecuador, 8.2 percent; Peru, 33.2 percent; and Bolivia, 37.1 percent. Statistics from Economic Commission for Latin America (ECLAC), *The Millennium Development Goals: A Latin American and Caribbean Perspective*, Santiago, Chile: United Nations, 2005, pp. 25-27.

8. Juan Forero, "Latin America Fails to Deliver on Basic Needs," *New York Times*, February 22, 2005, www.nytimes.com/2005/02/22/international/americas/22bolivia.html?ei=5070&en=a...2/22/2005.

9. Comparative rates: Nicaragua, 90 percent; Venezuela, 40 percent; Colombia, 25 percent; Ecuador, 28 percent; Peru, 72 percent; Bolivia, 65 percent; Brazil, 42 percent; Argentina, 37 percent; and Chile, 15 percent. ECLAC, p. 277.

10. Inter-American Dialogue, "A Break in the Clouds: Latin America and the Caribbean in 2005," Washington, DC, July 2005, p. 4.

11. See, for example, Larry Rohter and Juan Forero, "Unending Graft Is Threatening Latin America," *New York Times*, July 30, 2005, p. A1.

12. The criminals can include everyone from abandoned street children, gangs (*maras* in Central America and the United States or parallel power gangs in the *favelas* and prisons of Brazil), internationally organized cocaine traffickers, paramilitaries like the Self Defense Forces of Colombia, or offshoots of the latter who demobilize and simply resume criminal activities. Another category is officially tolerated street gangs, such as the *piqueteros* in Argentina, who conduct what appear to be autonomous income redistribution attacks on private property with impunity from the legal system. Some of the paramilitaries and *piqueteros* have a political agenda.

13. Latinobarómetro, *Report 2006*, www.latinobarometro.org, p. 31.

14. *Ibid.*, p. 83.

15. On the judicial systems, see Juan E. Méndez, Guillermo O'Donnell, and Paulo Sérgio Pinheiro, eds., *The (Un)Rule of Law & the Underprivileged in Latin America*, Notre Dame, IN: Notre University Press, 1999. On Colombia, see Elvira María Restrepo, *Colombian Criminal Justice in Crisis: Fear and Distrust*, New York: Palgrave Macmillan, 2003. The heritage of Spanish imperial legislation can be seen in the magisterial compilation by Antonio de León Pinelo and Juan de Solórzano Pereira, *Recopilación de las Leyes de los Reynos de las Indias*, Madrid, Spain, 1680.

16. Tax burden in the United States: direct, 15.1 percent; indirect, 7.6 percent; and social security 6.9 percent. In the European Union, the respective tax burdens are 14.8 percent; 15.3 percent; and 11.4 percent.

17. Transparency International, *Report of Transparency International Global Corruption Barometer 2006*, Berlin, December 7, 2006, p. 9.

18. For greater detail on the Andean crisis, see Paul W. Drake and Eric Hershberg, *State and Society in Conflict: Comparative Perspectives on Andean Crises*, Pittsburgh: University of Pittsburgh Press, 2006.

19. United States Agency for International Development (USAID), "Ecuador: Democracy and Governance," www.usaid.gov/our_work/democracy/_and_governance/regions/lac/ecuador.html.

20. Comisión de Juristas Andinos, *Crisis del Estado en los Andes*, Lima: Comisión de Juristas Andinos, 2006, www.cajpe.org.pe/Publicaciones/libro64.htm. See also Cynthia Arnson, ed., *The Crisis of Democratic Governance in the Andes*, Washington, DC: Woodrow Wilson Center for Scholars, Latin American Program, 2002.

21. BBC News, "Rule by Decree Passed for Chávez," January 19, 2007.

22. President Correa decreed the establishment of the National Anticorruption Secretariat to initiate an “ethical revolution” in public administration. See Jaime Bejarano, “La ‘revolución ética,’” *El Comercio* (Quito) February 24, 2007, elcomercio.terra.com.ec/imprima.asp?id_noticia=62211&medio=EC.

23. The “Washington Consensus” was formed by Washington-based economists such as John Williamson, working with think tanks and the World Bank, the International Monetary Fund, the Inter-American Development Bank, and USAID. Almost concurrently, there emerged the complementary proposal from the U.S. Department of Commerce for the economic integration of the Hemisphere. The latter would necessitate the same menu of free market initiatives.

24. Variants of these stratagems have been employed by other governments in Latin America and elsewhere, with similar noxious effects. The effects are called the “Dutch disease,” renamed the neo-colonial disease by Venezuelan anthropologist-historian Fernando Coronil in *The Magical State and Occidentalism: Nature, Money, and Modernity in Venezuela*, Chicago: Chicago University Press, 1997, p. 7. Given management expertise, government-owned industries can operate efficiently. Note, for example, the PDVSA petroleum operations in Venezuela before the Chávez government took it over and changed administrative personnel, or the Chilean copper corporation.

25. For more information on Bolivia under Morales, see International Crisis Group, “Bolivia’s Reforms: The Danger of New Conflicts,” January 8, 2007.

26. Juan Rial, “A Bird’s-eye View: General Trends in Latin American Politics in the First Decade of the Twenty-First Century,” *Opinión Sur*, March 15, 2007, p. 2. Also note Jonas Wolff, “(De-) Mobilising the Marginalised: A Comparison of the Argentine *Piqueteros* and Ecuador’s Indigenous Movement,” *Journal of Latin American Studies*, February 2007, pp. 1-29.

27. Rial, p. 3. British scholar Dennis Rodgers makes the same point about Argentina President Néstor Kirchner’s populist strategy towards the excluded: “. . . at a time when . . . the state should respond to the social protests that produce the growing

process of exclusion, Kirchnerism has taken the banners of social movements without giving true solutions to their problems." Dennis Rodgers, "El Estado neutralizó la protesta social," *Lanacion.com*, April 16, 2006, www.lanacion.com.ar/ediccionimpresa/suplementos/enfoques/nota.asp?nota_id=797294.

28. Francis Fukuyama also adds a third attribute to the state—strength or capacity. See his *State-Building: Governance and World Order in the 21st Century*, Ithaca, New York: Cornell University Press, 2004, pp. 6-14.

29. This author would add scientific research and development. Fukuyama uses criteria from the World Bank's *World Development Index* of 1977.

30. Cited in Fukuyama, *State Building*, p. 19.

31. Forrest D. Colburn, *Latin America at the End of Politics*, Princeton: Princeton University Press, 2002, p. 15.

32. On property rights, Peruvian economist Hernando de Soto has written in his brilliant book, *El Otro Sendero: La Revolución Informal*, Bogotá: Editorial Oveja Negra, 1987, fifth edition, that despite their entrepreneurial energy, Peruvians were locked out of the legal economy by the complex and inefficient state bureaucracy and by the lack of titles to their properties: "They have houses but not titles; crops but not deeds; businesses but not statutes of incorporation." In his second book, *The Mystery of Capital*, he argues that capital is literally locked up in the inability of citizens to leverage their properties for loans because they cannot demonstrate ownership.

33. The North American Free Trade Association (NAFTA), encompassing the United States, Canada, and Mexico, was to be the template for hemispheric free trade. NAFTA would also be expected to stem the flow of illegal immigration into the United States. It did not because of Mexico's "deficits in physical and human infrastructure." See Louis Uchitelle, "NAFTA Should Have Stopped Illegal Immigration, Right?" *New York Times*, February 18, 2007, www.nytimes.com/2007/02/18/weekinreview/18uchitelle.html?ei=5070&en=2942e6.

34. Nancy Birdsall, "Inequality Matters: Why Globalization Doesn't Lift All Boats," *Boston Review*, March/April 2007, pp. 1-3, bostonreview.net/BR32.2/birdsall.html.

35. Nancy Birdsall, "Attacking Poverty and Inequality in Latin America: The U.S. Can Help," Testimony before the Committee on Foreign Affairs, U.S. House of Representatives Subcommittee on the Western Hemisphere, March 28, 2007, p. 3.

36. Christina Biebesheimer, "Expectations and Reality in Rule of Law Reform in Latin America," Washington, DC: Inter American Development Bank, 2004, p. 2.

37. This contemplation on the ethics of democracy and capitalism owes much to the splendid discourse in John Peeler, *Building Democracy in Latin America*, Boulder, CO: Lynne Rienner Publishers, second edition, 2004, especially pp. 191-208.

38. The socially and economically autonomous units called the *hacienda* system survived into the 20th century in the Andean countries. For example, the *huasipungo* (Indians tied to large estate in return for small plot of land) system was legally abolished in the 1960s in Ecuador.

39. The Colombian Constitution of 1991 has been described as a "document of rigid micromanagement . . . rather than one that establishes basic institutions for democratic decisionmaking in a dynamic world." Alberto Alesina, ed., *Institutional Reforms: The Case of Colombia*, Cambridge: Massachusetts Institute of Technology, 2005, p. 5.

40. See the compelling vignettes in the *Miami Herald*, "Children of the Americas," in www.realcities.com/multimedia/miami/news/archive/americas.

41. See Tilly's classic "War Making and State Making as Organized Crime," in Theda Skocpol, ed., *Bringing the State Back In*, New York: Cambridge University Press, 1985.

42. On the European continent, such learning was expressed by Carl von Clausewitz in the classic *On War*, which, among other things, recognized the trinitarian relationship between the people,

the government, and the armed forces in making war. Across the Atlantic, the American founding fathers had already captured this principle in the Constitution of 1787, which apportioned responsibility for making war precisely among the people, the government, and the armed forces. But Clausewitz had little effect on the U.S. military officer corps until the late 20th century when American military schools began to study his principles of war. Clausewitz is studied in Latin American military schools, but his ideas, particularly the trinitarian relationship and war as an extension of policy by other means, have had little perceptible impact on civilian leaders. This would appear to be another verification of the Centeno thesis.

43. For an excellent review of civil-military relations in the region, see Carlos Basombrío Iglesias, "The Military and Politics in the Andean Region," Washington, DC: Inter-American Dialogue, April 2006. One of the anomalies of contemporary inter-American relations is the Conference of Ministers of Defense, which includes the U.S. Secretary of Defense. Not only is there an asymmetry in power between the United States and Latin American countries, but the ministers are often not the functional equivalent of the U.S. Secretary of Defense or the Canadian Minister of Defense. In some Latin American countries, the functional equivalent is the head of the armed forces. The meetings are nonetheless useful in developing consensus on security.

44. An excellent commentary on the problem of societal communication is Bertha García Gallegos, "La Academia y los Debates Militares en el Ecuador: Dos Mundos Distantes," *Democracia, Seguridad y Defensa*, Quito: Pontificia Universidad Católica del Ecuador, May/July 2006, p. 1.

45. The event was sponsored by the Canadian Foundation for the Americas (FOCAL) and the Facultad Latinoamericana de Ciencias Sociales (FLACSO), "Andean Forum 2004: Broadening Citizenship, Political Parties, and New Trends in Participation," Conference Report, Quito, February 19-20, 2004, p. 11.

46. Miguel Angel Centeno, "The Centre Did Not Hold: War in Latin America and the Monopolization of Violence," in James Dunkerley, *Studies in State Formation of the Nation State in Latin America*, London: University of London, Institute of Latin

American Studies, 2002, pp. 54-76. Centeno suggests Paraguay and Chile as possible exceptions to this general rule.

47. On the bellicist theory applied to Latin America, see Centeno's brilliant book, *Blood and Debt: War and the Nationstate in Latin America*, State College: Pennsylvania State University Press, 2002. This path-breaking work is the most novel and creative reinterpretation of the state in Latin America. It should be mandatory reading for statesmen North and South.

48. Jeremy Adelman, "Unfinished States: Historical Perspectives on the Andes," in Drake and Hershberg, *State and Society in Conflict: Comparative Perspectives on Andean Crises*, p. 41.

49. For an analysis of Ecuador's crisis of democratic representation, see Simón Pachano, "Ecuador: The Provincialization of Representation," in Scott Mainwaring, Ana María Bejarano, and Eduardo Pizarro Leongómez, *The Crisis of Democratic Representation in the Andes*, Stanford, CA: Stanford University Press, 2006, pp. 100-131.

50. Associated Press, "Ecuador pide a Colombia coresponsabilidad con refugiados," *El Universo* (Guayaquil), February 28, 2007, www.eluniverso.com/2007/02/28/0001/12.

51. For more background on *Plan Colombia*, the nature of the Colombian conflict, and American policy, see this author's monograph: *The United States and Colombia: The Journey from Ambiguity to Strategic Clarity*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, May 2003. *Plan Colombia* seems to be among the most commented upon but least read documents in modern history.

52. The U.S. Department of State lists the FARC, ELN, and the paramilitaries as terrorist groups.

53. Ecuador's charge contradicts the results of research conducted by a team of Canadian, Spanish, English, and Brazilian scientists. See Keith R. Solomon, Arturo Anadón, Antonio Luiz Cerdeira, John Marshall, and Luz-Helena Sanín, *Environmental and Human Health Assessment of the Aerial Spray Program for Coca*

and Poppy Control in Colombia, A report prepared for the Inter-American Drug Control Commission (CICAD) section of the Organization of American States (OAS), Washington, DC: March 31, 2005. The study states (pp. 11-12):

The risk assessment concluded that glyphosate . . . as used in the eradication program in Colombia did not present a significant risk to human health. . . . Considering the effects of the entire cycle of coca and poppy production and eradication, clear-cutting and burning, and displacement of the natural flora and fauna were identified as the greatest environmental risks and are considerably more important than those from the use of glyphosate.

According to the study, only 10-14 percent of the total amount of glyphosate used in Colombia is employed in the eradication program. Colombia considers eradication of coca a matter of national security.

54. The U.S. facility at Manta, an airfield built by the United States during World War II, is called a Forward Operating Location (FOL). The United States also has FOLs in El Salvador and Aruba.

55. Jeanneth Valdivieso, "U.S. Base with Vital Role in Drug War Facing Closure," *The Miami Herald*, February 18, 2007, www.miami.com/mld/miamiherald/16725029.htm?template.

56. Associated Press, "Perú sería el nuevo centro de provisión de armas de las FARC, afirma un fiscal de ese país," *ElTiempo.com*, April 4, 2007, www.eltiempo.com/conflicto/noticias...4/1/2007. The weapons enter through Tumbes and are transferred to Lago Agrio on Ecuador's northern border.

57. On Ecuador's challenges in civil-military relations and democracy, see Thomas C. Bruneau, "Ecuador: The Continuing Challenge of Democratic Consolidation and Civil-Military Relations," *Strategic Insights*, February 2006.

58. Ann C. Mason, "Constructing Authority Alternatives in Colombia: Globalization and the Transformation of Governance,"

Bogotá: Universidad de los Andes, 2004.

59. The problems included the tendency for the FARC to fill in areas vacated by the paramilitaries and the recycling of some demobilized paramilitary personnel into criminal gangs. The extent of the penetration of the paramilitaries into regional and national politics also became more apparent and troubling. See, for example, Cynthia J. Arnson, Jaime Bermúdez, Father Dario Echeverri, David Henifin, Alfredo Rangel Suárez, and León Valencia, "Colombia's Peace Processes: Multiple Negotiations, Multiple Actors," Washington, DC: Woodrow Wilson International Center for Scholars, Latin American Program, December 2006. In January 2007, the courts ordered the detention of six legislators for complicity in crimes with the paramilitaries. The fact that the judicial system was bringing charges against legislators that had collaborated with paramilitaries showed the state to be more effective in pursuing criminals. On the latter point, see Jaime Bermúdez Merizalde, Colombia's ambassador to Argentina, "La fortaleza de Colombia," *La Nación.com*, February 24, 2007, www.lanacion.com.ar/opinion/nota/asp?nota_id=886170.

60. Román D. Ortiz and Gersón I. Arias, *Siguiendo el conflicto: hechos y análisis de la semana*, No. 26, January 2007, Bogotá: Fundación Ideas Para la Paz.

61. For Colombia's performance in reducing crime, see *BBC Mundo.com*, "Receta colombiana contra la inseguridad," January 5, 2007, news.bbc.co.uk/go/pr/fr/-/hi/spanish/latin_america/newsid_6232000/6232945.stm.

62. For the Venezuelan experience with civil-military relations, see the penetrating and eloquent analysis by Harold A. Trinkunas, *Crafting Civilian Control of the Military in Venezuela: A Comparative Perspective*, Chapel Hill: University of North Carolina Press, 2005. See also International Crisis Group, "Hugo Chavez's Revolution," Latin American Report No. 19, February 22, 2007.

63. For more on the strategy of Chávez, see Javier Corrales, "Hugo Boss," *Foreign Policy*, January/February 2006, pp. 32-39.

64. Juan Forero and Peter S. Goodman, "Chávez Builds His Sphere of Influence," *Washington Post*, February 23, 2007, p. D1.

See also Simon Romero, "Venezuela Spending on Arms Soars to World's Top Ranks," *New York Times*, February 25, 2007.

65. Pablo Corral Vega, "La Caracas de Chávez," *El Comercio* (Quito), March 4, 2007, elcomercio.terra.com.ec/imprima.asp?id-noticia=63205&medio=EC.

66. *Ibid.* On the contradictions of *chavismo*, see the brilliant essay by Raúl González Fabre, "Socialismo a la venezolana: cinco problemitas," *SIC*, March 2007, pp. 61-65.

67. Joaquín Morales Solá, "Kirchner, más cerca de Chávez que del mundo," *La Nación*, March 11, 2007, www.lanacion.com.ar/opinion/nota.asp?nota_id=890424.

68. Pilar Rahola, "Buenos Aires, capital de Venezuela," *La Nación*, March 20, 2007, www.lanacion.com.ar/opinion/nota.asp?notaid=892858.

69. Juan Gabriel Tokatlián (Colombian scholar in Buenos Aires) "Chávez y la Argentina," *La Nación.com*, March 16, 2007, www.lanacion.com.ar/opinion/nota.asp?nota_id=891393. Tokatlián argues that there is a similarity between the Peronist grain-selling bonanza of the 1940s and 1950s and Venezuela's petroleum bonanza.

70. U.S. Department of State, *International Narcotics Control Strategy Report*, 2007, Washington, DC: March 2007, www.state.gov/p/inl/rls/nrcrprt/2007/vol1/html/80855.htm, p. 18.

71. *Ibid.* The same report stated that South America produced an estimated 517-732 metric tons of cocaine in 2006.

72. Forrest D. Colburn reports that in Caracas in 2000, 11,539 businesses filed tax returns; in 2002, 5,200; and an estimated 1,000 disappeared in the first half of 2003. See his "Left Without a Clue," *Dissent*, Winter 2004, p. 26.

73. Félix Patzi Paco, "Descolonizar la Educación," *Archivos del Presente* (Buenos Aires), No. 41, 2006, p. 124.

74. For more on Morales and Bolivia, see *International Crisis*

Group (ICG), "Bolivia's Reforms: The Danger of New Conflicts," Brussels, January 8, 2007; and ICG's "Bolivia's Rocky Road to Reforms," July 3, 2006.

75. VI Conference of the Ministers of Defense of the Americas, "Declaration of Quito," November 21, 2004, p. 1.

76. The *bolsa familia* was reaching 30 million of Brazil's poorest in 2003, with a target of 44 million by 2006. See Anthony Hall, "From Fome Zero to Bolsa Familia: Social Policies and Poverty Alleviation under Lula," *Journal of Latin American Studies*, November 2006, pp. 689-709.

77. Mainwaring, Bejarano, and Leongómez, *The Crisis of Democratic Representation in the Andes*, p. 331. The term "state deficiency" is employed by Mainwaring.

78. An American scholar comments that intellectuals and politicians "are terribly short of ideas that can mobilize people. In particular, there is little evidence of energy and creativity in searching for ways in which state and society can ameliorate inequality and poverty. . . . The poor are seen as an inevitable part of the social landscape." Colburn, *Latin America at the End of Politics*, p. 39.

79. Mario Vargas Llosa, "El regreso del idiota," *La Nación* (Buenos Aires), February 24, 2007, www.lanacion.com.ar/herramientas/printfriendly/printfriendly.asp?nota_id=886169.