

**Statement of Michael Shifter**  
**President, Inter-American Dialogue**  
**Committee on Foreign Affairs**  
**Subcommittee on the Western Hemisphere**  
**“U.S. Disengagement from Latin America: Compromised Security and Economic**  
**Interests”**  
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Chairman Salmon, Ranking Member Sires, and members of the Subcommittee on the Western Hemisphere, I very much appreciate the opportunity to appear before you today to share my views about US policy towards Latin America. I commend the Committee for holding this important and timely hearing.

Today there is, for good reason, great concern about the situation in Venezuela. The scenario that many of us had warned of and feared these past dozen years – a surge in violence and dramatic deterioration of the already minimal human rights and democratic safeguards – has unfortunately come to pass. The outlook is ominous. No one knows with certainty how far the Venezuela government is prepared to go in using repressive tactics against peaceful protesters, persecuting political opponents, and restricting press freedom. Since mid-February, violence in Venezuela has claimed more than 30 lives. In such a polarized society, with high levels of mistrust and rancor, anything can happen.

Washington’s inability to measurably influence the unfolding tragedy in Venezuela has given a renewed rise to questioning about the US’s role and presence in Latin America. The concern is valid. But merely criticizing the current administration for being disengaged and indifferent to what is happening in the region is somewhat misplaced.

Rather than blame the current or previous US administrations, it is best to put today’s situation in proper perspective. The fact is over the past decade or so, Latin America has changed in profound ways. Many Latin American economies have performed well and have multiplied their global ties. Politically, they are increasingly confident on the world stage. More than in the recent past, the United States is now but one of many countries involved in the region’s affairs.

The United States, too, has changed over the same period. The 2008 financial crisis hit hard and exposed weaknesses in our management of fiscal affairs. The US has endured two draining wars. Senior officials have, understandably, been distracted from this hemisphere. These and other problems – including widening inequality (while the income gap has narrowed in many Latin American countries) and the inability of our political system to reach consensus and effectively address significant national challenges – have not gone unnoticed by our neighbors to the South.

The result is that the US relationship with Latin America – which, to be sure, varies widely from country to country – has in general become more distant. The US and Latin America have been

moving in separate ways. The drift is a long-term trend -- the direct consequence of globalization and, to a large extent, economic and political progress in Latin America. Particular US policies may have helped alter this tendency to a certain degree -- on the margins -- but the basic direction in this hemisphere has been clear for some time.<sup>1</sup>

It is also too simplistic to say that, in the past, the United States was warmly embraced in Latin America, whereas today it has lost influence and is not taken seriously. The truth is more complicated. The United States has long been viewed with suspicion and resentment by certain sectors of Latin American societies. Vice President Richard Nixon's violent reception during his 1958 visit to Venezuela, then an important US ally, illustrates the point.

At the same time, the absence of US engagement and influence in the region today is often exaggerated. A close examination of increased trade and investment in a number of Latin American countries reflects a US private sector that has moved to take advantage of attractive opportunities with our southern neighbors.<sup>2</sup> The US has free trade agreements with 11 Latin American countries. If the Trans-Pacific Partnership comes to fruition, that would mean even closer commercial ties with several countries in Latin America.

On the security front, US cooperation with Colombia and Peru has produced real benefits over a sustained period of time. Other security policies in Mexico and Central America -- while inadequate and sometimes misguided -- have, on balance, yielded some useful results. Although the United States has made modest progress on a new agenda focused on energy, education, science, and technology, there is some promise for more significant advance in coming years.

It is also a mistake to believe that the creation of regional organizations that do not include the United States (or Canada) is something new that should be viewed as threatening to US interests. The reality is that shared cultural heritage and affinities account for a strong strand of regionalism and integration that far predates the recently established organizations of UNASUR and CELAC. Moreover, the effectiveness of these organizations remains to be seen.

One core problem is that the United States has failed to take full advantage of the regional institutions of which it is part -- chiefly, the Organization of American States (OAS) and the Summit of the Americas -- to advance a constructive hemispheric agenda. (An exception is the administration's commendable efforts to defend the inter-American human rights system.) True, in the new and changed context, working multilaterally is not easy. But doing so -- in addition to forging stronger bilateral ties with key allies -- is essential to foster US interests and mobilize broader support. High-level consultations in pursuit of strategic goals in Latin America have been lacking. That is the best way to enhance US diplomatic clout and produce concrete results. It is hard to take frequent references to "partnership" seriously in the absence of such efforts.

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<sup>1</sup> Inter-American Dialogue, "Remaking the Relationship," <http://www.thedialogue.org/page.cfm?pageID=32&pubID=2925>

<sup>2</sup> J. F. Hornbeck, "US-Latin America Trade and Investment in the 21st Century: What's Next for Deepening Integration?," <http://thedialogue.org/page.cfm?pageID=32&pubID=3487>

The costs of this deficiency, which has been building over several administrations, are manifest in the Venezuela crisis. Washington has limited leverage and options in responding to the troubling situation. To its credit, the Obama administration has expressed serious concern about the violence in Venezuela and has called on the government to respect human rights. The House of Representatives should also be applauded for its clear resolution in support of Venezuela's democracy.<sup>3</sup> But US effectiveness in dealing with the Venezuela crisis – along with other major policy challenges – is limited unless we are able to work in concert with our major hemispheric allies.

Unfortunately, so far most regional governments have been unwilling to take a forceful stand and apply pressure on the Venezuelan government. The problem is not a lack of instruments. On the contrary, OAS members have at their disposal among the most developed frameworks in the world to protect democracy. The Inter-American Democratic Charter and the OAS's original Charter are exemplary in this regard. The problem, rather, is the lack of political will to act in the current circumstances.

Venezuela, of course, is a special case. Since 1999, Hugo Chávez led a Bolivarian Revolution sustained by an oil bonanza that that spent lavishly throughout Latin America with the aim of curtailing US influence in the region. For both economic and political reasons, most Latin American governments are not prepared to criticize the government led by Chávez's successor, Nicolás Maduro. Member governments of ALBA, the political organization Chávez created in 2004, as well as Argentina, have expressed solidarity with the Venezuelan government.

It is worth emphasizing that, as an anti-US bloc, ALBA's strength has diminished in recent years. Even before Chávez's death in March 2013, ALBA had lost much of its political weight. That is chiefly because of the gravity of Venezuela's economic crisis, which has become more dire since Maduro took over. There is ample evidence that, out of sheer necessity, Venezuela is failing to meet a number of its commitments with ALBA members such as Ecuador.<sup>4</sup> And among many of the 18 members of Petrocaribe, Venezuela's development program that provides oil at discounted rates, there is disillusionment and even (in the case of Guatemala) withdrawal.

In recent years, in the second Bush administration and the first Obama administration, there were efforts to engage and ease tension with ALBA members like Venezuela, Ecuador and Bolivia. But such efforts bore scant fruit. They consumed limited diplomatic resources for Latin America and were thwarted. As a result, the Obama administration today is focused on deepening ties with more friendly governments in the region, such as Mexico, Colombia, Peru and Chile. Some progress has been made. But for different reasons, these governments, too, do not want to be out of step with their Latin American neighbors on the Venezuela crisis.

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<sup>3</sup> Specifically, House Resolution 488

<sup>4</sup> Wall Street Journal, "Ecuador's Exports to Venezuela Plummet," <http://online.wsj.com/news/articles/SB10001424052702303563304579447382000518714?KEYWORDS=ecuador&mg=reno64-wsj>

The Venezuelan case also exemplifies Latin America's growing ties with extra-hemispheric powers. China's economic role and presence in the region have been growing. China is the main trading partner with Brazil, Peru and Chile, and has expanding commercial relations with a number of other countries. Moreover, roughly half of China's \$100 billion in loan financing to Latin America since 2005 has been directed to Venezuela. China's economic support for other ALBA members such as Ecuador is also significant.<sup>5</sup>

Of greater concern for US interests – and what bears close watching -- are the roles of Russia, and particularly Iran, in Latin America. Chávez was important in facilitating the entry of both countries in the region, especially given his personal and political affinity with Putin and Amadinejad. Russia's presence in the region to date has been modest, limited mainly to arms sales – over \$14 billion over the past dozen years, about 75 percent of which was directed to Venezuela. The extent to which Russia is able to follow through on a recent statement by its defense minister about intentions to expand relationships with Cuba, Nicaragua, and Venezuela should be monitored carefully. Such a statement may, more than anything else, reflect posturing for domestic consumption. Given the state of its economy and other priorities, Russia's ability to become substantially more involved in Latin America is limited.

The United States also must continue to be vigilant regarding Iran's role in Latin America. In recent years, Iran has expanded its diplomatic presence in a number of countries. Its involvement in less benign activities should be followed carefully. In the early 1990s, there were two bombings against Jewish targets in Buenos Aires, Argentina, that have been attributed to the Islamic Shiite group Hezbollah. Although Hezbollah-related groups and Al Qaeda receive some financial support from sympathizers in Latin American countries (as they do in other countries), there is no evidence, as the State Department has reported, that these groups have operational cells in the region. There has been much speculation about more extensive involvement of Iran-related groups in Venezuela and elsewhere, though there has been no credible proof of threats.

Last November at the OAS, Secretary of State John Kerry was only recognizing reality when he declared the Monroe Doctrine formally dead. In fact, the Monroe Doctrine ended decades ago.<sup>6</sup> Extra-hemispheric actors have long been deeply involved in Latin America, and their involvement is bound to increase in coming years. There is little indication that such actors pose a serious danger or threat to US interests.

In addition, in the post-Chávez period, and in light of Venezuela's deepening economic crisis, the virulent strand of anti-American populism has lost some ground. This is not a moment for alarmism, but rather a realistic and sober appraisal of the challenges the US confronts in this hemisphere. US relations with most countries in the region, though disappointingly distant, are by and large cordial.

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<sup>5</sup> Inter-American Dialogue, "China-Latin America Finance Database," [http://thedialogue.org/map\\_list](http://thedialogue.org/map_list)

<sup>6</sup> Michael Shifter, "Tras casi 200 años, era hora de enterrar la Doctrina Monroe," [http://www.eltiempo.com/mundo/estados-unidos/ARTICULO-WEB-NEW\\_NOTA\\_INTERIOR-13220055.html](http://www.eltiempo.com/mundo/estados-unidos/ARTICULO-WEB-NEW_NOTA_INTERIOR-13220055.html)

Still, the US needs to realize that there are serious risks of reduced engagement in Latin America:

First, the frustrating diplomacy surrounding the Venezuela crisis is illustrative of the new reality. The consequences of a possible implosion and spreading turmoil in Venezuela are serious and affect US interests.

Second, it is essential for the United States to pursue greater cooperation with Brazil, however difficult this might be in the short run. True, neither Brazil nor the United States is investing much in building confidence, especially in light of the Snowden affair, but this is critical for US relations with Latin America overall.

Third, the US needs to take better advantage of the propitious climate in Mexico for a reform agenda. The failure to deal effectively with the immigration question in the United States has serious costs for our relationship with Mexico (and other countries in the region as well) -- arguably our most important partner on a range of critical issues.

And finally, with security cooperation efforts yielding some benefits, US engagement should not be reduced in Latin America. Doing so would limit our ability to be helpful to our Central American and Caribbean friends in dealing with spreading criminality, which threatens democratic governance and the rule of law.