



The Americas in 1994:

A Time for Leadership

**A Report of the Inter-American Dialogue
to the Summit of Presidents and Prime Ministers of the Americas**

October 1994

Washington, DC

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Paula Stern, Nora Lustig, and Alejandro J. Foxley.



Billie Miller, Peter D. Bell, Sonia Picado, and Peter Hakim.

INTRODUCTION

LAST DECEMBER, following U.S. Congressional approval of the North American Free Trade Agreement (NAFTA), Vice President Albert Gore, on a visit to Mexico, announced that the United States planned to call a meeting of the hemisphere's democratically elected leaders. The "Summit of the Americas" is now scheduled to take place on December 9 and 10 in Miami.

Most Latin American and Caribbean governments welcomed the announcement as a signal that the United States was ready to move beyond NAFTA and take leadership in forging hemisphere-wide free trade arrangements. It seemed to reaffirm as well the convergence of interests and values—particularly regarding democratic politics and market economics—between the United States and the nations of Latin America and the Caribbean, and the prospects for greater political and economic cooperation on a wide range of issues. For the first time in more than a generation, a U.S. administration felt confident enough about its relations with Latin America and the Caribbean to assemble the leaders of the hemisphere.

Much of the initial enthusiasm for the summit has ebbed, however. Concerns have mounted in Latin America and the Caribbean that its promise may not be fulfilled and that it may turn out to be a more symbolic than substantive encounter. The atmosphere for the summit, which was so positive earlier this year, has been clouded by controversies over U.S. policies toward Haiti and Cuba (which have also raised questions about the Miami venue) and by recent setbacks to democratic governance in the Dominican Republic and Venezuela. Moreover, with the U.S. Congress still debating the Administration's request for approval of the GATT accord and of renewed "fast track" authority to negotiate future trade agreements, the United States has so far been unwilling to put forth its ideas for building a regional free trade system. Thus, on this issue of priority importance for most Latin American and Caribbean governments, substantial consultations have not yet been undertaken.

Nonetheless, we continue to believe that the summit can provide the opportunity for significant progress toward enhanced cooperation in the hemisphere and toward more constructive and durable ties among all countries. Indeed, no more promising opportunity is likely to emerge anytime soon. For this reason, our report this year focuses on the summit—with the purpose of making that meeting of presidents and prime ministers as productive as possible. We offer two broad recommendations for consideration:

First, attention at the summit should be directed to a small number of key issues, rather than attempting to reach agreements on an extensive array of problems. We propose that emphasis be given to two issues on which progress requires international collaboration and joint initiative: (a) setting the groundwork for a hemisphere linked by free trade and economic partnership and (b) strengthening the capacity of the Organization of American States (OAS) and other institutions for inter-American cooperation, particularly to safeguard democracy and human rights.

Second, we urge that the participants in the summit, while they celebrate the advances of recent years, honestly face up to the major failings and problems that persist in the hemisphere—especially the immense shortfalls in nearly every country in democratic practice and social justice—and commit their nations to political renewal and greater equity. Unless concerted efforts are made on these fronts, many of the recent gains will be jeopardized.

Our report this year is considerably shorter than any of the Dialogue's previous seven reports—deliberately so because we want it to be read and considered by the summit participants and their advisors. It offers many concrete recommendations for action, but relatively limited background and analysis. A more ample discussion of the issues is available in a series of policy briefs published by the Dialogue in recent months:

- *Trade Issues in the Western Hemisphere* by Sidney Weintraub
- *The Challenges of Democratic Governance in Latin America and the Caribbean: Sounding an Alarm* by Jorge I. Domínguez and Abraham F. Lowenthal
- *The Organization of American States: Advancing Democracy, Human Rights, and the Rule of Law, Report of an Inter-American Dialogue Commission on the OAS*

- *Latin America's Journey to the Market: From Macroeconomic Shocks to Institutional Therapy* by Moisés Naím
- *State Policies Toward Indigenous Peoples in Latin America: Issues and Alternatives* by Donna Lee Van Cott
- *An Agenda for Educational Reform in Latin America and the Caribbean* by Jeffrey M. Puryear and José Joaquín Brunner

This report is a group statement that reflects the consensus of the Dialogue's members. Not every signer agrees fully with every phrase in the text, but—except as noted by individual statements—each of the members endorses the report's overall content and tone, and supports its principal recommendations. All of us subscribe as individuals; institutional affiliations are for purposes of identification only.

In the past year, important advances have been made toward strengthening cooperation in the Western Hemisphere. The capital available to the Inter-American Development Bank (IDB) has nearly been doubled, a new secretary-general of the OAS has taken office, NAFTA has gone into effect, and other subregional trade pacts have been fortified. The summit is the right time to build on all of these advances and set the stage for enduring progress.

Peter D. Bell, CO-CHAIR

Alejandro J. Foxley, ACTING CO-CHAIR

Peter Hakim, PRESIDENT

ACKNOWLEDGMENTS

THIS REPORT DRAWS importantly on the discussions at our plenary session in April 1994, as well as on meetings of Dialogue task forces, discussions among our members and staff, commissioned research, and the advice of many people throughout the hemisphere and beyond. José Joaquín Brunner, Thomas Carothers, Javier Corrales, Nora Lustig, Moisés Naím, and Sidney Weintraub all prepared background papers for our plenary deliberations. We thank them and the many other scholars and practitioners who drafted materials and participated in our discussions on inter-American issues in the past year.

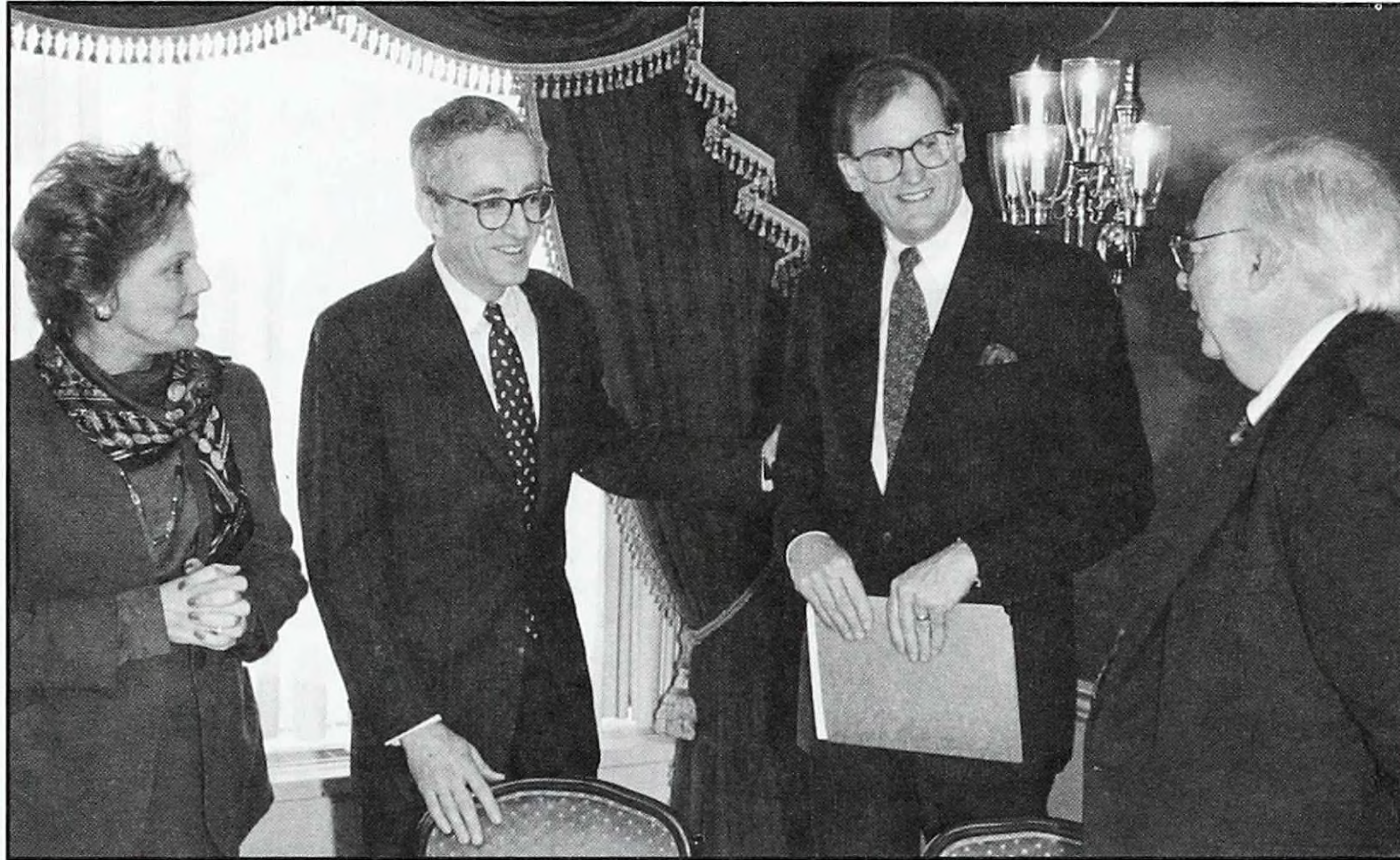
We are grateful to Richard Feinberg, Lawrence Pezzullo, Lawrence Summers, Peter Tarnoff, and Alexander Watson, for sharing their views with us at plenary sessions, and Ambassador Paulo Tarso Flecha de Lima of Brazil, for hosting the reception that preceded the meeting. We are also indebted to the many other ambassadors and government officials who contributed their ideas, and to staff at the Inter-American Development Bank, the World Bank, the Organization of American States, and the United Nations Economic Commission on Latin America and the Caribbean, who assisted our work.

We want to express special thanks to our co-chair Javier Pérez de Cuéllar, who contributed in so many ways; to our chairman emeritus Sol M. Linowitz for his continuing advice and guidance on many issues; to Sonia Picado, who skillfully co-chaired the plenary; to Jessica Mathews, our U.S. co-vice chair; to the other members of our Board of Directors; and to the many Dialogue members who contributed to our activities.

Since the plenary meetings in April, three members of the Dialogue have been elected or appointed to senior governmental positions and, thus, were not able to sign the report. These members are Billie Miller, Deputy Prime Minister and Minister of Foreign Affairs of Barbados; Ciro Gomes, the new Finance Minister of Brazil; and Sonia Picado, the Ambassador of Costa Rica to the United States. We want to congratulate them and thank them for their contribution to the Dialogue.

The plenary meetings and the preparation of the plenary report are collaborative efforts that have involved all Dialogue staff. Deserving our special gratitude are Jorge I. Domínguez, for his help in drafting the report and for preparing two papers for the plenary, one in collaboration with Abraham F. Lowenthal; and Donna Lee Van Cott, who wrote a plenary paper and oversaw the design and production of this report. We are also grateful to Elisa Martínez-Guaytanov, who coordinated the plenary meetings; to Jeffrey Puryear, who drafted a paper; and to Joan Caivano, Karin Edlund, Jennifer Ezell, Márcia Harwood, Andréa Olivos, Eliza Pier, Jenny K. Pilling, Michael Shifter, and Viron P. Vaky. Several interns helped prepare the report: Christina Lapp Holladay, Anna Elizabeth Bosch, Montserrat Daubón, April Redmon, Francisco Roig, and Michael Teich.

This work would have been impossible without the continuing support the Dialogue has received from the Ford, William and Flora Hewlett, and A.W. Mellon foundations, and the Carnegie Corporation of New York. We are also grateful for contributions from American Airlines, the American Chamber of Commerce-Brazil, Arca Foundation, Banco Garantia, Banco Itaú, Banco Safra, BankAmerica, Canadian International Development and Research Centre, Capital Management, El Comercio, Dart Container Corporation, Editora Abril, General Service Foundation, the governments of Argentina, Chile, Colombia, and Mexico, IBM Latin America, the Inter-American Development Bank, Mead Data Central, the National Endowment for Democracy, the North-South Center of the University of Miami, El Nuevo Día, Odebrecht, S.A., Petróleos de Venezuela, the Southern Peru Copper Company, the Swedish International Development Agency, Transbrasil Airlines, the Twentieth Century Fund, the U.S. Agency for International Development, the U.S. Institute of Peace, and many individual donors. Special thanks to Roberto Civita and Abril, S.A., for once again agreeing to publish the Portuguese language version of the report.



Sonia Picado, Peter D. Bell, Alexander F. Watson, and Abraham F. Lowenthal.

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Oscar Arias and Richard E. Feinberg.



José Octavio Bordón and Mario Vargas Llosa.

The Americas in 1994: A Time for Leadership

SUMMARY OF RECOMMENDATIONS

Summit Priorities

- The priority goals of the summit should be (a) to set the foundation for a hemisphere linked by free trade and economic partnership and (b) to strengthen the capacity of the Organization of American States (OAS) and other regional institutions to help safeguard democracy and human rights. These are issues that must be dealt with multilaterally. Progress requires international agreement, joint initiatives, and the cooperation of many countries.
- The assembled leaders should commit their governments to actively confront the challenges of fortifying democracy, protecting human rights, and reducing poverty and inequity. The solution to these problems, which face every country of the Americas, mainly fall to each nation's government and citizens.

The Multilateral Issues

I. Joining our Economic Futures

- The nations of the Americas should agree on a blueprint for building hemisphere-wide free trade arrangements. These should eliminate nearly all restraints to the free flow of goods and capital; include mechanisms for resolving disputes; and offer a strategy for dealing with countries unable or unwilling to join in regional free trade. They must also be consistent with the global GATT agreements. In addition, the governments should establish a timetable for achieving the new trading arrangements and develop a regional mechanism to coordinate progress.
- The United States should make clear in advance of the summit its vision of a hemispheric free trade system. Approval of "fast-track" authority would do most to reaffirm the U.S. commitment to free hemispheric trade.

II. Strengthening Inter-American Institutions

- When the credibility of an election is at stake, the Permanent Council of the OAS should authorize the Secretary-General to organize a monitoring mission and issue a judgment on the integrity of the election. Where the constitutional order is endangered in other ways, the Secretary-General should be empowered to (a) undertake anticipatory diplomatic action to help avert impending threats and (b) manage OAS responses to outright violations of democratic process.
- The OAS's Unit for the Promotion of Democracy should work with governments and NGOs on a longer-term basis to help strengthen key institutions of democracy: electoral machinery, judicial and legislative systems, and networks of nongovernmental groups.
- The Inter-American Commission and Court of Human Rights should redirect their work to investigating and adjudicating individual human rights violations, and to establishing a body of case law for national and international courts. Every country of the Americas should agree to ratify the American Convention on Human Rights and accept the jurisdiction of the Court.
- Governments should review all regional security arrangements and consider recasting or dismantling them in view of the changing regional context. The Inter-American Defense Board and College must be clearly subordinated to the civilian authority of the Secretary-General of the OAS. Governments should halt military-to-military programs that exclude civilian participation.

Recurring National Issues

I. The Consolidation of Effective Democracies

- All governments should rededicate themselves to forging vigorous democracies by consistently supporting democratic politics, denouncing violations, and defending regional norms. Every government should pledge to critically evaluate its own democratic practices and institutions, including executive-legislative relations, the administration of justice, civil and human rights protections, civilian control over security forces, and the accountability of political institutions. The effectiveness of public institutions must be enhanced, including efforts to eliminate corruption and expand access to all groups.

II. The Challenge of Poverty and Inequality

- The presidents and prime ministers should affirm their commitment to reducing social and economic inequities. Governments must sustain sound macroeconomic policies to encourage investment and growth; increase the collection of taxes to finance social spending; improve the delivery of services to their poorest citizens (who are disproportionately women, minorities, and indigenous peoples), and invest more in them.

- Every leader should commit to undertaking programs to improve the quality of schooling for all groups and agree to establish realistic goals, monitor student achievement, and evaluate school performance.

A Time for Leadership

- The nations of the hemisphere have an important opportunity to achieve real progress toward more enduring and productive ties, if the assembled leaders are prepared to meet three challenges: to face up to the failings of democratic practice and commit their nations to active programs of political renewal and social advance; to agree on a blueprint for building an economically integrated hemisphere joining countries through free flows of trade and investment; and to map out a plan for strengthening the OAS and other key regional institutions.



Oscar Arias, Peter D. Bell, and Peter Tarnoff.



Osvaldo Hurtado and Sol M. Linowitz.

The Americas in 1994: A Time for Leadership

*A Report of the Inter-American Dialogue to
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IN DECEMBER 1994, the presidents and prime ministers of the Americas will meet in Miami—at a time of broad inter-American convergence on three powerful ideas: democratic politics, free markets, and regional community.

Political democracy is now widely accepted as the only legitimate form of government in the Americas. Market-oriented economic policies—emphasizing macroeconomic stability, exports and foreign investment, and private sector initiative—have been adopted in most countries of Latin America and the Caribbean. Closer political and economic cooperation among the nations of the hemisphere is seen as crucial for defending and consolidating democracy, promoting human rights, achieving sustained economic progress, combatting poverty and inequality, and protecting the environment.

Rapid and dramatic changes throughout the hemisphere are responsible for this remarkable convergence on basic principles:

- Twenty years ago, most Latin American and Caribbean countries pursued inward-oriented development strategies behind high tariff walls. Today, virtually every country of the region has sharply reduced barriers to international trade and investment.
- Fifteen years ago, dictatorships ruled in all but a handful of Latin American countries, and human and political rights were brutally repressed in many places. Today, elected, constitutional regimes govern nearly all nations of the region, and human rights violations have been sharply curtailed in most.

Closer cooperation among the nations of the hemisphere is crucial for defending and consolidating democracy, achieving sustained economic progress, and combatting poverty.

- Even ten years ago, most Latin American governments would have had difficulty contemplating close economic cooperation with the United States. Today, the United States and Mexico are joined in a free trade agreement, and most other countries in the region say they want free trade with the United States as well as with each other.
- Just five years ago, Latin America and the Caribbean, after enduring nearly a decade of debt crisis, was still mired in economic depression. Today, the crisis has substantially receded and growth has resumed in most countries. Throughout the 1980s, capital fled from Latin America; now more than \$50 billion a year is flowing in.
- Five years ago, concern was widespread in Latin America that—with the end of the Cold War and other global changes—the United States and other industrialized nations would turn their political attention and economic interest to other parts of the world. Today, the countries of Latin America and the Caribbean are more fully engaged in the global community than ever before. International business has a growing stake in their economies. Latin Americans serve worldwide in U.N. peace-keeping missions. Within the hemisphere, the two key international institutions—the Inter-American Development Bank (IDB) and the Organization of American States (OAS)—are more vigorous than ever, and are poised to play expanding roles.

Latin America and the Caribbean still face formidable problems, however. Cuba remains a dictatorship, and its leaders so far have rejected democratic reform. After only seven months in office, Haiti's first freely chosen president was overthrown in 1991 and a cruel military regime holds power there. In Peru, the elected president suspended democratic rule and closed down parliament in 1992; formal constitutional rule has been restored but power remains centralized in the presidency. President Balaguer retained office in the Dominican Republic through a tainted election in May 1994. And Venezuela's government is ruling under emergency powers that include the suspension of constitutional guarantees. Other elected governments—in Guatemala, Panama, and Trinidad and Tobago—have been threatened by coups d'état in the past few years. Human rights abuses are common in some countries, and security forces escape the control of elected authorities in many.

With few exceptions, economic policy reforms in Latin America and the Caribbean are still fragile. Economic growth remains sluggish in most countries and export performance lags expectations. Decaying infrastructure stands as an obstacle to sustained growth. Overvalued exchange rates pose a risk to financial stability in several countries. And

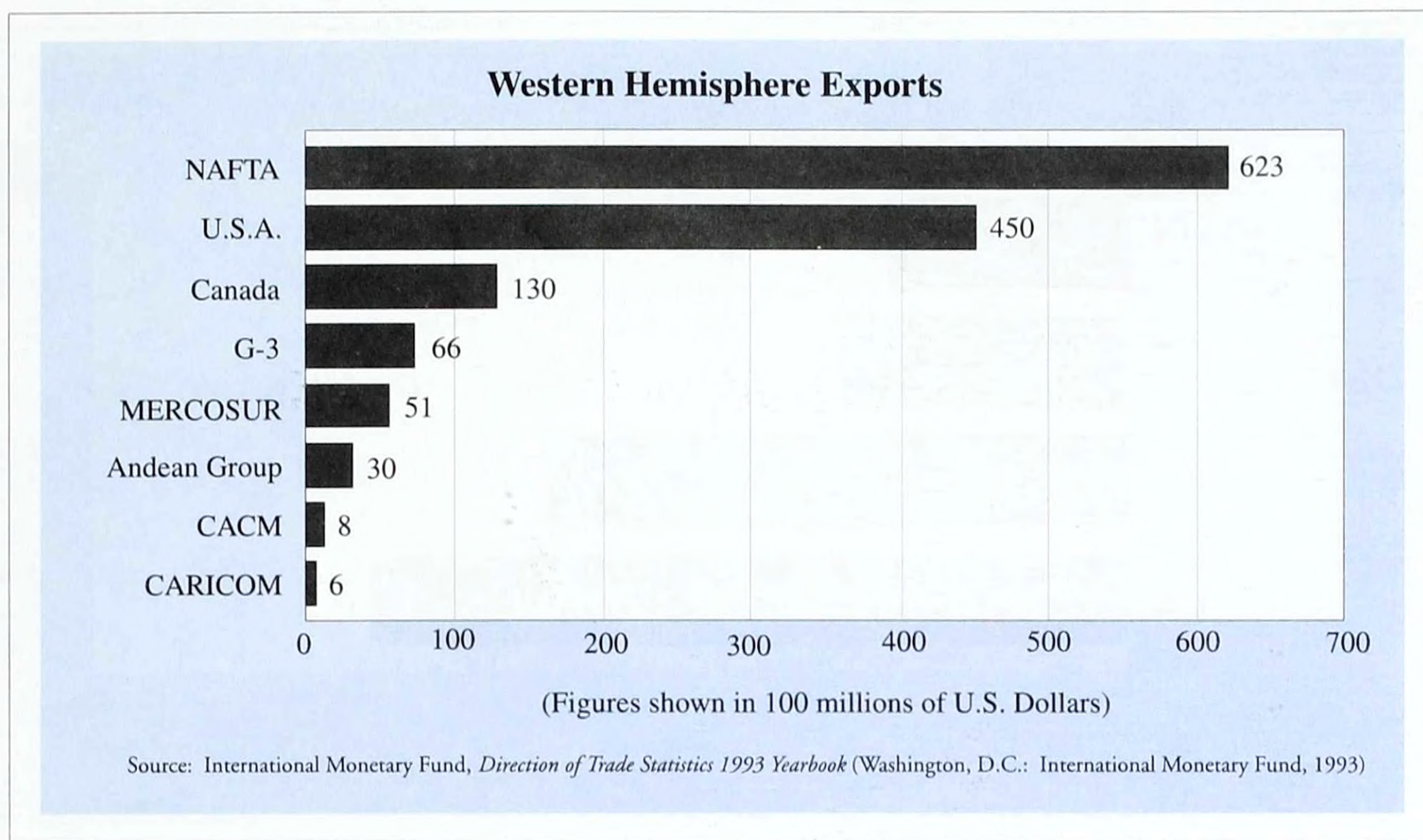


Figure 1 - Western Hemisphere Exports

Brazil, the region's largest and most economically important country, has only recently shown progress in bringing inflation under control. By 1994, fewer than a third of the countries of Latin America and the Caribbean had regained the level of income per capita they had in 1980.

Most disturbing is the persistence and pervasiveness of poverty, inequality, and social injustice throughout Latin America and the Caribbean. Economic growth rates in the region are insufficient to reduce the number of persons living in poverty; these are disproportionately women, racial minorities, and indigenous peoples. Income inequality is the worst of any major region in the world, and there are no significant signs of improvement. (See Figure 2). The failure of most Latin American and Caribbean countries to address effectively the problems of poverty, illiteracy, and malnutrition has placed the credibility of democratic institutions at risk and endangers macroeconomic progress.

The failure to effectively address poverty, illiteracy, and malnutrition places the credibility of democratic institutions at risk and endangers macroeconomic progress.

Finally, although U.S.-Latin American relations today are mostly free of conflict, U.S. policies toward Haiti and Cuba, as well as U.S. anti-drug programs, are controversial and opposed by many in the region. They could lead to increased confrontation in hemispheric affairs.

The upcoming Summit of the Americas—bringing together the elected presidents and prime ministers of the hemisphere—will be a time to celebrate the important gains of the past years, reaffirm shared principles and goals, and seek ways to take effective advantage of new opportunities for economic and political cooperation. Just as important, it will be a time to take stock of our common problems and concerns, and to chart a future course of action that deals honestly and effectively with them.

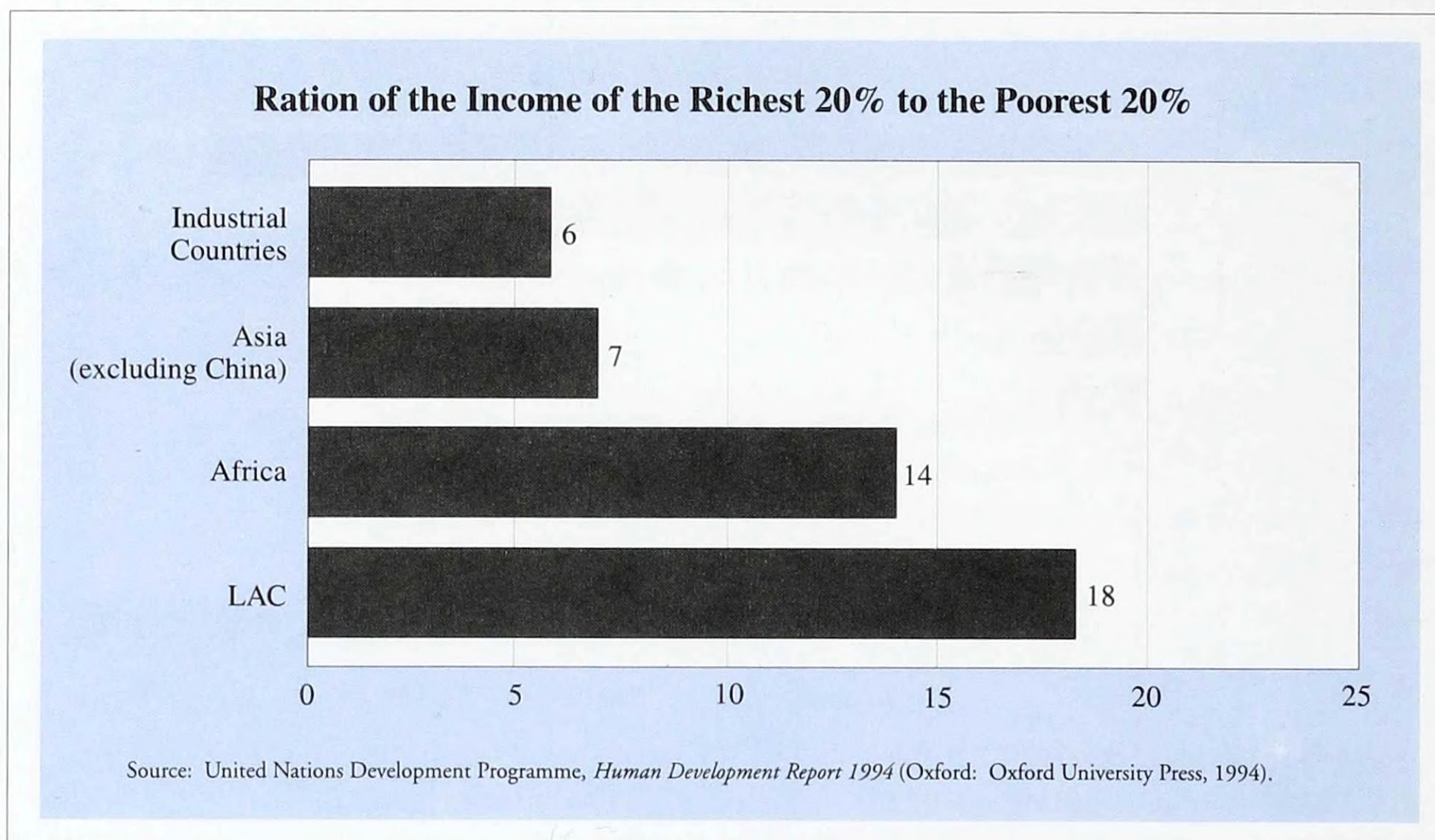


Figure 2 - Comparative Indicators of Inequality by Region

In fixing the agenda for the summit and developing a mutually agreed program of action, the first emphasis should be on those issues that can only be dealt with multilaterally—on which progress requires international agreement, joint initiatives, and the cooperation of many countries. The main priorities should be (a) setting the foundations for a hemisphere linked by free trade and economic partnership and (b) strengthening the capacity of key regional institutions and other mechanisms for inter-American cooperation.

In fixing the agenda for the summit, the first emphasis should be on those issues that can only be dealt with multilaterally—on which progress requires international agreement, joint initiatives, and the cooperation of many countries.

The summit will also be an opportunity to focus attention on a second group of issues: those that recur in many countries of the Americas, but whose solutions must be sought mainly within each nation by that nation's government and citizens. The key issues here are fortifying democratic practice, enhancing protection of human rights, and reducing poverty and inequity through sustainable development. The assembled leaders should be prepared to commit their governments to actively confront these problems, to establish basic norms for progress, to share information and experiences, and to set in place mechanisms for monitoring and evaluation.

The Multilateral Issues

I. Joining our Economic Futures

REGIONAL FREE TRADE is an idea that has taken hold among Western Hemisphere governments. Nearly every country of the Americas now participates in some form of free trade arrangement with its neighbors. NAFTA—which joins the United States, Canada, and Mexico—is only the most recent of six subregional trade pacts to go into force. Indeed, the proliferation of subregional and bilateral trade agreements, albeit a constructive and encouraging development, poses a challenge of coordination.

These trade initiatives, coupled with the broader restructuring and revitalization of Latin American and Caribbean economies, have led to an upsurge in intra-regional trade—among the countries of Latin America and the Caribbean, and between them and the United States and Canada. Particularly significant increases have occurred between countries joined in free trade pacts—like Argentina and Brazil in MERCOSUR, Venezuela and Colombia in the Group of Three and the Andean Pact, the members of the Central American Common Market, and the United States, Canada, and Mexico in NAFTA. (See Box 1).

The lesson is that reduced import barriers and agreements to promote freer trade can, and do, lead to substantial trade expansion. Most countries of the hemisphere are counting on that expansion to help propel growth in the coming years. They are also looking to free trade arrangements to achieve other benefits—more stable and predictable access to major markets; a secure anchor for trade-liberalizing measures and other economic reforms; greater flows of overseas investment; and enhanced coordination on a widening array of economic and financial matters.

The summit is the right setting for the nations of the Americas to agree on a blueprint for achieving a hemisphere-wide free trade system.

Reduced import barriers and agreements to promote freer trade can, and do, lead to substantial trade expansion.

The summit is the right setting for the nations of the Americas to agree on a blueprint for achieving hemisphere-wide free trade.

MERCOSUR			United States		
	<u>US\$100M</u>	<u>Total Exports</u>		<u>US\$100M</u>	<u>Total Exports</u>
To:			To:		
MERCOSUR	7	14%	Mexico	41	9%
United States	9	17%	Latin America & Caribbean	76	17%
Latin America & Caribbean	13	26%	NAFTA	131	29%

NAFTA			Latin America & Caribbean		
	<u>US\$100M</u>	<u>Total Exports</u>		<u>US\$100M</u>	<u>Total Exports</u>
To:			To:		
Latin America & Caribbean	80	13%	Latin America & Caribbean	28	18%
NAFTA	270	43%	United States	62	42%

Andean Pact		
	<u>US\$100M</u>	<u>Total Exports</u>
To:		
Andean Pact	2	6%
Latin America & Caribbean	7	24%
United States	13	42%

Source: International Monetary Fund, <i>Direction of Trade Statistics 1993 Yearbook</i> (Washington, DC: International Monetary Fund, 1993)

Box 1 - Intra-Regional Trade

This should be the priority objective of the meeting. Such an agreement would make a major contribution to sustained economic advance and, in addition, would facilitate cooperation on the range of other critical issues affecting the Americas. It should aim at achieving six basic goals:

- *A regional free trade and investment regime that eventually includes every nation of the Americas.* There should be no “second class” economic citizens in the hemisphere, and regional agreements should not discriminate against countries outside the hemisphere. The objective is more open and productive commercial relationships with all nations.
- *The elimination of restraints to the free flow of goods and capital.* The more barriers that are removed, the greater the economic gains over time. The end of most protection should be the objective of all countries within a reasonable phase-in period.
- *The development of effective regional mechanisms for resolving trade disputes.* Because such disputes are inevitable, the establishment of sound, mutually agreed procedures to resolve them may be the single most important benefit to be derived from regional integration.
- *A practical strategy for managing relations with those hemispheric countries that are either unable or unwilling to meet the requirements of a regional free trade pact.* It is important that no country be isolated economically or suffer unduly from trade and invest-

ment diversion during the transition period to an economically integrated hemisphere.

- *A specific timetable for achieving free hemispheric trading arrangements.* Although symbolically attractive, the year 2000 might well be too ambitious a target. The year 2005, hardly more than a decade from now, would be a more realistic time frame.
- *The development of a regional mechanism, consistent with the rules of the General Agreement on Tariffs and Trade (GATT), to guide progress toward a Western Hemisphere free trade area.* No existing regional organization currently has the mandate and expertise to exercise leadership on trade issues or to serve as a continuing source of data, analysis, policy review, and technical assistance. The first task of the new mechanism would be to coordinate the implementation of trade-related agreements reached at the summit.

Besides agreeing on these central goals for a hemispheric free trade system, participants in the summit should map out the next key steps that must be taken to proceed forward.

The countries of the hemisphere must first agree on how to go about building a free trade system. There are two main alternatives. NAFTA, given its economic importance within the hemisphere, could become the core of an expanding free trade area that incorporates other countries (or groups of countries) as they qualify and demonstrate an interest in joining. The advantage of this NAFTA-centered model is that it appears more straightforward than any other procedure and would lead directly to a unified set of trade and investment rules for all countries, producing the benefits of a single integrated market. Proceeding in this way, however, might well disrupt the important progress toward open trade that has already been achieved by other subregional groupings.

The second approach would emphasize the deepening and consolidation of economic integration within each subregion. That deepening and consolidation would be followed by negotiations between, and the eventual merging of, the different groups. This approach has the advantage of building on existing arrangements and strengthening partnerships that are already in place. It could, however, lead to a patchwork of separate trade groups with distinct rules, thereby frustrating the eventual formation of a single, hemisphere-wide free trade area.

In either case, the countries of each subregional group need to make explicit the conditions they expect other nations to meet in order to join or merge with their group. Ideally, the conditions required of new participants should not be significantly different than those demanded of

Each subregional group should make explicit the conditions it expects other nations to meet in order to join the group.

current members. The NAFTA partners, for example, might agree to incorporate any country that is willing and able substantially to comply with the accord's current provisions, including its side agreements on labor rights and the environment.

At the summit, the nations of the Americas will have, for the first time ever, both the opportunity and responsibility to set in motion the building of a regional economic community that would over time enable every nation to become more productive and compete more effectively in the global economy. The foundation can be laid for enduring economic and social advance and for sustained political cooperation as well. The summit has no more important goal. To make it achievable, all countries will have to engage in intensive consultations prior to the hemispheric meeting and be prepared to reach agreement on some difficult issues.

Given the size of its economy—six times larger than all the economies of Latin America and the Caribbean combined—the United States must demonstrate leadership. If the summit is to succeed in reaching accord on free trade, the United States must make clear in advance its vision of hemispheric trade arrangements, and how it proposes to pursue that vision. Approval of “fast-track” negotiating authority prior to the summit would, more than anything, reaffirm the United States’ commitment to hemispheric free trade.

If the summit is to succeed in reaching accord on free trade, the United States must make clear in advance its vision of hemispheric trade arrangements and how it proposes to pursue that vision.

II. Strengthening Inter-American Institutions

In 1928, Franklin Roosevelt wrote, “It is possible that, in the days to come, one of our sister nations may fall upon evil days; disorder and bad government may require a helping hand be given her citizens as a matter of temporary necessity to bring back order and stability. In that event it is not the right or the duty of the United States to intervene alone. It is rather the duty of the United States to associate itself with other American Republics, to give intelligent joint study to the problem and, if the conditions warrant, to offer the helping hand or hands in the name of the Americas. Single-handed intervention by us in the internal affairs of other nations must end; with the cooperation of others we shall have more order in this hemisphere and less dislike.”

Roosevelt’s advice explains the need for strong inter-American institutions to make cooperation work among the nations of the Americas. Such institutions are required to give the governments of the hemisphere the capacity to act collectively to secure peace, assist countries in distress, defend democracy and human rights, and advance social justice. The summit will allow the presidents and prime ministers an opportunity jointly to review the institutions of inter-American cooperation, assess their mandates and performance, and decide how to reshape the hemi-

Inter-American Institutions*

The Organization of American States

The world's oldest regional organization, the OAS dates back to the First International Conference of American States, held in 1890. Its charter entered into force in 1951. The OAS currently has 35 member states and has granted permanent observer status to 25 states in Europe, Africa, Asia, the Holy See, and the European Economic Community. The purposes of the OAS are: to strengthen the security and peace of the continent; to promote and consolidate representative democracy; to prevent possible causes of and ensure pacific settlement of disputes that may arise among member states; to provide for common action on the part of member states in the event of aggression; to seek solution of judicial, political, and economic problems and to promote, by cooperative action, their social, economic, and cultural development; and to achieve an effective limitation of conventional weapons in order to devote the largest amount of resources to the social and economic development of the member states. Among the most important organs of the OAS are:

The Inter-American Economic and Social Council promotes cooperation among the nations of the Americas to achieve economic and social development.**

The Inter-American Council on Education, Culture and Science promotes hemispheric cooperation in these fields.**

The Inter-American Juridical Committee advises the OAS on juridical matters and promotes the development and codification of international law.

The Inter-American Commission on Human Rights was established in 1959 to promote the observance and protection of human rights and to advise the OAS in this area.

The Inter-American Court of Human Rights, established in July 1978, is an autonomous judicial institution whose purpose is to apply and interpret the American Convention on Human Rights. Seven judges from member countries sit on the bench of the Court.

The Unit for the Promotion of Democracy was established in 1990 to provide advisory services (research, training, and information exchange) and direct assistance (technical assistance, election monitoring, and other aid requested by member states). Priorities for its agenda are technical support to electoral organizations, legislative training, and civic education.

Inter-American Development Bank

The largest and oldest regional multilateral development institution, the IDB was founded in December 1959 to promote social and economic development in Latin America and the Caribbean. Its principal functions are to finance the development of the borrowing member countries, to supplement private investment, and to provide technical assistance for development plans and projects. The Bank emphasizes industry and agriculture, transportation and energy, and health, education, and urban development. Bank membership includes 46 nations.

The Pan American Health Organization

PAHO was established in 1902 to promote and coordinate the efforts of the nations of the Americas to combat disease, prolong life, and improve the mental and physical health of their peoples.

United Nations Economic Commission for Latin America and the Caribbean

ECLAC provides a variety of statistical, analytical, advisory, and training services to Latin American and Caribbean countries.

*See also Box 4 - Regional Military Institutions

**These two councils are to be merged into the Inter-American Council for Integral Development under a pending reform of the OAS Charter.

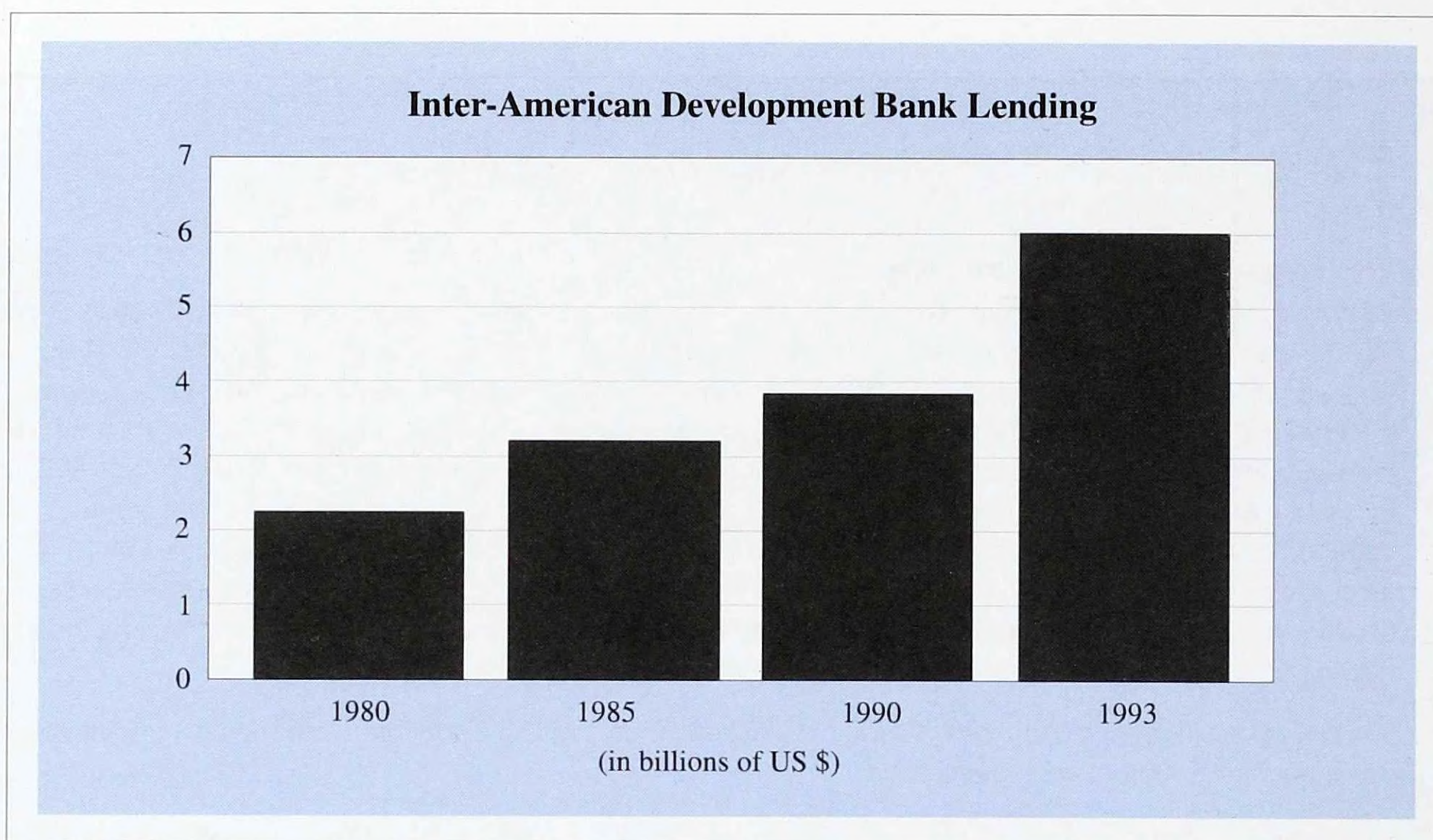


Figure 3 - Inter-American Development Bank Lending

The two most important regional institutions—the Inter-American Development Bank (IDB) and the Organization of American States (OAS)—have made important progress in the past several years.

sphere's institutional framework to better manage hemispheric affairs. (See Box 2).

The two most important regional institutions—the Inter-American Development Bank (IDB) and the Organization of American States (OAS)—have made important progress in the past several years, gaining in stature and competence and expanding their roles.

The nations of the hemisphere, as well as the other participating countries, affirmed their confidence in the IDB earlier this year at the Bank's annual meeting in Guadalajara, Mexico. The capital available to the IDB was nearly doubled to about \$100 billion, allowing for a lending program of some \$7.5 billion a year for the countries of Latin America and the Caribbean. (See Figure 3). In the past few years, the Bank has redefined its priorities so that they are fundamentally consistent with those that should be emphasized at the summit, including the fight against poverty and inequality; initiatives to strengthen public institutions in such areas as education, health, social security, and the administration of justice; new efforts to promote environmental protection and sustainable development; and expanded investment in infrastructure to overcome years of dissaving and facilitate export-led growth. The IDB is poised effectively to advance each of these priorities.

Defending Democracy

The OAS is also a more active and important institution today than it was several years ago. Since 1990, it has taken on an important role in safeguarding democracy—particularly in monitoring elections where there is potential for fraud or conflict and responding to violations of

**Organization of American States
Election Monitoring Missions**

1990:	Nicaragua, Haiti
1991:	El Salvador, Suriname, Paraguay
1992:	Peru, Paraguay
1993:	Peru, Honduras, Venezuela
1994:	Panama, Dominican Republic

Box 3 - Organization of American States:
Election Monitoring Missions

constitutional order. (See Box 3). The pathbreaking decision was the OAS General Assembly's June 1991 approval of Resolution 1080, which mandated that the governments of the hemisphere act collectively against challenges to democracy in the hemisphere and seek to restore democratic rule when it is ruptured. By allowing the OAS to suspend the membership of governments

that come to power illegally, the Washington Protocol, approved in 1992, reinforced the idea that the OAS is a "community of democracies."

OAS actions to restore constitutional government in Haiti, Peru, and Guatemala—the three cases in which it was forcibly interrupted since the approval of Resolution 1080—have produced mixed results. An attempted coup in Guatemala in June 1993 was aborted and the constitutional order reinstated. Although the formal trappings of democracy have been restored in Peru, power remains concentrated in the presidency and the army, which operate with few effective constraints. In Haiti, the OAS failed to return elected President Jean-Bertrand Aristide to power, and the effort has largely been taken over by the U.S. government and the United Nations.

With a new secretary-general of the OAS now in office, the summit is the right opportunity for leaders of the hemisphere to agree upon a program of action to bolster the capacity of the OAS—to turn it into a more effective mechanism for strengthening the basic institutions of democracy, for safeguarding democratic rule when it is threatened, and for helping to repair breakdowns in the constitutional order. The presidents and prime ministers should endorse two initiatives to accomplish these goals.

First, the secretary-general of the OAS should be granted the authority, and necessary financial and staff resources, to exert leadership in cases where democratic rule is endangered. Whenever the honesty and credibility of an election is at stake, the Permanent Council should authorize the secretary-general to organize an electoral monitoring mission, issue a judgment on the integrity of the election, and recommend OAS action in response to irregularities. Where the constitutional order is threatened in other ways, the secretary-general should be empowered by the Council (or, when appropriate, by a special meeting of the foreign ministers) to (a) undertake anticipatory diplomatic action to help avert the

The summit is the right opportunity to agree upon a program of action to turn the OAS into a more effective mechanism for strengthening democratic institutions, for safeguarding democratic rule, and for helping to repair breakdowns in the constitutional order.

impending threats and (b) manage OAS responses to outright violations of democratic process. To carry out these responsibilities, the Secretary-General will require a significant professional staff with capacity to gather and analyze information in difficult situations, devise alternative strategies of response, and organize reconciliation and mediation efforts.

Second, the OAS's Unit for the Promotion of Democracy should be assigned a professional, long-term role. It should not engage in crisis management, but work with governments and NGOs to help build and strengthen key institutions of democracy: electoral machinery, judicial and legislative systems, and networks of nongovernmental groups. To do this, the Unit will require increased financing and better-trained staff, and will need to develop close working relations with many public and private institutions, including think tanks, human rights and democracy advocacy groups, and local community organizations. The Secretary-General, in turn, should be able to count on the assistance of the Unit's staff and expertise in election monitoring missions and other efforts to defend democratic practice.

Advancing Human Rights

The OAS agencies established to protect human rights—the Inter-American Commission and the Inter-American Court—should be reshaped to fit the evolving political circumstances of Latin America and effectively meet the new challenges to individual and civil rights. During the 1970s and 1980s, when dictators dominated Latin American politics, the Commission played a critical role in defending the rights of opposition groups; it responded to gross and systematic rights violations in many countries, and it exposed the governments and individuals responsible. With the return of constitutional rule to nearly all of Latin America, both the Commission and Court appear to have lost their clarity of purpose. Their vitality has ebbed, and they seem to be losing support in some countries. Their efforts to protect and advance human rights must continue. They should be redirected, however, now that violations result mainly from the inability or unwillingness of weak elected governments to control their security forces, rather than from the deliberate abuses of repressive regimes.

The work of the Commission and the Court should be refocused on the investigation and adjudication of individual cases of human rights violations—although country reports should still be prepared where patterns of persistent or gross violations appear. The idea is to depoliticize the handling of human rights claims, allow for their quick disposition, and establish a body of case law that could be drawn upon by both national and international courts. The emphasis of the Court and Commission, in short, should be on resolving individual cases and developing legal precedents. The leaders assembled at the summit should pledge to: (a) substan-

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Regional Military Institutions

The Inter-American Defense Board was established in 1942 to study and recommend measures for the defense of the hemisphere during World War II. An independent agency whose members are active-duty military officers, the IADB's principal functions are to plan the hemisphere's collective defense and to help strengthen military cooperation among the countries of the Americas.

The Inter-American Defense College provides one or two years of special military training to U.S. and Latin American military officers.

The Conference of American Armies annually assembles the commanding officers of the U.S. and Latin American armies in an atmosphere of professional exchange and consultation. *The Conference of Air Force Chiefs* is a similar, although less institutionalized, exchange for that branch of the service.

Operation UNITAS is a joint naval exercise involving many countries of the hemisphere.

Box 4 - Regional Military Institutions

tially expand the staff and financial resources available to both institutions; (b) support the election of judges and commissioners who meet the highest standards of competence and integrity; and (c) respect fully the autonomy of the institutions.

Finally, it is fundamental that every country of the Americas ratify the American Convention on Human Rights and accept the jurisdiction of the Court. Nothing would do more to reinforce the inter-American system of human rights. (To date, 25 of 35 member countries are parties to the Convention; only 16 have accepted the Court's jurisdiction.)

Military Institutions

With the end of the Cold War, the military institutions established for the common defense of the Americas no longer serve their initial purposes. The presidents and prime ministers should be prepared to review all regional security arrangements and consider recasting or dismantling them. (See Box 4).

Founded in 1942, prior to the OAS, the Inter-American Defense Board is the region's oldest military institution. The Board is an independent agency whose members are active-duty military officers; it was originally intended as a coordinating mechanism for regional defense initiatives and policies, but today no longer serves that purpose except as a point of exchange for military leaders. One course would be for the governments of the hemisphere to reformulate its structure, mandate, and mission and make it an integral part of the OAS system. An alternative would be to abolish the Board.

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The governments should also review the Inter-American Defense College, which provides training to U.S. and Latin American military officers, and decide whether it serves an important need. The College should, at a minimum, also be placed firmly under the authority of the OAS, and instructed to incorporate far more civilians and assign more attention to issues related to civil-military relations and the defense of democracy.

The leaders assembled at the summit should initiate a reassessment of the many military-to-military programs that exclude civilian participation and oversight. The Conference of American Armies, for example, regularly assembles the commanding officers of U.S. and Latin American armies for strategy and policy discussions. The Conference of Air Force Chiefs has a similar purpose. Operation UNITAS is a joint naval exercise involving many countries of the hemisphere. It is time to reconsider these exclusively military activities. The governments of the hemisphere should call for a meeting of their ministers of defense—who more clearly respond to civilian authority—to rethink what kinds of exchanges among the region's armed forces would be appropriate and useful, and assure they are subordinated to civilian control.



Jessica T. Mathews and Moisés Naím.

Recurring National Issues

I. The Consolidation of Effective Democracies

THE PRESIDENTS AND prime ministers participating in the summit should celebrate Latin America's turn toward democracy in recent years—but they must also confront the hard fact that the region's democratic trend has yet to produce robust and vigorous democracies. In many countries, citizens are increasingly disaffected. Presidential power is inadequate in some countries and excessive in others. Parliaments, legislatures, courts, and political parties are often inept, powerless, and unaccountable. Corruption is widespread in the Americas, and common crime has become pandemic. The dismal performance of democratic institutions has left them vulnerable—threatened by armies in a few countries and by the growing alienation of common citizens in many.

In nearly every country, a dramatic and welcome shift occurred in the quality and openness of political life following the transition from authoritarian rule to elected, civilian government. Yet sustained progress toward effective democratic practice has not occurred in most places. There has not been a satisfactory deepening and widening of democratic norms, procedures, or institutions in the region. Few countries have made steady advances toward the building of judicial systems and legislatures that are competent, honest, and accessible—or parties that are responsible and representative. Human rights abuses declined sharply with the end of military rule, but are still common in many places. In only a handful of nations have the armed forces withdrawn from politics and been brought under civilian authority.

At the summit, the nations of the hemisphere together must come to grips with the political failures that have left democratic rule ineffective and increasingly vulnerable in many countries. All governments should

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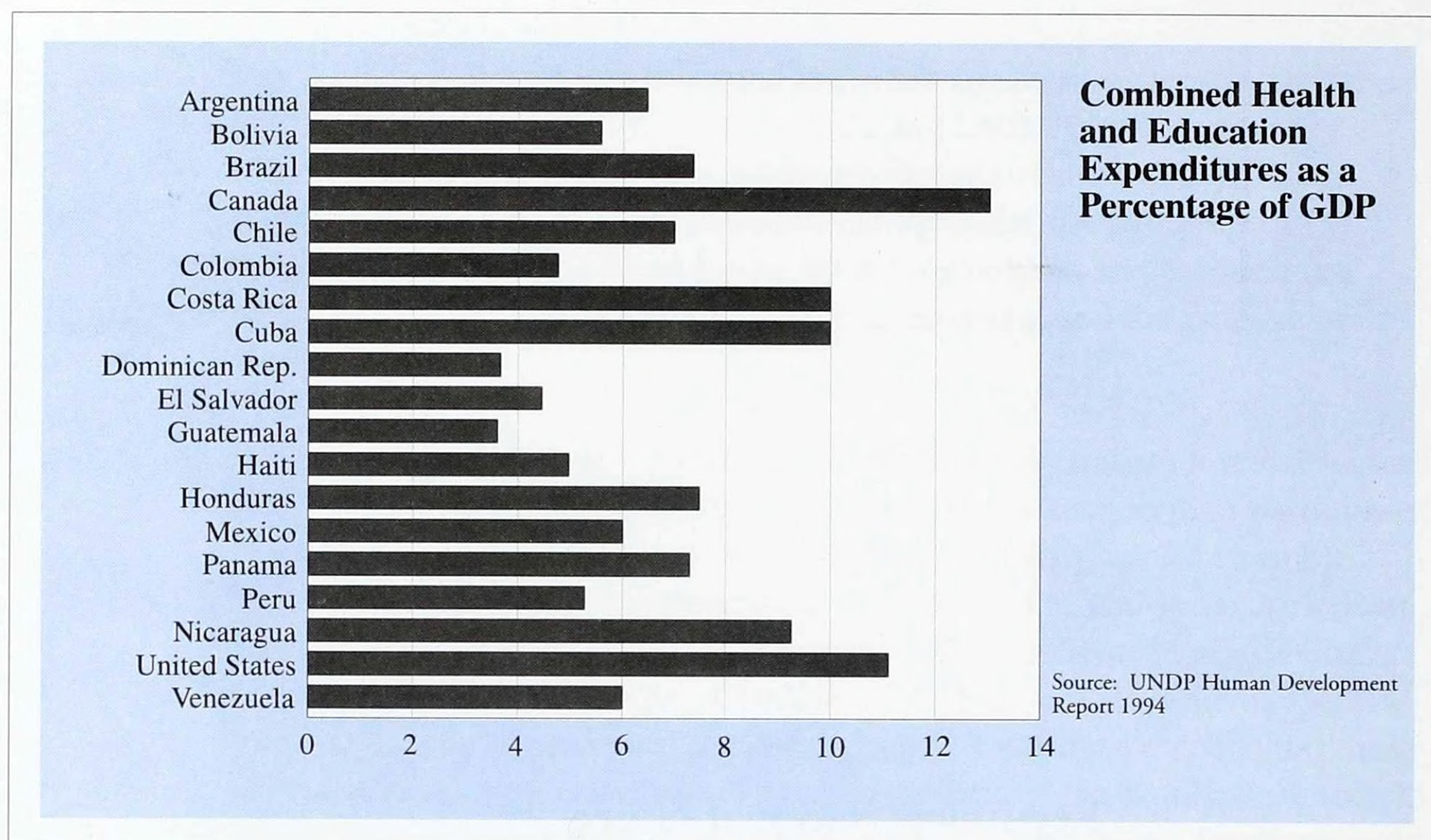


Figure 4 - Health and Education Spending in Latin America

Collective international efforts can be helpful in important ways. The primary challenge of protecting and deepening democracy falls, however, to the governments and citizens of each country.

rededicate themselves to the task of forging vigorous democratic systems. Collective international efforts can be helpful in important ways—by consistently supporting democratic politics, by disclosing and denouncing violations, and by setting and defending regional norms. The primary challenge of protecting and deepening democracy falls to the governments and citizens of each country, however.

There is no ready diagnosis or easy remedy for the multiple shortcomings to democracy in the hemisphere. Every government at the summit should pledge to undertake a critical self-evaluation of its own democratic practices and institutions—making sure to include attention to such key areas as executive-legislative relations, the administration of justice, civil and human rights protections, civilian control over armies and police forces, and the broad accountability of political institutions. Such an evaluation—if done right, with the participation of many groups inside and outside of government—can become the basis for a broad national debate on democracy and for a systematic program of action. Each country is likely to take this initiative seriously to the extent that others do.

For most Latin American nations, securing and consolidating stable democracy will require even more than sustained political and legal reform. Efforts must be made to enhance the effectiveness of public institutions—including the elimination of widespread governmental corruption and the expansion of access to all groups. The credibility of democratic governments, and ultimately democracy itself, depends on the performance of public institutions—on whether they are viewed as honest, effective, and serving all citizens.

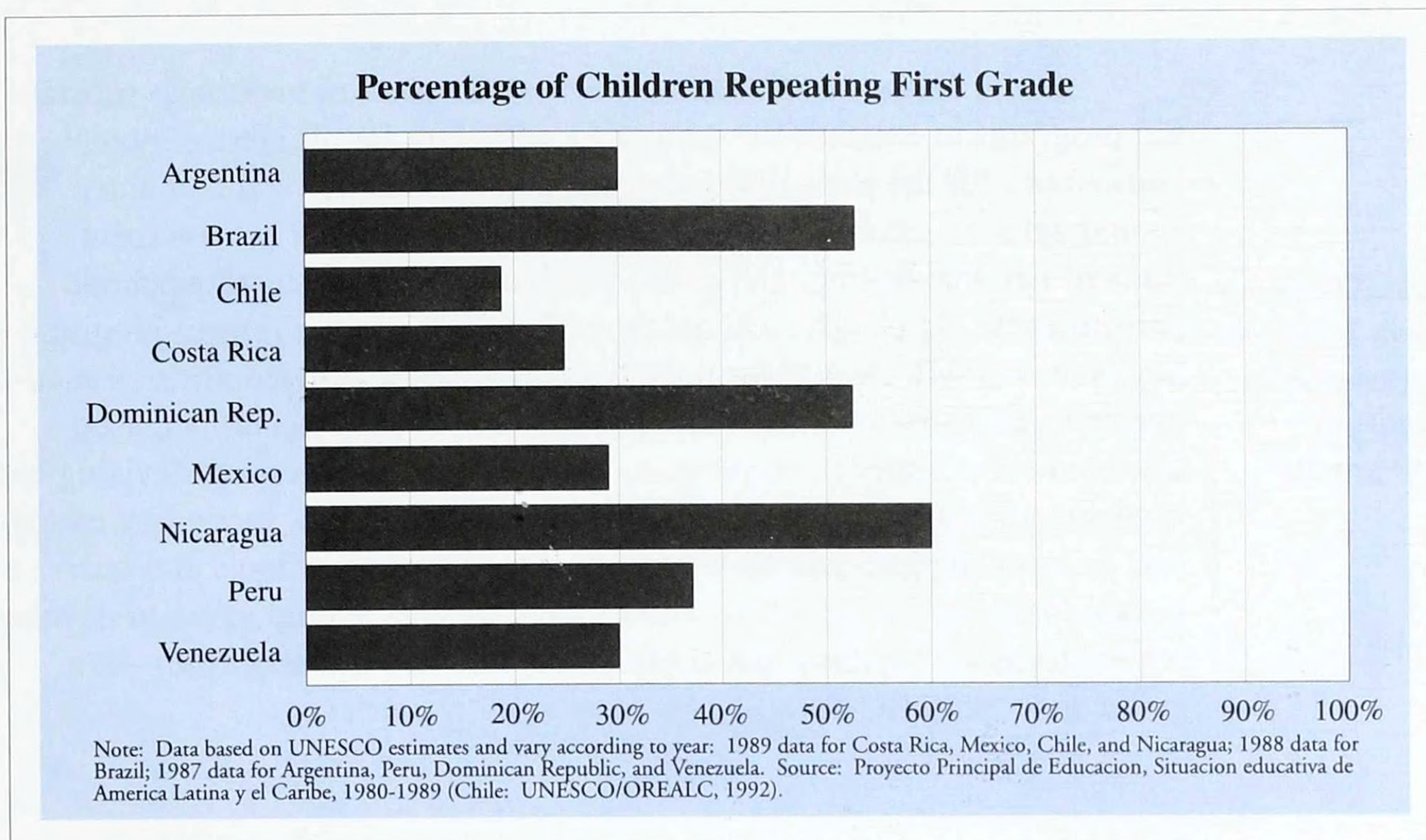


Figure 5 - Percentage of Children Repeating First Grade

II. The Challenge of Poverty and Inequality

The presidents and prime ministers gathered for the summit should affirm as well their commitment to reducing social and economic inequities in their own societies. This is an immense challenge that few Latin American nations have confronted successfully during this century. There are no new or easy solutions to poverty or inequality. What governments must do is sustain sound and disciplined macroeconomic policies that will encourage investment and growth; increase the collection of taxes to finance greater social spending; and improve the delivery of services to and expand investments in their poorest citizens. (See Figure 4). International and bilateral financing agencies can assist in critical ways, but facing up to the social challenge—like democracy building—is mainly a task for each nation.

Improvements in education are especially crucial to raising the productivity of low-income groups and narrowing income disparities—as, indeed, they are to bolstering international competitiveness and to promoting democracy. Yet, most countries of the hemisphere have allowed the quality of their educational systems to deteriorate in recent years. (See Figure 5). The summit is the right time for a collective commitment to reverse this trend.

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Every leader should commit his government to undertake substantial programs to improve the quality of schooling for all groups.

Every leader should commit his government to undertake substantial programs to enhance the quality of schooling for all groups—but particularly for the most disadvantaged and vulnerable. Each country should agree to establish realistic goals, monitor student achievement through national testing, and create mechanisms for evaluating school performance. Although each nation will require its own reform program, key elements will inevitably include a combination of decentralized management; better-trained and more professional teachers; and increased involvement of parents, employers, and other social groups in devising and implementing programs. Educational policy should link secondary education to labor markets and foster partnerships between schools and businesses. Ideally, the presidents and prime ministers should agree to develop a few concrete programs that could be applied hemisphere-wide—as a guide and a prod to educational reform in all countries.

A Time For Leadership

THE SUMMIT OF THE AMERICAS is a special event. Some 35 heads of state will assemble to discuss the shared interests and concerns of their countries. It will be disappointing if the summit turns out to be mainly a symbolic affair. Participants should not be content simply to celebrate the democratic gains of the past 15 years, or to applaud existing economic and political cooperation. At the summit, the nations of the hemisphere will have an important opportunity to achieve real progress toward more enduring and productive ties—if the assembled leaders are prepared to meet three challenges:

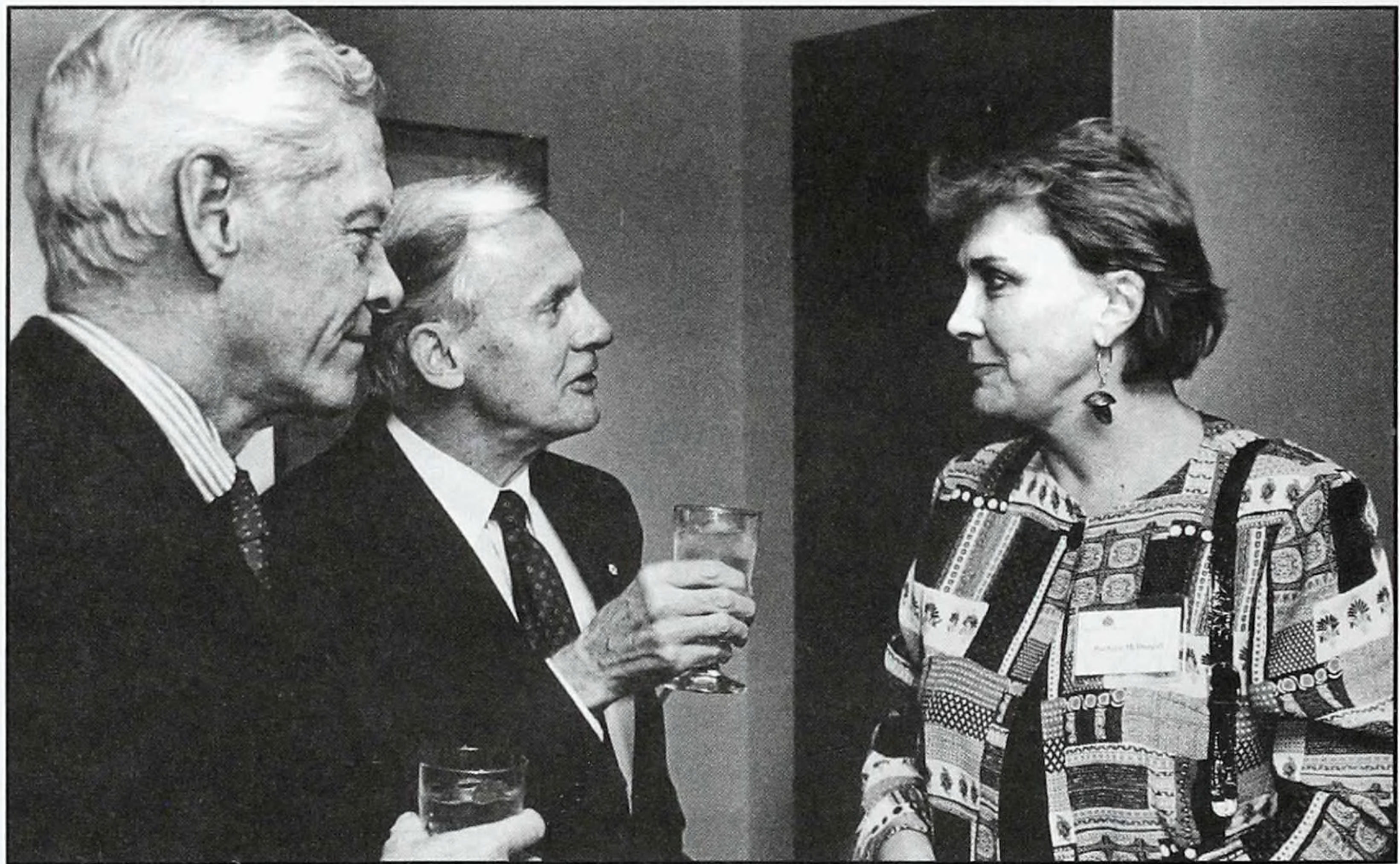
- To face up to the failings of democratic practice in country after country and truly commit their nations to active programs of political renewal and social advance.
- To agree on a blueprint for building an economically integrated hemisphere joining all countries through free flows of trade and investment.
- To go beyond reaffirming commitments to cooperative ties—and to map out a plan for jointly attacking the hemisphere's common problems and for strengthening the OAS and other key regional institutions.

It will require courage and imagination from the leaders assembled at the summit to take on the substantive decisions needed to build genuine partnerships in the Americas. The summit will be a test of their leadership and their commitment to hemispheric community.

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Luigi Einaudi and Javier Silva Ruete.



Terence Canavan, Ivan Head, and Barbara McDougall.

SUPPLEMENTAL COMMENTS FROM MEMBERS OF THE DIALOGUE

Raúl Alfonsín

I wish to express a reservation about free trade. Trade liberalization must be accomplished through a careful process that does not harm national industry. Also, I believe we should urge that the U.S. embargo against Cuba be lifted, as recently proposed by the Rio Group of Latin American countries.

Peggy Antrobus

While recognizing the “persistence of poverty, inequality, and social injustice throughout Latin America and the Caribbean,” the report ignores the contradiction between macroeconomic policies favoring corporate interests and the welfare of ordinary people. Instead of free trade, the report should emphasize that fair trade is required between unequal partners. Given the concerns of labor and environmental groups, it is too soon to consider NAFTA as a framework for the entire region.

Economic globalization presents the island states of the Caribbean with special problems. Because they are so small and vulnerable, government policies are needed to protect disadvantaged groups and fragile ecological systems. Under market-oriented policies, the gap between rich and poor likely will widen with poverty, unemployment, and social disintegration increasing. The leaders at the Summit of the Americas should seek to place macroeconomic policies at the service of people rather than powerful interest groups. It is time for more reflective leadership.

Lee Cullum

As a journalist who might write about this report, I must stand on the disclaimer in the introduction: the views expressed in the document are not necessarily my own. Especially, I would add my reservations at this point about the U.S. accepting jurisdiction of the Inter-American Court. This seems to me premature. The report overall, however, strikes the right tone and holds much promise for the hemisphere.

Karen DeYoung

As a practicing journalist involved in coverage of United States government policy, I make no endorsement of the policy recommendations on trade and U.S. involvement in multilateral organizations contained in this report.

Maurice Ferré

As a firm supporter of the Cuban Democracy Act, I would oppose any recommendation in the economic section that does not require full adherence to this legislation.

Richard W. Fisher

I wish to disassociate myself with any recommendation for greater taxation in the Americas. What is needed is more efficient tax collection in Latin America and sound macroeconomic policies to bring central government spending under control. Also, the report fails to note that the United States has a significant debt problem. The U.S. government should be urged further and sharply to reduce its budget deficits.

Douglas A. Fraser

I want to disassociate myself from the report's references to NAFTA.

Andrew Goodpaster

The section on military institutions has an excessively negative slant. With the rise of democracy and the demise of communism, the Americas, like most of the rest of the world, have come to a new era of security and confidence, and a time of redefining the role of military force. Military institutions and associations that were developed and proved their value in the past can play a highly constructive role. The reduction and restructuring of military forces, the building of civilian-military relationships appropriate to democratic governments, the shared understanding of the new strategic environment, and the relation of multinational military institutions to the OAS, offer a challenging avenue for both civilian and military participation, to which the military institutions cited in the report can contribute in important ways. This is a time, and that is a way, to "accentuate the positive."

Xabier Gorostiaga, S.J.

I wish to offer three comments. First, I am concerned about a growing crisis of leadership and credibility, perhaps even legitimacy, in many countries of the region. Market economies must be democratized in order to create stable, deeply rooted, and enduring democracies. Second, I believe that NAFTA should not be emphasized as a path to hemispheric integration since it corresponds more to a U.S. strategy than to real partnerships among all countries. Third, Haiti and Cuba are being excluded from regional initiatives; in both cases, U.S. unilateralism is part of the problem, not of the solution.

Carla A. Hills

I am concerned that seeking hemispheric free trade through the "deepening and consolidation" of multiple agreements would inevitably lead to undesirable complexity. One trade model, such as the core obligations of the North American Free Trade Agreement, should be the operative premise for achieving free trade in the hemisphere.

John T. Joyce

I fundamentally agree with the Dialogue's report, although I believe that its emphasis is misplaced in several key areas. Free trade, for example, is a worthwhile objective—but it should not take precedence over efforts to strengthen democratic institutions, eliminate poverty, or promote equality and social justice. Indeed, these objectives must be addressed together in policy and in practice. Free trade agreements should be designed to achieve economic and social advance among all groups; they should be conditioned on respect for democracy and human rights; and they should include provisions for cushioning the inevitable economic dislocations they cause individuals and communities. These are the kind of free trade arrangements that we should all be working toward.

Elsa Kelly

I disagree with the idea of making NAFTA the core of an expanding free trade club. The MERCOSUR was established to increase the size of markets and raise productivity through specialization and sectoral cooperation. But it also has the purpose of strengthening our capacity to negotiate with the United States and other industrialized countries. The idea is to transform the MERCOSUR countries into actors in the global economy—which could not be achieved under NAFTA's "umbrella."

Fernando Léniz

The document fails to emphasize sufficiently the main cause of poverty and political instability in Latin America: the crisis confronting education throughout the region. Educational reform is our most urgent need. The resources devoted to education should be increased threefold. We must prepare our people to understand the rapidly changing world and give them the knowledge and skills to be productive and creative. Unless this is done, efforts to strengthen national and international institutions cannot be effective.

Manuel Moreno Friginals

I agree in general with the report but have three observations. First, the dictatorial and oppressive regimes of Cuba and Haiti should not be paired with the *provisional* suspension of constitutional guarantees in Venezuela, which confronted an unprecedented and inherited economic crisis, in accord with the country's laws. Second, the section on democracy avoids discussion of Cuba and Haiti, which should be fundamental topics at the summit. The Latin American presidents are likely to raise the issue of the U.S. embargo as they did at their recent meeting in Rio. Should not the Dialogue demand effective steps toward democracy in Cuba in exchange for an end to the embargo? Third, I think the report should include a paragraph about freedom of information as an elemental human right.

Celina Vargas do Amaral Peixoto

It is important to improve regional communication not only among states, but also among citizens and their groups. Ordinary citizens and non-governmental organizations should be represented at the OAS and allowed to express their ideas and concerns.

Charles Pilliod

I have reservations about the use of economic trade sanctions on behalf of human rights. Over time, this works out to our economic detriment, as we lose markets that are hard to regain later.

Alberto Quirós Corradi

I am concerned about the weaknesses of hemispheric leaders and institutions, which prevent them from agreeing on serious solutions to the crucial issues discussed in the report and to such others as Cuba and Haiti. I fear that the summit will wind up avoiding the most important problems. Although I support the report's analysis and recommendations, I disagree with its implicit endorsement of the summit.

Shridath Ramphal

The statement "Cuba remains an oppressive dictatorship" oversimplifies a complex reality. I would prefer to say "Despite the rigors of a U.S. economic embargo, Cuba remains obstinately authoritarian." NAFTA's side agreements retain a substantial *sui generis* character. The notion of "signing on" without negotiation is not, I believe, an ideal way forward for the Hemisphere.

Augusto Ramírez Ocampo

The summit should adopt a new paradigm for the hemisphere: sustainable human development. A common agenda should be developed in the next ten years and joint mechanisms established to deal with the potentially most controversial issues, including environmental protection, anti-drug initiatives, and regulation of migration.

Brent Scowcroft

I disagree with the tone of the recommendations regarding inter-American military institutions and exchanges. The U.S. military should be working closely with Latin American militaries, giving particular emphasis to the development of a greater commitment to democratic practices in the region's armed forces.

Paula Stern

I want to emphasize that hemispheric free trade agreements should be models of "open regionalism," specifically allowing for the accession of countries outside the hemisphere that are willing and able to meet the agreed-upon conditions. It should be recalled that four countries of the Americas—Canada, Chile, Mexico, and the United States—are participants in APEC, the Asia and Pacific trade group.

Mario Vargas Llosa

I do not share the optimistic appraisal of the Organization of American States, an organization which I think has failed—particularly in the cases of Peru, Haiti, and Cuba—in its obligation to promote and defend democracy in the Americas.

MEMBERS OF THE INTER-AMERICAN DIALOGUE

FROM LATIN AMERICA, THE CARIBBEAN, AND CANADA

Mariclaire Acosta Urquidi

Mariclaire Acosta is president of the Mexican Commission for the Defense and Promotion of Human Rights, and a founder of the Mexican Academy for Human Rights.

Raúl Alfonsín

Raúl Alfonsín was president of Argentina from 1983 until 1989. He is president of the Radical Party and was co-founder of the Permanent Assembly for Human Rights.

Peggy Antrobus

Peggy Antrobus, of Barbados, is tutor and coordinator of the Women and Development Unit at the University of the West Indies.

Oscar Arias

Oscar Arias was president of Costa Rica. He is president of the Oscar Arias Foundation, and earned the Nobel Prize for Peace.

Nicolás Ardito Barletta

Nicolás Ardito Barletta is president and general director of the International Center for Economic Growth. He was formerly president of Panama and vice president of the World Bank for Latin America and the Caribbean.

Sergio Bitar

Sergio Bitar is a national senator from the northern region of Tarapaca in Chile.

José Octavio Bordón

José Octavio Bordón is a national senator and former governor of the province of Mendoza, Argentina.

Rodrigo Botero

Rodrigo Botero served as minister of finance of Colombia, and is the founder of the Foundation for Higher Education and Development in Bogotá.

Gisèle Côté-Harper

Gisèle Côté-Harper, Q.C., is a barrister who teaches law at Laval University in Quebec. She is chair of the International Center for Human Rights and Democratic Development.

Roberto Civita

Roberto Civita is chairman and CEO of Abril, S.A., Brazil's largest publishing and pay TV company.

Margaret Catley-Carlson

Margaret Catley-Carlson is president of the Population Council. She was deputy minister for health and welfare in Canada, and president of the Canadian International Development Agency.

Oliver F. Clarke

Oliver Clarke is chairman of the board and managing director of The Gleaner Company, Jamaica's largest newspaper publisher.



Oliver Clarke.

José María Dagnino Pastore

José María Dagnino Pastore is a professor of economics at the Catholic University of Argentina. He served as minister of finance, minister of economy and labor, and ambassador-at-large in Europe.

Enrique Dreyfus

Enrique Dreyfus was foreign minister of Nicaragua. He has served as president of Nicaragua's principal business federation.

Oscar Espinosa

Oscar Espinosa is managing director of Enrique Ferreyros, S.A. in Peru. He was the chairman and president of Peru's National Development Corporation.

Carlos Filizzola, M.D.

Carlos Filizzola is the first democratically elected mayor of Asunción. He served as deputy secretary-general of Paraguay's largest labor association.

Alejandro J. Foxley (acting co-chair)

Alejandro Foxley is president of the Christian Democratic Party in Chile. He was Chile's finance minister.

Xabier Gorostiaga, S.J.

Xabier Gorostiaga is the rector of the Universidad Centroamericana in Nicaragua and president of the Regional Center for Economic and Social Research (CRIES). He was director of national planning for Nicaragua.

Ivan L. Head

Ivan Head is a professor at the University of British Columbia. He was president of the International Development Research Centre of Canada and special assistant to the prime minister for foreign policy issues.

Oswaldo Hurtado Larrea

Oswaldo Hurtado was president of Ecuador. He is president of CORDES, a research center in Ecuador.

Elsa Kelly

Elsa Kelly is a congressional deputy to the Argentine National Congress. She has served as deputy minister of foreign affairs, ambassador to UNESCO, and as a member of the OAS Commission on Human Rights.

Pedro-Pablo Kuczynski

Pedro-Pablo Kuczynski is president and chief executive officer of Westfield Capital and vice chairman of CAP, S.A., of Chile. He was previously minister of energy and mines in Peru.

Augustín Legorreta

Augustín Legorreta is chairman and chief executive officer of Grupo Financiero Inverlat. He has been president of the Mexican Bankers Association and president of the Business Coordinating Council.

Jorge Paulo Lemann

Jorge Paulo Lemann is founder and senior partner of Banco de Investimentos Garantia S.A., of Brazil. He serves on the board of the Catholic University of Rio de Janeiro, Ação Comunitária, and Fundação Estudar, a scholarship program for university students.

Fernando Léniz

Fernando Léniz is chairman of the board of several major companies and foundations in Chile. He served as finance minister of Chile.

Marcos McGrath

Monsignor Marcos McGrath, C.S.C. is retired archbishop of Panama. He served as vice president of the Council of Latin American Bishops.

Barbara McDougall

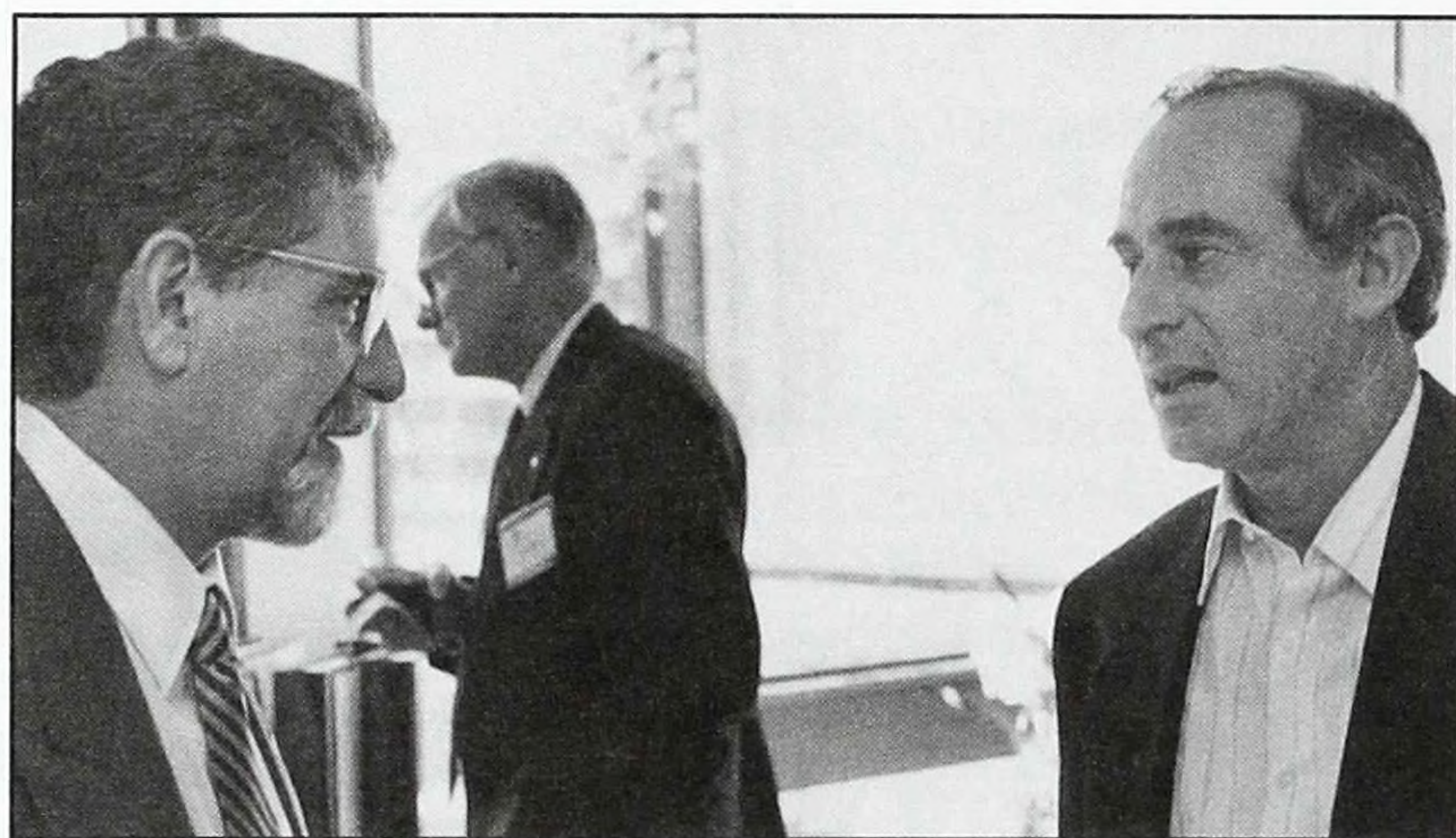
Barbara McDougall was foreign minister of Canada. She is an international business strategist.

Beatriz Merino

Beatriz Merino is representative for corporate affairs at Procter & Gamble Latin America. She was a national senator in Peru.

Manuel Moreno Fraginals

Manuel Moreno Fraginals is a leading Cuban historian and has participated in collaborative international projects on the history of the Americas.



Celso Lafer and Sergio Bitar.

Roberto H. Murray Meza

Roberto Murray Meza is president of La Constancia, S.A., El Salvador's largest brewery. He has served as president of the Social Investment Fund and as an advisor to the minister of culture.

Sylvia Ostry

Sylvia Ostry is chancellor of the University of Waterloo, chair of the Centre for International Studies, chair of the Canadian Institute of International Affairs, and a member of the G-30 in Washington.

Celina Vargas do Amaral Peixoto

Celina Vargas do Amaral Peixoto is general director of the Getulio Vargas Foundation. She was director of Brazil's National Archives and president of the Latin American Association of Archives.

José Francisco Peña Gómez

José Francisco Peña Gómez was a candidate for president of the Dominican Republic this year. The election has been rescheduled because of irregularities. He earlier served as mayor of Santo Domingo.

Jacqueline Pitanguy

Jacqueline Pitanguy is the founding president of CEPIA, a private research organization on women's issues in Brazil.

Alberto Quirós Corradi

Alberto Quirós Corradi is president of Seguros Panamericano in Caracas. He was president of Shell of Venezuela and director of *El Nacional*.

Augusto Ramírez Ocampo

Augusto Ramírez Ocampo served as foreign minister of Colombia and led the U.N. mission in El Salvador.

Shridath Ramphal

Sir Shridath Ramphal was the secretary-general of the Commonwealth and later chairman of the West Indian Commission. He is now co-chairman of the Commission on Global Governance and a member of the Latin American and Caribbean Commission on Development and Environment.

Julio María Sanguinetti

Julio María Sanguinetti was president of Uruguay. He is president of the PAX Institute.

Juan Manuel Santos

Juan Manuel Santos was vice president and minister of trade in Colombia. He is now deputy-publisher and editor-in-chief of *El Tiempo* of Bogota.

Javier Silva Ruete

Javier Silva Ruete has served as a senator, as minister of economy and finance, and minister of labor of Peru.

Maurice Strong

Maurice Strong is the chairman of Ontario Hydro and chairman of the Earth Council. He was the first president of the Canadian International Development Agency, executive director of the United Nations' Environment Program, and secretary-general of the 1992 United Nations Conference on Environment and Development.

Gabriel Valdés

Gabriel Valdés is president of the Chilean senate. He served as Chile's minister of foreign relations and as president of the Christian Democratic Party.

Mario Vargas Llosa

Mario Vargas Llosa is a distinguished novelist. His latest book is *Lituma in Los Andes*.

MEMBERS OF THE DIALOGUE FROM THE UNITED STATES**Michael D. Barnes**

Michael Barnes is a partner at Hogan & Hartson. He was a member of Congress from Maryland and chaired the Subcommittee on Western Hemisphere Affairs.

Peter D. Bell (co-chair)

Peter D. Bell is president of the Edna McConnell Clark Foundation. He is chairman of CARE and of Americas Watch.

Kathleen Brown

Kathleen Brown is the treasurer of the state of California and a candidate for governor.

McGeorge Bundy

McGeorge Bundy is a scholar-in-residence at the Carnegie Corporation of New York. He was president of the Ford Foundation and national security advisor to presidents Kennedy and Johnson.

Terence C. Canavan

Terence Canavan was executive vice president of Chemical Bank. He is the chairman of Acción.

A.W. Clausen

A.W. Clausen served as president of the World Bank and chairman and chief executive officer of BankAmerica Corporation and Bank of America NT&SA. He is now an honorary director of the Board of Directors of the Corporation and the Bank.

Lee Cullum

Lee Cullum is a columnist for *The Dallas Morning News* and a featured commentator on the "MacNeil/Lehrer NewsHour."

Ralph P. Davidson

Ralph Davidson was chairman of Time, Inc. and president of the John F. Kennedy Center for the Performing Arts.

Karen DeYoung

Karen DeYoung is assistant managing editor for national news at *The Washington Post*.

Jorge I. Domínguez

Jorge Domínguez is the Frank G. Thomson professor of government at Harvard University.

Lawrence Eagleburger

Lawrence Eagleburger was U.S. secretary of state. He is senior foreign policy advisor at the law firm of Baker, Worthington, Crossley & Stansberry.

Dianne Feinstein

Dianne Feinstein is a U.S. senator from California and a former mayor of San Francisco.

Antonio Luis Ferré

Antonio Luis Ferré is president of *El Nuevo Día*, Puerto Rico's major newspaper, and vice president of the Economic Development Committee of Puerto Rico. He is vice chairman of the board of Banco Popular and of Puerto Rican Cement.

Maurice A. Ferré

Maurice Ferré served twelve years as mayor of Miami and is the vice chairman of the Metropolitan Dade County Commission.

Richard W. Fisher

Richard Fisher is candidate for U.S. senator from Texas. He is managing partner of Fisher Capital Management of Dallas and chairman of the Dallas Committee on Foreign Relations.

Albert Fishlow

Albert Fishlow is a professor of economics at the University of California at Berkeley, where he earlier served as director of international and area studies.



Rodrigo Botero, McGeorge Bundy, and Ivan Head.

Douglas A. Fraser

Douglas Fraser is a professor of labor studies at Wayne State University and co-chair of the Michigan Governor's Commission on Jobs and Economic Development. He was president of the United Auto Workers.

Andrew J. Goodpaster

General Andrew Goodpaster, U.S. Army (Ret.), is co-chairman of the Atlantic Council of the United States. He was staff secretary to President Eisenhower, superintendent of the U.S. Military Academy at West Point, and supreme commander of the Allied Forces in Europe.

David Hamburg

David Hamburg, M.D., is president of the Carnegie Corporation of New York. He was president and chairman of the board of the American Association for the Advancement of Science and president of the Institute of Medicine of the National Academy of Sciences.

Antonia Hernández

Antonia Hernández is president and general counsel of the Mexican-American Legal Defense Fund.

Theodore M. Hesburgh

Theodore M. Hesburgh, C.S.C., is president emeritus of the University of Notre Dame. He serves as president of the Board of Overseers at Harvard University and as a director of the United States Institute of Peace.

Carla A. Hills

Carla A. Hills was U.S. Trade Representative. She is chairman and CEO of Hills & Company, an international consulting firm that advises clients on trade and investment matters abroad.

Hanna Holborn Gray

Hanna Holborn Gray was president of the University of Chicago. She also served as provost and acting president of Yale University.

John T. Joyce

John Joyce is president of the International Union of Bricklayers and Allied Craftsmen of the AFLCIO.

Juanita M. Kreps

Juanita Kreps served as secretary of commerce. She is vice president emeritus of Duke University.

Sol M. Linowitz

Sol Linowitz was the founding co-chairman of the Inter-American Dialogue. He is honorary chairman of the Academy of Educational Development. He served as President Carter's representative for the Middle East peace negotiations, co-negotiator for the Panama Canal treaties, and Ambassador to the Organization of American States.

Abraham F. Lowenthal

Abraham Lowenthal directs the Center for International Studies at the University of Southern California. He was the founding director of the Inter-American Dialogue and the Latin American program of the Woodrow Wilson International Center.

Mónica Lozano

Mónica Lozano is associate publisher and editor of *La Opinión*, the largest Spanish-language daily newspaper in the United States.

Jessica T. Mathews

Jessica Mathews is a senior fellow at the Council on Foreign Relations and a columnist at *The Washington Post*. She was deputy to the undersecretary of state for global affairs and directed the Office of Global Issues on the staff of the U.S. National Security Council.

Charles McC. Mathias, Jr.

Charles Mathias is a partner at the law firm of Jones, Day, Reavis & Pogue. He was a senator and member of Congress from Maryland.

David T. McLaughlin

David McLaughlin is chairman of the Board of Trustees and CEO of The Aspen Institute. He was chairman and CEO of the Toro Company and president of Dartmouth College.

Robert S. McNamara

Robert S. McNamara served as president of the World Bank, and as secretary of defense. He was previously president of the Ford Motor Company.

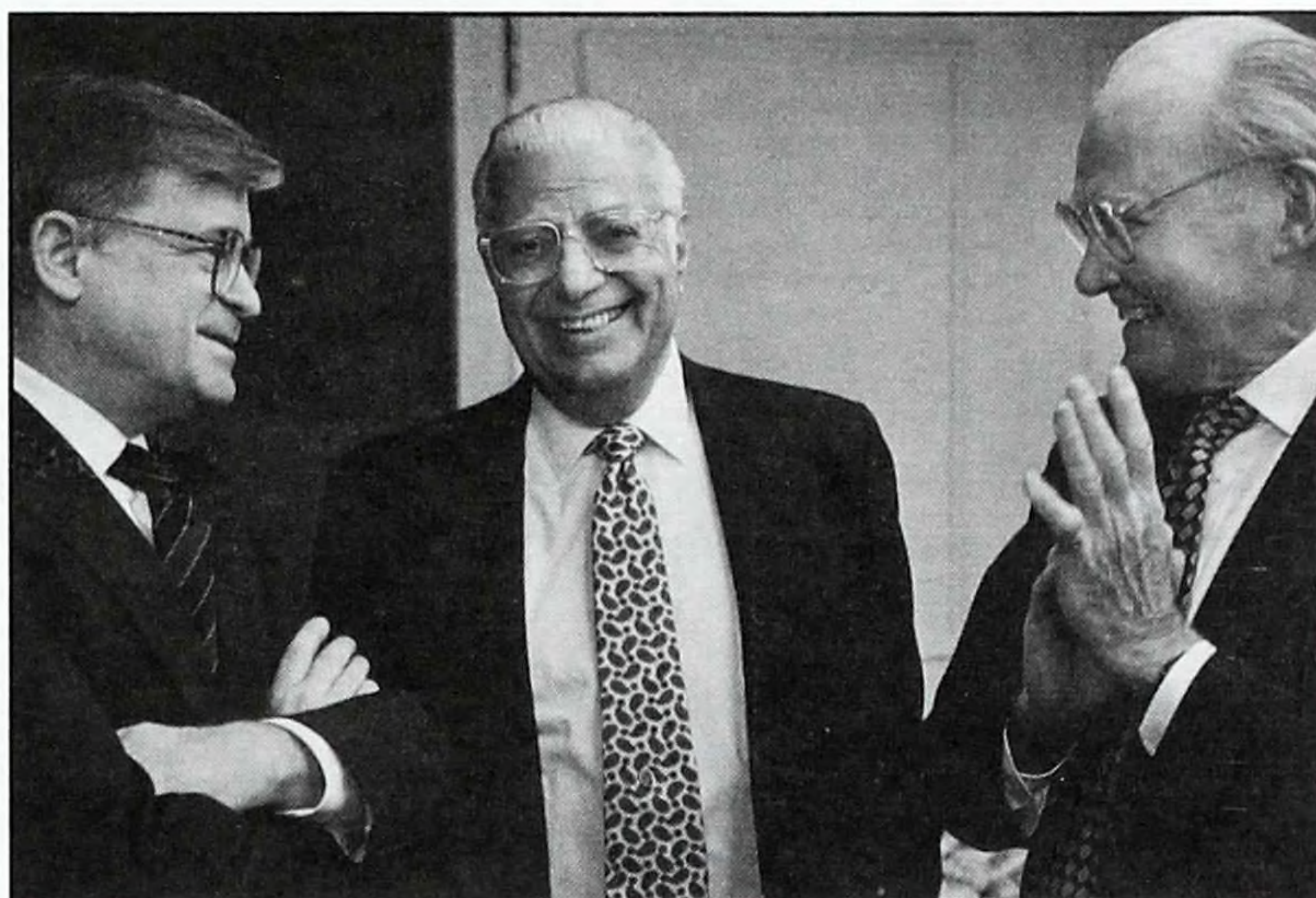
William G. Milliken

William Milliken was governor of Michigan. He has chaired the National Governors Association and the Republican Governors' Conference.

Ambler H. Moss, Jr.

Ambler Moss is dean of the University of Miami's Graduate School of International Studies and director of the North-South Center. He served as U.S. ambassador to Panama.

Jeffrey M. Puryear, Viron Vaky, and McGeorge Bundy.



Edmund S. Muskie

Edmund Muskie is a senior partner at the international law firm of Chadbourne and Parke. He served as U.S. secretary of state and was senator and governor from Maine.

Luis Nogales

Luis Nogales is president of Nogales Partners, a media acquisition firm. He was president of UNIVISION and chairman and CEO of United Press International.

John R. Petty

John Petty is chairman of the Czech and Slovak American Enterprise Fund. He was chair and CEO of Marine Midland Bank and assistant secretary of the treasury for international affairs.

Charles J. Pilliod

Charles Pilliod is chairman and CEO of ABF Investors, Inc. He served as ambassador to Mexico.

Robert D. Ray

Robert Ray is president and chief executive officer of Blue Cross/Blue Shield of Iowa and chairman of the Indo-Chinese Refugee Panel. He served as governor of Iowa.

Elliot L. Richardson

Elliot Richardson was U.S. attorney general, secretary of defense, secretary of commerce, and deputy secretary of state. He is a senior partner at Millbank, Tweed, Hadley, & McCloy.

Rozanne L. Ridgway

Rozanne Ridgway is co-chair of the Atlantic Council and vice chair of the American Academy of Diplomacy. She is a retired career diplomat.

Brent Scowcroft

Brent Scowcroft is president of the Forum for International Policy. He served as national security adviser to President Bush.

Anthony Solomon

Anthony Solomon served as president and CEO of the Federal Reserve Bank of New York and was undersecretary of the U.S. Treasury, as well as assistant secretary of state for economic affairs. Currently, he is chairman of the Economics Program at the Institute for East-West Studies.

Paula Stern

Paula Stern is a senior fellow at the Progressive Policy Institute and president of the Stern Group. She was chairwoman of the U.S. International Trade Commission.

Viron P. Vaky

Viron Vaky was assistant secretary of state for inter-American affairs and served as ambassador to Costa Rica, Colombia, and Venezuela. He is a senior fellow at the Inter-American Dialogue and teaches at the Georgetown University School of Foreign Service.

Cyrus R. Vance

Cyrus Vance served as secretary of state, chairman of the Federal Reserve Bank of New York, secretary of the Army, and the Defense Department's general counsel.

Fred F. Woerner

Fred Woerner is professor of international relations at Boston University. He was commander-in-chief of the U.S. Southern Command.

NOTES

1. The first part of the notes discusses the general principles of the subject. It covers the basic concepts and the main results of the theory. The second part of the notes deals with the applications of the theory to various fields of science and engineering. It shows how the theory can be used to solve practical problems and to design new systems. The third part of the notes discusses the current state of the field and the future directions of research. It highlights the challenges and opportunities in the field and provides a glimpse into the future of the subject.

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ABOUT THE INTER-AMERICAN DIALOGUE

THE INTER-AMERICAN DIALOGUE is a forum for sustained exchange among opinion leaders of the Western Hemisphere and an independent, nonpartisan center for policy analysis on economic and political relations in the Americas. The Dialogue regularly convenes private and public leaders from diverse political perspectives to search for cooperative responses to hemispheric problems. It seeks to bring fresh, practical proposals for action to the attention of governments, international institutions, and non-governmental organizations. Founded in 1982, the Dialogue is led by co-chair Peter D. Bell and acting co-chair Alejandro J. Foxley. Peter Hakim is the Dialogue's president.

Assembly of Western Hemisphere Leaders

The Dialogue's 100 members—from the United States, Canada and twenty Latin American and Caribbean countries—include five former presidents, prominent political, business, labor, academic, media, military, and religious leaders. At periodic plenary sessions, members analyze key hemispheric issues and formulate recommendations for policy and action. The Dialogue presents its findings in comprehensive reports that are circulated throughout the hemisphere and widely regarded as balanced and authoritative.

The Research Agenda: Politics and Economics

The Inter-American Dialogue's research and publications are designed to improve the quality of public debate and decision on key issues in Western Hemisphere affairs. The Dialogue emphasizes four broad themes—democratic governance, inter-American institutions, economic integration, and social equity.

The Program on Democracy and Inter-American Institutions focuses on issues of democratic change, human rights and conflict resolution. A major project is examining how the inter-American system can collectively defend and promote democracy in the Americas. Other studies assess the progress being made toward consolidating democratic practice in Latin America and the Caribbean and strengthening representative institutions; exploring the special problems of indigenous peoples; and seeking to develop hemispheric norms for managing military forces.

The Program on Hemispheric Integration and Social Equity emphasizes the management of strategic economic issues in inter-American relations, particularly with regard to the creation of a hemispheric, free trade system and the problems of inequity and poverty. A multi-faceted project is considering the institutional architecture that hemispheric integration will require. Other work is focused on how nations can reinvigorate public institutions and services and accelerate social

progress in the region. Educational reform is an area of particular priority.

The Dialogue's *Country Studies* focus on the problems of particular nations and their relations in the hemisphere and beyond. A task force on Cuba seeks to promote peaceful democratic change in that country and its reintegration into the inter-American community. Significant Dialogue attention has also been focused on such diverse countries as Argentina, Brazil, Nicaragua, Peru, and Venezuela.

Outreach With Members of Congress

The bipartisan *Congressional Members Working Group* provides Members the opportunity to exchange ideas on key issues in U.S.-Latin American relations with senior government officials and private experts from the United States and Latin America. The Working Group's off-the-record meetings are co-chaired by Rep. Jim Kolbe (R-AZ), Rep. Jim Leach (R-IA), Rep. Tim Penny (D-MN), and Rep. Bill Richardson (D-NM).

Other Forums and Discussion Series

Co-sponsored with the Brookings Institution, the Carnegie Endowment for International Peace, and the Overseas Development Council, the *Washington Exchange* is a forum that brings together Latin American heads of state and top economic policymakers with Washington's senior officials and leading experts in economics and finance.

The *Inter-American Roundtable*, co-organized with the Carnegie Endowment, offers speakers and panel discussions for journalists, congressional staff, and policy analysts. The *Economic Policy Group* is a select group of U.S. and Latin American economic specialists who meet monthly with U.S. policymakers. The *D.C. Liaison Committee on Latin America* is a network of research centers and advocacy organizations aimed at improving communication among its 50 NGO participants and between them and senior U.S. government officials.

Latin American Policy Forums

The Dialogue seeks to promote informed exchange about Western Hemisphere issues throughout the region. The Dialogue has sponsored forums for public and private leaders in Argentina, Brazil, Chile, Mexico, and Peru. Dialogue publications are translated into Spanish and/or Portuguese, and articles by staff and members appear regularly in Latin American newspapers and journals.

The Inter-American Dialogue is funded by private foundations, international organizations, corporations, Latin American and European governments, individuals, and the sale of publications.

Inter-American Dialogue

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